



**CFM HOLDINGS LIMITED**

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

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**ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF SING-SWE MM BIOTECHNOLOGY PTE. LTD.**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**” or the “**Directors**”) of CFM Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce (this “**Announcement**”) that the Company had on 3 June 2021 entered into a Sale and Purchase Agreement (the “**SPA**”) with the Vendors (as defined below) and SING-SWE MM Biotechnology Pte. Ltd. (the “**Target**”), in relation to the proposed acquisition of 51% of the issued share capital of the Target (the “**Proposed Acquisition**”).

Under the SPA, the Company shall acquire 51 ordinary shares in the capital of the Target (the “**Sale Shares**”) from the Vendors, representing fifty-one per cent. (51%) of the total issued ordinary share capital of the Target, for an aggregate consideration of up to S\$6,120,000 (“**Consideration**”). Upon completion of the Proposed Acquisition (“**Completion**”), the Company will own 51% of the Target and the Target will become a subsidiary of the Company.

In consideration for the Sale Shares, the Company shall allot and issue an aggregate of up to 120,000,000 new fully-paid up ordinary shares (the “**Shares**”) in its capital (the “**Consideration Shares**”) at an issue price of S\$0.051 each (the “**Issue Price**”) to the Vendors (the “**Proposed Share Issuance**”).

In connection with the Proposed Acquisition, the Board wishes to announce that subject to the approval of the shareholders of the Company (the “**Shareholders**”), the Company intends to diversify its business and expand its core business to include the distribution and sale of viral test and detection kits and other pharmaceutical products as well as ancillary activities which forms part of the Target Business (as defined below) (the “**Proposed Diversification**”).

The Proposed Acquisition, the Proposed Share Issuance and the Proposed Diversification will be conditional upon approval by the Company’s Shareholders in an extraordinary general meeting (“**EGM**”) to be convened by the Company in due course.

**2. INFORMATION ON THE TARGET AND THE VENDORS**

*The information on the Target and the Vendors in this Announcement was provided by the Vendors. In respect of such information, the Company and its Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Announcement.*

The Target is a Singapore company incorporated on 7 May 2021 involved in the distribution and sale of pharmaceutical products with the exclusive distribution rights to certain viral test

and detection kits, including *inter alia*, nucleic acid quick tests, rapid antigen tests, antibody rapid tests, and thalassemia screening kits, (collectively, the “**Test Kits**”) in Europe, Africa, South Asia, South-East Asia and Middle East (the “**Target Regions**”), and intends to invest in and develop its own products in related fields (the “**Target Business**”).

As the Target has only recently commenced business, financial information on the Target is not available as at the date of this announcement. The Company will announce such information as and when it is provided or disclose such information in the shareholders’ circular to be issued for the purposes of the EGM.

As of the date of this Announcement, the Target has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares. The directors of the Target are Fang Huasheng, Xu Xiaojun and Gao Hong. The shareholders of the Target are Wang Xinmeng, Gao Hong and New Energy Industry Sweden AB (“**NEIS**”) (collectively, the “**Vendors**”). Wang Xinmeng is a citizen of the People’s Republic of China and Gao Hong is a permanent resident of Singapore. The sole director of NEIS is Johan Utterberg, and the shareholders of NEIS are Fang Huasheng (83%), Sven Eriksson (5%), Xu Xiaojun (2%), Yu Jijiang (5%), and Cheng Ruikai (5%). Each of Wang Xinmeng and Gao Hong hold 15%, and NEIS holds 70%, of the Target’s issued share capital.

None of the Vendors (and in the case of NEIS, its director and shareholders) (a) hold any Shares of the Company, whether directly or indirectly, and (b) have had any previous business, commercial, trade dealings or any other connection with the Company, and its Directors or the substantial Shareholders of the Company.

