



CFM HOLDINGS LIMITED

(Incorporated in Singapore under Company Registration No. 200003708R)

PROPOSED ACQUISITION OF PROPERTIES

AT i) 3 ANG MO KIO STREET 62 #05-15, LINK @ AMK SINGAPORE 569139

ii) 3 ANG MO KIO STREET 62 #05-16, LINK @ AMK SINGAPORE 569139

1. INTRODUCTION

The Board of Directors (the “**Board**”) of CFM Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that a wholly-owned subsidiary of the Company, CFM Intrade Pte. Ltd., (“**Buyer**”) has, on 16 September 2022, entered with i) BF Twentyfive Pte. Ltd. ii) BF Twentysix Pte. Ltd. (the “**Sellers**”) an offer to purchase (the “**Offer**”) properties located at 3 Ang Mo Kio Street 62 #05-15, Singapore 569139 ii) 3 Ang Mo Kio Street 62 #05-16, Singapore 569139 (the “**Properties**”) (the “**Proposed Acquisition**”).

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on the Buyer

The Buyer is a wholly-owned subsidiary of the Company and is in the business of trading and supplying disposable and wearable for use in clean room, bio-medical, laboratories and hospitals.

2.2 Information on the Sellers

BF Twentyfive Pte. Ltd. and BF Twentysix Pte. Ltd are jointly owned by the same shareholders, Mr. Mohammad Ashraf Bhadelia (“**Mr. Bhadelia**”) and Ms. Normalah Binte Jaffar (“**Ms. Jaffar**”); and both Mr Bhadelia and Ms. Jaffar are directors of both companies.

The Sellers and its directors and its shareholders are not related to and do not have any connection (including, inter alia, financial or business connection) with the Company, its subsidiaries, its directors and substantial shareholders. For avoidance of doubt, the Sellers and its directors and shareholders are not interested persons under Chapter 9 of the Catalyst Rules.

2.3 Information on the Properties

The Properties are located at i) 3 Ang Mo Kio Street 62 #05-15, Singapore 569139 ii) 3 Ang Mo Kio Street 62 #05-16, Singapore 569139. Each of the Property is a sixty (60) years leasehold property commencing from 28 June 2011. The property size is 200 sqm, for each unit, totalling 400 sqm. The usage of the Properties will be for own use and the Buyer’s daily operational use.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

The purchase price for the Property is \$1,050,000 (excluding any prevailing applicable goods and services tax) (the "**Purchase Price**") for each property. The aggregate of the two (2) units amount to \$2,100,000. The Purchase Price was arrived at on a willing-buyer, willing-sellers basis, after arms' length negotiations with the Sellers, where both the Buyer and Sellers had each acted knowledgeably, prudently and without compulsion. The Company has considered the location and past transactions records for the surroundings area before entering into the offer. The Company has obtained indicative valuation from the bank.

The Buyer is in the process of engaging an independent valuer to provide market value of the Properties. The Company will make a separate announcement to update the shareholders on the market value once the valuation report has been obtained.

3.2 The Purchase Price shall be satisfied by the Buyer in cash in three tranches and is payable as follows:

3.2.1 the first payment with the goods and services tax amounting to \$22,470 (the "**First payment**"), being one (1) per cent of the Purchase Price, to be paid by the Buyer in consideration for the entering into the Offer by the Buyer with the Sellers;

3.2.2 the second payment with the goods and services tax amounting to S\$112,350 being five (5) per cent of the Purchase Price less the First payment is to be paid by the Buyer upon its exercise of the Offer (the "**Second Payment**"); and

3.2.3 the third payment, being the remaining amount of the Purchase Price together with the goods and services tax, is to be paid by the Buyer on the date of completion under the Offer.

3.3 The Offer may be accepted by the Sellers by signing and delivering the Offer to the Buyer before the expiry of the Offer. The Sellers will need to exercise this Offer before it expires at 4:00 p.m. on 21 September 2022. If rejected, the option money will be returned to the Buyer without any interest thereon and thereafter neither party shall have any claim against the other.

3.4 The Property will be sold with vacant possession on completion date.

3.5 The sale of the Property is subject to the Buyer obtaining written approval from Urban Redevelopment Authority ("URA") ("**URA's Approval**") for change of use; in the event the approval is not granted, Sellers will refund the 5% paid to them within seven (7) days upon the request of the Buyer.

3.7 Subject to the various condition precedents being fulfilled, Completion of the Proposed Acquisition (the "**Completion**") shall take place latest ten (10) weeks from the date of acceptance of the Offer.

3.8 This Offer is subject to a definite purchase agreement to be agreed with by both parties.

3.9 There will be no commission payable to any party in connection with this Proposed Acquisition.

Save as disclosed herein, there are no other material conditions attaching to the transaction including a put, call or other Offer.

4 RATIONALE FOR THE PROPOSED ACQUISITION

4.1 Rationale

As announced on 16 June 2022, 28 June 2022 and 17 August 2022, the Proposed Disposal, the building which the Company currently occupies is in the process of being sold and the Company is required to relocate to a new premise. The Company and the Buyer selected the two(2) properties after much sourcing.

