



CFM HOLDINGS LIMITED

(Incorporated in Singapore under Registration No. 200003708R)

**RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED
30 JUNE 2026 ("FY2026")**

The Board of Directors (the "**Board**") of CFM Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the questions raised by Securities Investors Association (Singapore) ("**SIAS**") on 14 October 2026 pertaining to the annual report for FY2026 and wishes to address the questions as disclosed in Annex A to this announcement.

BY ORDER OF THE BOARD

Lim Fong Li Janet
Executive Director and Chief Executive Officer
16 October 2026

*This announcement has been reviewed by the Company's sponsor, Novus Corporate Finance 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. Lin Huiying, Head of Continuing Sponsorship, at 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

Annex A : Response to the Questions Raised by SIAS

No	Question	CFM Response
1	Revenue declined by approximately \$3.49 million, or 14.1%, from \$24.72 million for FY2025 to approximately \$21.23 million for FY2026. Management attributed the decline mainly to lower revenue from the metal stamping segment, following customer overstocking in the previous financial period, lower orders from customers in the US and China, end-of-life-cycle products, maturing customer contracts and the effects of US tariff policies. These factors were partly offset by higher revenue from Slovakia and Europe, supported by new projects and additional orders for parts and tools. The revenue trend over the past five financial years is as follows: FY2026: \$21.23 million FY2025: \$24.72 million FY2024: \$29.56 million FY2023: \$29.73 million FY2022: \$26.85 million Two decades ago, in FY2007, group revenue was \$51.4 million, more than twice FY2026 revenue.	
i)	What are the group's principal growth drivers over the next three years, and how much incremental revenue is management targeting from existing customers, new customer wins and new product applications?	Revenue growth is a key priority, given the decline in revenue over recent financial years. The management intends to focus on strengthening relationships with existing customers and securing new customer accounts for the next three years. The Group's growth initiatives will include pursuing additional orders from existing customers, identifying opportunities arising from new customer projects, and strengthening its presence in markets where the Group has established manufacturing capabilities and customer relationships. The Group will also continue to monitor market demand, customer order patterns and the impact of external factors, including trade policies and tariffs. Management will assess these opportunities based on their commercial viability,

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		expected demand, production requirements and contribution to profitability. The Group's priority is to pursue sustainable growth while maintaining appropriate cost discipline and operational efficiency. The Group is in the process of evaluating its revenue opportunities and business priorities over the next three years.
ii)	Has the group secured any new customers or projects linked to data centre construction and AI infrastructure, either directly or through suppliers serving these markets? If not, what capabilities or commercial relationships are preventing the group from accessing these opportunities?	Where opportunities are identified, the Group will assess the technical specifications, quality standards, production capacity, delivery requirements and investment commitments necessary to participate. Management will also consider whether its existing customer relationships and business development channels provide a viable route to these markets. The Group will pursue opportunities that align with its manufacturing capabilities and commercial objectives, while remaining disciplined in evaluating the costs, risks and potential returns associated with entering new applications or customer segments.
iii)	Given the weak revenue trend, what specific targets and milestones has the board set for management to restore growth? How does the board monitor progress against these targets, and what corrective action will it take if management fails to deliver?	Management reports on a quarterly basis to the Board on the Group's financial and operating performance, including actual results against prior year performance, revenue trends, new business opportunities, production utilisation and profitability. These indicators will enable the Board to assess whether the Group's business initiatives are delivering sustainable results. Management will be required to identify the underlying causes and propose appropriate corrective measures for underperforming segment. These may include reviewing sales and business development priorities, addressing operational inefficiencies, adjusting resource allocation and reassessing expenditure and investment plans. The Board will continue to oversee the implementation of these measures and evaluate their effectiveness, with the objective of improving the Group's financial performance and strengthening its long-term sustainability.

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2.	The group reported another loss of \$(1.3) million in FY2026, despite management's stated commitment to improving operational efficiency and managing costs prudently. However, administrative and other expenses amounted to \$4.3 million, substantially exceeding gross profit of \$2.9 million. In FY2025, administrative and other costs of \$5.12 million were broadly in line with gross profit of \$5.14 million. In addition, Note 8 of the annual report shows that staff costs declined from \$9.50 million in FY2025 to \$8.89 million in FY2026, a reduction of 6.4% while revenue fell by 14.1%.	
i)	What are the main components of administrative and other expenses, and which items account for the largest recurring costs? What concrete measures has management implemented to reduce these expenses, and what measurable savings have they delivered?	Administrative salaries represent the largest component of the Group's expenses, accounting for approximately 67% of the total administrative and other expenses. Other significant components include, depreciation, professional fees, audit fees, and repairs and maintenance, which account for approximately 8%, 6%, 3% and 4%, respectively, where these percentages apply to the stated expense base. Given the decline in revenue, management recognises the need to align the Group's cost structure with its operating requirements while maintaining appropriate staffing levels, operational capabilities and compliance standards. Management is reviewing the utilisation of personnel and other operating resources in response to changes in production demand. Where production activity is lower, the Group seeks to manage available manpower and working arrangements in accordance with applicable employment requirements and contractual terms. Management will also continue to review discretionary expenditure and other recurring overheads to identify opportunities for greater cost efficiency. The Group will monitor the effectiveness of these measures through its periodic review of operating expenses, manpower utilisation and financial performance.
ii)	Has management benchmarked the group's cost structure and operating performance against comparable metal stamping businesses? What do the comparisons reveal about the group's overheads, capacity utilisation and labour productivity, and which specific operational inefficiencies has management identified and	Cost competitiveness requires continuous assessment of production efficiency, capacity utilisation, labour productivity and overhead costs and the management is monitoring these areas for improvement in performance. The Group will evaluate its operating performance using relevant internal