The Target is currently licensed to distribute the Test Kits in the Target Regions through the master distributor, NEIS, which is in turn licenced by the manufacturer of the Test Kits, Changsha Sanji Biological Technology Co., Ltd. (长沙三济生物科技有限公司) (“Changsha Sanji”). Changsha Sanji is a subsidiary of Boai NKY Medical Holdings Ltd (博爱新开源医疗科技集团股份有限公司), which is listed on the Shenzhen Stock Exchange. The Target is also in the process of obtaining the rights to distribute the Test Kits in Japan and South Korea.

The Company will conduct due diligence on the Target (the results of which must be satisfactory to the Company prior to Completion of the Proposed Acquisition) and will update Shareholders as and when there are material developments. For further details on the due diligence to be conducted, please refer to paragraph 3.4.1 of this Announcement.

### **3. SALIENT TERMS OF THE SPA**

#### **3.1 The Proposed Acquisition**

Pursuant to the SPA, the Company shall acquire the Sale Shares from the Vendors, representing fifty-one per cent. (51%) of the total issued ordinary share capital of the Target, for the Consideration of up to S\$6,120,000. The Vendors have warranted that the Sale Shares will constitute 51% of the Target’s issued share capital (on a fully diluted basis) immediately after Completion.

All of the Sale Shares in the Target owned by Gao Hong and Wang Xinmeng (each of whom own 15 Sale Shares representing 15% of the Target’s issued share capital) will be acquired by the Company, and 21 Sale Shares (representing 21% of the Target’s issued share capital) will be acquired from NEIS. Upon Completion, the Company will own 51% of the Target and the Target will become a subsidiary of the Company, and NEIS will own the remaining 49% of the Target’s issued share capital.

The Company agreed on the Consideration after substantive negotiations with the Vendors, taking into account a price earnings ratio of approximately 3 times that it is paying for its 51% stake in the Target. The Company has also considered the commercial viability of the Target Business and the current COVID-19 global pandemic in arriving at the Consideration. The Company also considered that it is issuing the Consideration Shares for the Proposed Acquisition and thus not materially affecting its current cashflow. It is also noted that Proposed Acquisition has been structured on an “earn-out” basis and the Company would only pay the full amount of the Consideration if the Target achieves a Target Group NPAT (as defined below) of S\$2,000,000. Further details on the issuance of the Consideration Shares and the rationale of the Proposed Acquisition are set out in the sections below.

The Sale Shares shall be acquired from the Vendors free from encumbrances and ranking *pari passu* with all other outstanding issued ordinary shares of the Target in respect of all rights, dividends, entitlements and advantages as of and including the date of Completion (“**Completion Date**”).

### 3.2 The Proposed Share Issuance

In consideration for the Sale Shares, the Company shall allot and issue an aggregate of up to 120,000,000 Consideration Shares at the Issue Price of S\$0.051 to the Vendors. The Consideration Shares will be allotted free from encumbrances and shall rank *pari passu* in all respects with the then-issued Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares. Approval from the Shareholders will be sought for the Proposed Share Issuance.

The Consideration Shares will be allotted and issued to the Vendors as follows:

- (a) the first tranche of Consideration Shares shall be allotted and issued to the Vendors on the Completion Date (the “**First Tranche**”), being in aggregate such number of Consideration Shares computed in the manner set out in paragraph 3.3 of this Announcement below, to each Vendor in proportion to their respective disposals of their Sale Shares to the Company; and
- (b) the second tranche of Consideration Shares shall be allotted and issued to the Vendors on the Earn-Out Date (as defined below) (the “**Second Tranche**”), being in aggregate such number of Consideration Shares computed in the manner set out in paragraph 3.3 of this Announcement below, to each Vendor in proportion to their respective disposals of their Sale Shares to the Company.

The Issue Price was determined with reference to (i) the net asset value of the Company of approximately S\$10,521,000 as of 31 December 2020 and the Group’s net asset value per Share of approximately S\$0.052 (the Issue Price represents a 2.3% discount to the Group’s net asset value per Share), as announced by the Company in its half-yearly financial statements for the period ended 31 December 2020, and (ii) the existing issued and paid-up 201,535,276 shares of the Company as at the date of the SPA. In determining the Issue Price, the Board and the Vendors also took into account the daily trading range of the Shares at or around the time negotiations took place and prior to 28 May 2021.

