

CFM HOLDINGS LIMITED
(Company Registration no.: 200003708R)
(Incorporated in the Republic of Singapore)

**ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE SGX-ST LISTING MANUAL SECTION B:
RULES OF CATALIST – EMPHASIS OF MATTER BY THE COMPANY’S AUDITORS ON THE
GROUP’S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Rules of Catalist**”), the Board of Directors (the “**Board**”) of CFM Holdings Limited (the “**Company**” and collectively with its subsidiaries the “**Group**”) wishes to announce that the Company’s auditors, Messrs Baker Tilly TFW LLP (the “**Independent Auditors**”), have issued an emphasis of matter (“**EOM**”) in their Independent Auditors’ report dated 7 October 2015 in relation to the financial statements of the Group for the financial year ended 30 June 2015 (“**FY2015**”).

A copy of the aforesaid EOM, along with an extract of the relevant Note 29(c) to the financial statements, is annexed to this announcement as “Appendix A”. A copy of the Annual Report will be despatched to all shareholders on or before 12 October 2015.

An extract of the EOM in the Independent Auditors’ report is set out below:

“Emphasis of Matter

We draw attention to Note 29(c) to the financial statements which describes the uncertainty in relation to the outcome of the application for the temporary occupation permit for a subsidiary’s property. Our opinion is not modified in respect of this matter.

Note 29 (c) Temporary occupation permit of a property in Singapore

Cheong Fatt Holdings Pte Ltd (“Cheong Fatt”), a subsidiary of the Company, received a Temporary Occupation Permit (the “TOP”) certificate for its new building (the “Property”) from its architect on 7 January 2015. However, on 22 May 2015, it came to the attention of Cheong Fatt management that the TOP was not issued by the proper authority. On 6 July 2015, Building and Construction Authority (the “BCA”) issued a letter to Cheong Fatt to immediately cease occupying the Property as it is an offence to occupy a property without a TOP. Cheong Fatt appealed to BCA for extension of time to vacate the Property, but was rejected per its letter issued on 15 July 2015. Subsequently, on 16 September 2015, Cheong Fatt has obtained TOP for the Property excluding first storey showroom, third and fourth storey. As at the date of these financial statements, the application for the TOP for the first, third and fourth storey of the Property is still ongoing.

The management is working with the relevant parties to take the necessary action for the issuance of the TOP for the first, third and fourth storey of the Property prior to 30 October 2015 in order to comply with the relevant authority’s requirement. If TOP for the first, third and fourth storey of the Property is not received by 30 October 2015, Cheong Fatt will seek extension with the relevant authorities. The outcome of the application for the TOP and the extension with the relevant authorities is uncertain and cannot be reliably determined and accordingly, no provision is made in the financial statements.”

In relation to the Independent Auditor’s EOM set out above, the Company’s management (the “**Management**”) is currently working with the relevant parties to take the necessary action for the issuance of the full TOP for the Property prior to 30 October 2015. If full TOP is not received on that date, the Company will seek extension with the relevant authorities. However, the outcome of the application

for the TOP and the extension with the relevant authorities is uncertain and cannot be reliably determined and accordingly, no provision is made in the financial statements.

Due to the receipt of a partial TOP on 16 September 2015 as announced on 17 September 2015, the Company is not required to vacate the second and fifth floors of the Property. The Management has relocated the tenants within the Property to these two floors to facilitate them to continue their business operations.

BY ORDER OF THE BOARD

Janet Lim Fong Li
Executive Director & Chief Executive Officer

7 October 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statement or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Ms Foo Quee Yin.
Telephone number: 6221 0271*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CFM HOLDINGS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of CFM Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 50 to 115, which comprise the balance sheets of the Group and the Company as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to Note 29(c) to the financial statements which describes the uncertainty in relation to the outcome of the application for the temporary occupation permit for a subsidiary's property. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CFM HOLDINGS LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP

Public Accountants and
Chartered Accountants
Singapore

7 October 2015

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

29. CONTINGENT LIABILITIES

(a) Guarantees

	Company	
	2015 \$'000	2014 \$'000
Corporate guarantees provided by the Company to financial institutions for banking facilities granted to subsidiaries	8,089	8,127
Amount utilised by the subsidiaries	5,449	3,180

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results and the accumulated losses of the Company for the financial years ended 30 June 2015 and 30 June 2014.

(b) Legal claim

Hantong Metal Component (Penang) Sdn. Bhd.

As disclosed during the financial year ended 30 June 2013, an ex-parte injunction (the "Injunction") has been granted by the High Court of Malaya on 30 June 2013 and served on Hantong Metal Component (Penang) Sdn. Bhd., a wholly-owned subsidiary of the Company on 2 July 2013, there has not been any material update to date.

Legal advice obtained indicates that it is unlikely that any significant liability will arise. At the date of these financial statements, the directors are of the view that no material losses will arise in respect of the legal claim.

(c) Temporary occupation permit of a property in Singapore

Cheong Fatt Holdings Pte Ltd ("Cheong Fatt"), a subsidiary of the Company, received a Temporary Occupation Permit (the "TOP") certificate for its new building (the "Property") from its architect on 7 January 2015. However, on 22 May 2015, it came to the attention of Cheong Fatt management that the TOP was not issued by the proper authority. On 6 July 2015, Building and Construction Authority (the "BCA") issued a letter to Cheong Fatt to immediately cease occupying the Property as it is an offence to occupy a property without a TOP. Cheong Fatt appealed to BCA for extension of time to vacate the Property, but was rejected per its letter issued on 15 July 2015. Subsequently, on 16 September 2015, Cheong Fatt has obtained TOP for the Property excluding first storey showroom, third and fourth storey. As at the date of these financial statements, the application for the TOP for the first, third and fourth storey of the property is still ongoing.

The management is working with the relevant parties to take the necessary action for the issuance of the TOP for the first, third and fourth storey of the Property prior to 30 October 2015 in order to comply with the relevant authority's requirement. If Top for the first, third and fourth storey of the Property is not received by 30 October 2015, Cheong Fatt will seek extension with the relevant authorities. The outcome of the application for the TOP and the extension with the relevant authorities is uncertain and cannot be reliably determined and accordingly, no provision is made in the financial statements.