No	Question	CFM Response
	committed to addressing?	operating indicators and, where reliable and comparable information is available, external industry benchmarks. Any comparison with other businesses must take into account differences in product mix, production processes, scale, automation, customer requirements and geographical operating costs. Key areas for management review include the utilisation of production capacity, manpower deployment in relation to production volumes, production downtime, material wastage, quality-related costs and the efficiency of production processes. The objective is to identify areas where operational improvements can reduce unit costs without compromising product quality, delivery performance or customer requirements. Management will report material findings and proposed improvement measures to the Board as part of its ongoing oversight of the Group's operating performance.
iii)	What specific operational capabilities must the group develop or strengthen to achieve a sustainable low-cost position in metal stamping? What investments, process improvements or other initiatives will be required, and how will the board assess whether these initiatives are delivering a sustainable improvement in the group's cost competitiveness?	The Group's approach to improving cost competitiveness will focus on enhancing production efficiency, optimising manpower and equipment utilisation, reducing avoidable production losses and maintaining consistent product quality. Potential areas for improvement include production planning and scheduling, workflow optimisation, preventive maintenance, process standardisation, quality control and the effective deployment of equipment and personnel. Any investment in automation, equipment upgrades or other manufacturing improvements will be evaluated based on operational requirements, customer demand, expected cost savings and anticipated returns. Management will assess proposed initiatives on a case-by-case basis, taking into account the capital expenditure required, expected implementation costs, potential productivity gains and the impact on the Group's financial position. The Board will oversee material investment decisions and monitor the outcomes of approved initiatives. The effectiveness of these measures will be assessed using appropriate performance indicators, which may include unit production costs, capacity utilisation, labour productivity, production downtime, defect rates, on-time delivery and the financial returns from approved investments.

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		The Group's objective is to achieve sustainable improvements in operating efficiency and cost competitiveness while preserving the quality and reliability required by its customers.
3.	Following Ms Lin Sijia's cessation as an independent director with effect from 4 August 2026, the board comprises only four directors: two independent directors and two executive directors. The audit committee has only two members, below the minimum of three required under section 201B of the Companies Act and Catalist Rule 704(7). The current board composition also does not meet Provision 2.3 of the Code of Corporate Governance, which calls for non-executive directors to form a majority of the board. Given that the chairman is not independent, the board would also fall short of Provision 2.2, which requires independent directors to form a majority where the chairman is non-independent. Ms Lin was appointed on 10 February 2025 and served for approximately 18 months before resigning. She cited her intention to devote more time to personal and other professional commitments as the reason for her departure.	
i)	Given that more than two months have lapsed since the cessation, what progress has the nominating committee (NC) made in identifying a new director? What specific skills, industry experience and governance expertise has the NC prioritised, and what is the expected timeline for appointing a suitable candidate and restoring the audit committee to the required minimum size?	Following Ms Lin Sijia's cessation as an independent director with effect from 4 August 2026, the Nominating Committee has prioritised the identification of a suitable independent director who can contribute effectively to the Board and strengthen the Group's governance and oversight arrangements. In evaluating prospective candidates, the Committee will consider their independence, relevant professional experience, financial literacy, familiarity with corporate governance and regulatory requirements, and ability to discharge the responsibilities of an Audit Committee member. Candidates will also be assessed against the Board's collective skills and experience requirements and the applicable eligibility criteria. The Company has engaged with prospective candidates identified through its professional networks. Each candidate will be subject to the necessary assessment and appointment procedures, including consideration of independence, qualifications, experience and suitability for the role.

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		The Company recognises the importance of addressing the Board and Audit Committee composition requirements promptly. It has identified a suitable candidate and is in the process of completing the appointment process by 3 November 2026, as it finalises the required assessments and procedures.
ii)	Has the board engaged an independent professional search firm to identify and assess a broad pool of potential candidates, including those beyond its existing professional networks? If not, why has it chosen not to do so, and how will the nominating committee ensure that the search is sufficiently broad and rigorous to identify the strongest candidates?	The Board did not engage an independent professional search firm for the current director search. Instead, prospective candidates were identified through the Board's professional networks and contacts. The Nominating Committee recognises the importance of ensuring that the selection process is sufficiently broad, objective and rigorous. Candidates identified through these networks will be assessed against the Company's requirements for independence, relevant experience, governance knowledge, financial literacy and the ability to contribute effectively to the Board and Audit Committee. The Committee will evaluate each candidate's qualifications, professional track record, independence and suitability for the role before making its recommendation to the Board. The Board will also consider whether the candidate's appointment would strengthen the overall balance of skills, experience and independence on the Board.