The Issue Price of S\$0.051 for each Consideration Share represents a discount of approximately 25.8% to the volume weighted average price of S\$0.0687 per Share for trades done on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 28 May 2021, being the last full market day on which the Company’s Shares were traded prior to the execution of the SPA.

By way of illustration, assuming there is no further share issuance prior to Completion and the maximum number of Consideration Shares are issued, the Company will have an enlarged issued share capital of 321,535,276 ordinary shares after the Proposed Share Issuance. The maximum number of Consideration Shares represent approximately 37.3% of the Company's enlarged share capital after Completion, or 59.5% of the Company's existing share capital (excluding treasury shares).

### 3.3 Computation of First and Second Tranche

In the SPA, the Parties have agreed that the cumulative net profit after tax (the "**Target Group NPAT**") of the Target and its subsidiaries (if any) (the "**Target Group**") shall be used as a base for computation, and will:

- (a) exclude any revenue and profit generated from extraordinary, non-recurring or other items that do not arise from the ordinary course of the Target Business;
- (b) exclude account receivables, and shall only include revenue that has been collected and realised;
- (c) exclude any costs and expenses and was incurred at the direction of the Company in writing and not ordinarily incurred by the Target Group in its ordinary course;
- (d) be assessed in a manner consistent with accounting principles, standards and practices generally accepted in Singapore; and
- (e) any other considerations that may be reasonably taken into account by an independent qualified financial adviser and/or auditor in assessing whether the Target Group NPAT of the Target Group is attributable to the Target Business in the ordinary course.

The First Tranche of Consideration Shares will be computed based on the Target Group NPAT generated during the period from the Target's date of incorporation and ending on 31 July 2021, as follows:

$$\text{First Tranche} = \text{specified Target Group NPAT} \times 0.51 \times 6 / S\$0.051$$

provided always that the First Tranche shall not exceed 120,000,000 Consideration Shares. The Management Accounts (as defined below) evidencing the Target Group NPAT from the Target's date of incorporation up to 31 July 2021 shall be delivered to the Company no later than 15 August 2021.

In addition, the Second Tranche of Consideration Shares shall be computed based on the Target Group NPAT generated during the period from (and not prior to) 1 August 2021 and ending on 30 November 2021, as follows:

$$\text{Second Tranche} = \text{specified Target Group NPAT} \times 0.51 \times 6 / S\$0.051$$

provided always that the First Tranche and Second Tranche cumulatively shall not exceed 120,000,000 Consideration Shares. The financial statements of the Target Group evidencing the Target Group NPAT from 1 August 2021 up to 30 November 2021 shall be delivered to the Company no later than 15 December 2021. The Second Tranche shall be allotted and issued to the Vendors at a date and time to be determined by the Company but in any event no later than 31 December 2021 (the "**Earn-Out Date**").

The determination of the First Tranche and Second Tranche will be made by the Company and/or its advisers at its reasonable discretion, which shall be deemed to be conclusive and binding on the parties in the absence of manifest error. The Company will notify the Vendors in writing of its determination of each of the First Tranche and the Second Tranche as soon as reasonably practicable. Any fractional entitlements of any Vendor to the Consideration Shares that is computed in the manner above will be disregarded.

Any Target Group NPAT for the financial period commencing from the date of incorporation of the Target and ending on 30 November 2021 in excess of S\$2,000,000 (the “**Excess NPAT**”) will be resolved pursuant to the Cash Payment (as defined below), further details of which are set out in paragraph 3.6 of this Announcement.

