

FURTHER DEVELOPMENTS RELATING TO THE GROUP'S NEW FACTORY

The Board of Directors (the "**Board**") of CFM Holdings Limited (the "**Company**", and together with its subsidiaries, collectively the "**Group**") refers to the announcement of half year financial statement for the period ended 31 December 2004 dated 9 February 2015 and the announcements made by the Company on 22 May 2015 and 1 July 2015 respectively relating to the Group's new factory (the "**Property**") (collectively, referred to as the "**Announcements**").

Further to the Announcements, the Board would like to update the shareholders that Cheong Fatt Holdings Pte Ltd ("**CFH**"), a subsidiary of the Company had on 8 July 2015 received a letter from the Building and Construction Authority ("**BCA**") dated 6 July 2015 stating that BCA had received feedback that the Property has been occupied without a Temporary Occupation Permit ("**TOP**") or a Certificate of Statutory Completion and that CFH is required to cease the unauthorised occupation of the Property with immediate effect. It was also brought to the attention of CFH that it is an offence under the Building Control Act (Chapter 29) to occupy, or permit or caused to be occupied any building or any part thereof where any building works have been carried out unless a Certificate of Statutory Completion in respect of that building or that part of the building and that BCA takes a serious view if the premises is occupied without a Temporary Occupation Permit or Certificate of Statutory Completion.

As previously announced, the Company had moved into the Property after receiving an email from its architect that a Temporary Occupation Permit (the "**TOP**") had been issued in respect of the Property. It subsequently came to the attention of the management of the Company (the "**Management**") that the TOP was not issued by the proper authority.

The Management is currently in discussion with BCA to seek an extension of time to vacate the Property. The Company will be making a police report for the receipt of the TOP (which was not issued by BCA) from its architect.

The Management has been working and will continue to work with the relevant parties (including the Company's contractors and advisers) to take necessary actions (including making an application to BCA for a temporary occupation permit in respect of the Property) to regularise the issuance of the TOP in order to minimise the impact and risks on the Group.

The Group will be making necessary arrangements for the Group and its tenants to vacate the Property. The Group is currently in discussion with the affected tenants in an effort to minimise the impact arising from vacating the Property.

The Group will be sourcing for a new operating facility to move to ("**Relocation** ") and it is expected to take around one (1) month for the Group to complete the Relocation. During this period, the Group will take steps to ensure that the Group's business operation being relocated will be minimally disrupted.

The Company expects that there will be material adverse effect on the earnings per share and the net tangible assets per share of the Company arising from the vacation of the Property and Relocation should the Company not able to seek extension of time from BCA or obtain TOP within this period. However, the Company is unable to determine the total costs and expenses in connection with the vacation of the Property and Relocation and

accordingly, the Company is unable to assess the financial impact arising from the vacation of the Property and the Relocation.

We will keep all shareholders updated of any material development.

Shareholders are advised to exercise caution when dealing in the Company's shares ("Shares") and to refrain from taking any action in respect of their Shares which may be prejudicial to their interests.

BY ORDER OF THE BOARD

Janet Lim Fong Li
Executive Director & Chief Executive Officer
9 July 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.*

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