The Company believes that the Proposed Acquisition will be beneficial to the Company and the Buyer as the business of cleanroom products requires a storage and office space and its location is logistically beneficial for the Company and the Buyer.

The Board believes that the Proposed Acquisition is in the best interest of the Company and the Shareholders, having regard to the terms of the Proposed Acquisition.

The Board is of the view that the Proposed Acquisition is not expected to have material impact to EPS and NTA for the Group for the financial year ending 30 June 2023.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1 General

5.1.1 For illustrative purposes only, the proforma financial effects of the Proposed Acquisition as set out below are prepared based on the Group's unaudited full year financial results for the period ending 30 June 2022 ("FY2022") and subject to the following key assumptions:

- (i) the effect of the Proposed Acquisition on the Group's NTA per share is based on the assumption that the Proposed Acquisition had been effected at the end of the FY2022; and
- (ii) the effect of the Proposed Acquisition on the Group's earnings per share ("EPS") is based on the assumption that the Proposed Acquisition had been effected at the beginning of FY2022.

5.1.2 The financial effects as set out below are strictly for illustrative purposes only and are therefore not necessarily indicative of the future financial position and earnings of the Group.

5.2 NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (\$'000)	12,265	12,250 ⁽²⁾
Number of Shares (excluding treasury shares)('000)⁽¹⁾	201,535	201,535
NTA per Share (cents)	6.09	6.08

Note:

(1) Calculated based on 201,535,276 Shares as at the date of this announcement (excluding treasury shares and subsidiary holdings).

(2) Calculated after taking into account approximately S\$15,000 for expenses related to the acquisition.

5.3 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after taxation attributable to shareholders (\$'000)	1,888	1,714 ⁽²⁾
Weighted average number of Shares (excluding treasury shares) ('000)⁽¹⁾	201,535	201,535
EPS (cents)	0.94	0.85

Note:

(1) Calculated based on 201,535,276 Shares as at the date of this announcement (excluding treasury shares and subsidiary holdings).

(2) Calculated based on \$1,888,000 less approximately \$105,000 for depreciation, \$54,000 for interest expenses, S\$15,000 for expenses related to the acquisition.

5.4 GEARING RATIO

	Before the Proposed Acquisition	After the Proposed Acquisition
Borrowings (\$'000)	5,320	7,000 ⁽¹⁾
Equity (\$'000)	12,265	12,250 ⁽²⁾
Gearing Ratio	43.4%	57.1%

Note:

(1) Consist of total borrowings including the Proposed Acquisition

(2) Take into account the addition of the Proposed Acquisition

6. RELATIVE FIGURES UNDER RULE 1006

Based on the FY2022, the relative figures in relation to the Proposed Acquisition computed on the bases as set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") are as follows:

Rule 1006	Bases	Relative Figures
(a)	Market value of the Property to be disposed of, compared with net asset value of the Group	Not Applicable as this relates to acquisition
(b)	Net profits attributable to the Property to be acquired, compared with net profits of the Group	Not Applicable as there is no net profits attributable from the Properties to be acquired as the Properties will be for own use.
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of shares (excluding treasury shares) ⁽¹⁾	8.8%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽²⁾	Not Applicable as the acquisition will be settled in cash.
(e)	Aggregate volume or amount of proved or probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a acquisition of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuation to be used instead of volume or amount	Not Applicable

Notes:

(1) The Company's market capitalisation of approximately S\$23,902,084 is based on its total number of issued ordinary shares ("**Shares**") of 201,535,276 and the volume weighted average price of S\$0.1186 per Share on 15 September 2022, being the last traded market day prior to the date of the Offer. The aggregate Purchase Price is \$2,100,000.

(i) the source of funds for the Proposed Acquisition will be twenty percent (20%) self-funded and eighty percent (80%) funded by the Buyer's bank. The Properties are pledged as first charge to the bank coupled with personal guarantees by the two Executive Directors of the Company.

(2) The Company did not issue equity securities as consideration for the Proposed Acquisition

Based on the relative figures under Rule 1006 (c) of the Catalist Rules, the Proposed Acquisition constitutes a disclosable transaction and therefore, shareholders' approval is not required for the Proposed Acquisition.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, Controlling Shareholders or their associates have any interest, direct or indirect in the Proposed Acquisition.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts of the Proposed Acquisition, and the Group and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. DOCUMENTS FOR INSPECTION

A copy of the Offer will be made available for inspection during normal business hours at 4 Ang Mo Kio Avenue 12, CFM Building, #05-01, Singapore 569498 for three (3) months from the date of this Announcement. The valuation report will be available for inspection three (3) weeks from the date of this Announcement.

11. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company. There is no certainty or assurance that the Proposed Acquisition will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take

BY ORDER OF THE BOARD

Lim Fong Li Janet
Executive Director and Chief Executive Officer
16 September 2022

*This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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