### 3.4 **Conditions Precedent**

The Proposed Acquisition is conditional upon the fulfilment or waiver of customary conditions precedent for a transaction of this nature, including but not limited to the following:

- 3.4.1 the completion of due diligence on the Target by the Company, and the results of which being satisfactory to the Company;
- 3.4.2 the delivery by the Vendors to the Company of the management accounts of the Target for its financial period ending 31 July 2021 (the “**Management Accounts**”), no later than 15 August 2021;
- 3.4.3 the delivery by the Company to the Vendors of deed(s) duly executed by each of Ip Kwok Wing and Lim Fong Li Janet, undertaking to vote in favour of the resolutions proposed in connection with the Proposed Share Issuance and the Proposed Transactions (as defined below) contemplated under the SPA (collectively, the “**Irrevocable Undertakings**”);
- 3.4.4 the entry by NEIS and the Company of a shareholders’ agreement in relation to the business and affairs of the Target including, *inter alia*, the management of the Target Group and the Target Business and the retention and management of key persons of the Target Business;
- 3.4.5 Shareholders’ approval being obtained by the Company for all resolutions required to approve, implement and/or effect the proposed transactions contemplated under the SPA, including in respect of:
  - (a) the Proposed Share Issuance;
  - (b) the transfer of a controlling interest in the Company to the Vendors arising from the Proposed Share Issuance;
  - (c) the proposed resolution which if passed would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Vendors and/or parties acting in concert with the Vendors in connection with the Proposed Share Issuance (the “**Proposed Whitewash Resolution**”);
  - (d) the Proposed Diversification; and
  - (e) the appointment of one (1) individual nominated by the Vendors to serve as a director of the Company,

(collectively, the “**Proposed Transactions**”);

- 3.4.6 approval for the listing and quotation of the Consideration Shares on the Catalist Board of the SGX-ST being obtained by the Company, and such approval being valid and in full force and effect as at Completion Date;
- 3.4.7 a waiver being obtained by the Vendors and parties acting in concert from the Securities Industry Council of Singapore in respect of the obligation to make a mandatory general offer arising from the Proposed Share Issuance, and such waiver being valid and in full force and effect as at the Completion Date, and to the extent that such waiver is subject to conditions, such conditions are as set out in Appendix 1 of the Singapore Code on Take-overs and Mergers, are normally imposed by the Securities Industry Council of Singapore for a transaction of a similar nature, are reasonably acceptable to Company, and have been fully complied with as at the Completion Date;
- 3.4.8 the delivery to the Company of moratorium undertakings executed by each of the Vendors that they shall not dispose of, release or transfer any of the Consideration Shares issued to them, or pledge or otherwise encumber any of the same, until 31 December 2021, or such other period and obligation as may be required under Rule 422 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Company’s sponsor and/or the SGX-ST, in a form satisfactory to the Company;
- 3.4.9 the delivery to the Company of a non-compete undertaking executed by NEIS and its majority shareholder that it will not compete, solicit or otherwise act in conflict with the Target Business in the Target Regions, in a form satisfactory to the Company;
- 3.4.10 all of the securities accounts of the Vendors are notified by the Vendors to the Company no later than five (5) market days prior to the Completion Date;
- 3.4.11 as at the Completion Date, in the reasonable opinion of the Company, there being no change, event, circumstance or effect which is or is reasonably likely to be materially adverse to the business, affairs, financial, condition, assets, properties, operations, prospects or results of operations to the Target Group between the date of the SPA to the Completion Date;
- 3.4.12 the Company’s warranties being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed all of its obligations under the SPA which are required hereunder to be performed on or before the Completion Date; and
- 3.4.13 the Target’s warranties and the Vendors’ warranties being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Target and the Vendors having performed all of its obligations under the SPA which are required hereunder to be performed on or before the Completion Date.

Unless specifically waived in accordance of the terms of the SPA, if any of the conditions precedent are not fulfilled on or before the long-stop date, being 30 September 2021 or such other date as mutually agreed in writing between the parties to the SPA, or such date falling three (3) months from the date on which the Proposed Whitewash Resolution is approved, whichever is earlier (the “**Long-Stop Date**”), the SPA (save for certain surviving clauses) shall *ipso facto* cease and determine and neither of the parties thereto shall have any claim against the other party for costs, damages, compensation or otherwise, save for any claims arising from an antecedent breach of the terms of the SPA.



### 3.5 **Completion Date**

The Completion Date shall take place on the date falling ten (10) business days after the date on which all of the conditions precedent in the SPA have been fulfilled (or waived in accordance with its terms) or such other date as the parties thereto may mutually agree in writing.

### 3.6 **Cash Payment**

In the event the Target Group generates any Excess NPAT, the Vendors shall be entitled to an additional payment (the “**Cash Payment**”) computed in the following manner:

$$\text{Cash Payment} = 25\% \times \text{Excess NPAT}$$

The Cash Payment shall be paid *pro rata* to each Vendor via telegraphic transfer or such other method as agreed between the parties, no later than the Earn-Out Date. For the avoidance of doubt, the Consideration Shares shall not exceed 120,000,000 in aggregate.

### 3.7 **Other Salient Terms**

The Company may by written notice to the Vendors terminate the SPA (save for certain surviving clauses) upon the occurrence of certain customary events, including without limitation, the failure to fulfill the conditions precedent, material breaches of the Vendors’ or the Target’s warranties, and material adverse changes to the business and financial condition of the Target Group.

The Vendors have undertaken to bear the fees, costs and expenses incurred by the Company in relation and incidental to the negotiation, preparation, execution and performance by the Company of the SPA and all of the Proposed Transactions (including but not limited to the stamp duty payable upon transfer of the Sale Shares).

Save as described above, there are no further material terms of the SPA.

## 4. **RATIONALE FOR THE PROPOSED TRANSACTIONS**

The Group believes that the Proposed Transactions should contribute positively to the Company and Shareholders as it will provide the following benefits to the Group:

### 4.1 **Additional and recurrent revenue streams**

The Group is of the view that the Target Business is expected to provide additional and recurrent revenue streams for the Group, which includes the sales of the Test Kits and other distribution revenue from the Target Business. The Group will venture into the Target Business prudently, with a view of enhancing shareholder value over the longterm and achieving long-term growth. The Group currently is already involved in the distribution and sale of nitrile, latex and other types of gloves, as well as other types of personal protective equipment, and the Target Business is a further expansion in this area. The Group will also be able to tap into the business network of the Vendors post-acquisition to further grow the Target Business.

### 4.2 **More diversified business and income base, reducing reliance on core business**

The Proposed Transactions may provide the Group with a more diversified business and income base for future growth and reduce the Group’s reliance on its core business for its revenue streams. As the Group explores into other growth areas, this will facilitate the Group’s quest for sustained performance in future.

#### 4.3 Enhance Shareholders' value

The Proposed Acquisition and the Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. It may provide the Group with additional funds, which can be channelled towards the enhancement of shareholder value over the long-term. Additionally, the Board believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

#### 5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The Target is a newly incorporated company and has no historical financial statements as of the date of this Announcement. Hence, it is unable to provide any meaningful financial statements for the purposes of this Announcement and the Company is unable to provide the illustrative financial effects of the Proposed Transactions on the Company.

However, the Vendors are obliged to deliver the Management Accounts to the Company no later than 15 August 2021. The Company will then set out the illustrative financial effects of the Proposed Transactions on the Company, as well as other material financial information on the Target Group (including the net asset value of the Target, the net profits attributable to, the book value, net tangible asset value and open market value of, the Sale Shares), in the Circular to be despatched in due course. For further details on the Management Accounts, please refer to paragraph 3.4.2 of this Announcement.

#### 6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated financial statements of the Group for the half-year financial period ended 31 December 2020 ("HY2021"), the relative figures for the Proposed Acquisition computed on the bases set out in Rules 1006 (a) to (e) of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable <sup>(2)</sup>
(c)	The aggregate value of the Consideration given or received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury Shares.	45.1 <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	59.5 <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable <sup>(5)</sup>



**Notes:**

- (1) This is not applicable as the Proposed Acquisition constitutes an acquisition of assets.
- (2) As the Target is a newly incorporated company and has no financial statements as of yet, the Company is unable to provide the relative figures. The Company will update this computation upon its receipt of the Management Accounts from the Vendors, which will be disclosed in the Circular to be despatched to Shareholders for the EGM to be convened. For further details on the Management Accounts, please refer to paragraph 3.4.2 of this Announcement.
- (3) As the net asset value of each Consideration Shares of S\$0.052 is higher than the Issue Price of S\$0.051, the basis for valuing the Consideration pursuant to Rule 1003(3) is the maximum of 120,000,000 Consideration Shares multiplied by the net asset value of S\$0.052 per Consideration Share. Therefore assuming that there is no Cash Payment, the Consideration used for the computation under Rule 1006(c) is S\$6,240,000. The Group's market capitalisation of approximately S\$13,845,473.50 is computed based on the number of issued Shares of 201,535,276 (excluding treasury Shares) and the weighted average price of approximately S\$0.0687 per Share on 28 May 2021, being the last full market day on which the Shares were traded immediately preceding the date on which the SPA was signed.
- (4) Based on the maximum amount of 120,000,000 Consideration Shares to be allotted and issued in satisfaction of the Consideration and the Company's existing share capital of 201,535,276 Shares.
- (5) This base is not applicable to the Proposed Acquisition.

As the remaining relative figures calculated under Rules 1006(c) and (d) of the Catalist Rules are greater than 5% but less than 75%, the Proposed Acquisition is considered a "discloseable transaction" as defined under Chapter 10 of the Catalist Rules. The Company also wishes to highlight that while the relative figures computed on the base set out under Rule 1006(b) of the Catalist Rules is unclear, the exemptions under Rules 1014(2) and 1015(8) of the Catalist Rules would apply. The Company will update the computation in respect of Rule 1006(b) of the Catalist Rules prior to the despatch of the Circular to Shareholders.

**7. CIRCULAR TO SHAREHOLDERS**

The Company will be seeking specific approval of its Shareholders for the Proposed Transactions at an EGM. The circular containing, *inter alia*, further information on the Proposed Transactions and enclosing the notice of EGM therewith (the "**Circular**"), will be dispatched to the Shareholders in due course.

**8. THE PROPOSED WHITEWASH RESOLUTION AND INDEPENDENT FINANCIAL ADVISER**

Under Rule 14 of the Singapore Code on Take-overs and Mergers, upon the Completion of the Proposed Share Issuance, the Vendors and their concert parties are obliged to extend a general offer to the Shareholders of the Company for the remaining issued Shares in the Company not already owned, controlled or agreed to be acquired by them. The Vendors intend to seek a waiver from the Securities Industry Council of Singapore for a waiver of such an obligation to make a general offer to the Shareholders of the Company (the "**Whitewash Waiver**").

In connection with the Whitewash Waiver and the Proposed Whitewash Resolution, the Company will be appointing an independent financial adviser to advise its independent Shareholders on the Proposed Whitewash Resolution. The Circular containing, *inter alia*, the conditions of the Whitewash Waiver (if so granted by the Securities Industry Council of Singapore) and the opinion and advice of the independent financial adviser will be circulated to the Shareholders in due course.

## 9. ADDITIONAL LISTING APPLICATION

The Company will be submitting an application for the additional listing of and quotation for the Consideration Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcement once the listing and quotation notice of the SGX-ST has been obtained.

## 10. SHAREHOLDING STRUCTURE

Assuming the maximum number of Consideration Shares are allotted and issued to the Vendors, the shareholding structure of the Company before and after the Completion of the Proposed Transactions is set out as follows:

	Before the completion of the Proposed Transactions				After the completion of the Proposed Transactions			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Directors</u>								
Ip Kwok Wing <sup>(1)</sup>	74,319,300	36.88	61,601,150	30.57	74,319,300	23.11	61,601,150	19.16
Lim Fong Li Janet <sup>(1)</sup>	61,601,150	30.57	74,319,300	36.88	61,601,150	19.16	74,319,300	23.11
Er Kwong Wah	-	-	-	-	-	-	-	-
Lo Kim Seng	-	-	-	-	-	-	-	-
Ross Yu Limjoco	-	-	-	-	-	-	-	-
<u>Substantial Shareholders (other than the Directors and the Vendors)</u>								
[Nil]	-	-	-	-	-	-	-	-
<u>Vendors and related persons</u>								
Wang Xinmeng <sup>(2)</sup>	-	-	-	-	35,294,118	10.98	-	-
Gao Hong <sup>(2)</sup>	-	-	-	-	35,294,118	10.98	-	-
NEIS <sup>(2)</sup>	-	-	-	-	49,411,764	15.37	-	-
Fang Huasheng <sup>(2)</sup> <sup>(3)</sup>	-	-	-	-	-	-	49,411,764	15.37
Existing Public	65,614,826	32.55	-	-	65,614,826	20.41	-	-
<b>Total</b>	<b>201,535,276</b>	<b>100.0</b>			<b>321,535,276</b>	<b>100.0</b>		

### Notes:

- (1) Ip Kwok Wing and Lim Fong Li Janet are deemed interested in Shares held by the other by virtue of their relationship as spouses.

- (2) The information in respect of the Vendors and related persons was provided by the Vendors and is subject to further updates including, *inter alia*, information ascertained in the course of the Company's due diligence.
- (3) Fang Huasheng holds 83% of the issued share capital of NEIS and is therefore deemed interested in the Shares held by NEIS.

## **11. SERVICE AGREEMENTS**

As at the date of this Announcement, the Company has not entered into any service agreement with any person proposed to be appointed as director in connection with the Proposed Acquisition. The Company however wishes to highlight its obligation to appoint one (1) individual nominated by the Vendors to the Board, pursuant to the conditions precedent set out in the SPA. Please refer to paragraph 3.4.5(e) of this Announcement for further details.

The details of any such appointments and service agreements, if any, will be set out in the Circular to be despatched to Shareholders in respect of the EGM to be convened.

## **12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for their respective interests in the Shares of the Company (as the case may be), the Irrevocable Undertakings and as otherwise disclosed herein, none of the Directors, controlling Shareholders or their associates have any interest, direct or indirect in the Proposed Acquisition and the other proposed transactions under the SPA.

## **13. 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 SPA, the Proposed Transactions 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 (including information relating to the Vendors and the Target) 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.

## **14. CAUTIONARY STATEMENT**

**Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company as the Proposed Acquisition is subject to certain conditions. There is no assurance or certainty that the SPA will be completed, being subject to such conditions. In the event of any doubt as to the action they should take, Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisors.**

**The Company will make the necessary announcements as and when there are further material developments on the Proposed Transactions, in compliance with the Catalyst Rules.**

## 15. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at 4 Ang Mo Kio Avenue 12, CFM Building, #05-01, Singapore 569498, for a period of three (3) months commencing from the date of this Announcement.

Pursuant to the relevant health and safety measures imposed in respect of the COVID-19 pandemic, all Shareholders are to register their intention to inspect said document at least five (5) business days before the date of their appointment, via the Company's email address [janet@cfmholdings.com](mailto:janet@cfmholdings.com). The Company shall be entitled to reject requests for inspection as it deems necessary, in compliance with the relevant laws and regulations relating to the COVID-19 pandemic.

### BY ORDER OF THE BOARD

Lim Fong Li Janet  
Executive Director and Chief Executive Officer  
3 June 2021

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*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.*

*The contact person for the Sponsor is Ms Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271*