



XMH HOLDINGS LTD.
(Incorporated in Singapore)
(Company Registration No.: 201010562M)

JOINT VENTURE BETWEEN XMH ENGINEERING PTE. LTD., MYANMAR MARCOPOLO CO., LTD AND BULOX POWER PTE. LTD.

1. INTRODUCTION

- 1.1 The Board of Directors (“**Board**”) of XMH Holdings Ltd. (“**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that a wholly-owned subsidiary of the Company, XMH Engineering Pte. Ltd. (“**XMH Engineering**”), has today entered into a joint venture agreement (“**Agreement**”) with Myanmar MarcoPolo Co., Ltd (“**MMP**”) and Bulox Power Pte. Ltd. (“**BP**”) in relation to the incorporation of a joint venture company in Myanmar (the “**Joint Venture Entity**”) (the “**Proposed Joint Venture**”). Unless otherwise defined, all capitalised terms used herein bear the same meanings as in the announcement dated 6 February 2017 (“**Announcement**”).
- 1.2 Pursuant to the Agreement, the Joint Venture Entity will be incorporated under the laws of Myanmar for the purposes of the Proposed Joint Venture.
- 1.3 Upon receipt of final approval from the Myanmar Investment Commission and the registration of the Joint Venture Entity with the Company Registration Office of Myanmar, the shareholding structure of the Joint Venture Entity will be as follows:

Shareholders	Percentage of shareholding (%)
XMH Engineering	50
MMP	25
BP	25
Total	100

2. DETAILS OF THE PROPOSED JOINT VENTURE

2.1 Proposed Business Activities

The Joint Venture Entity’s scope of business undertakings and objectives are, *amongst others*, to manufacture and/or assemble transformers, generator sets and power solution products in Myanmar and to provide after sales and maintenance services relating to transformers,

generator sets or power solution related activities in Myanmar (the “**Proposed Business Activities**”).

2.2 **Obligations of Joint Venture Parties**

Pursuant to the Agreement, XMH Engineering’s obligations to the Proposed Joint Venture will be, *amongst others*, to manage the general operations of the Joint Venture Entity and to provide the know-how and expertise required for the manufacture and/or sale of the generator sets and related power solution products.

MMP’s obligations to the Proposed Joint Venture will be, *amongst others*, to identify business opportunities in Myanmar to achieve the Proposed Business Activities.

BP’s obligations to the Proposed Joint Venture will be, *amongst others*, to provide the Joint Venture Entity with advice (technical or otherwise) in relation to the design or manufacture of transformers.

2.3 **Costs**

Any costs of investment to be provided by the shareholders of the Joint Venture Entity, including but not limited to, the paid-up share capital of the Joint Venture Entity, shall be contributed in proportion to the shareholding held by each shareholder of the Joint Venture Entity.

2.4 **Capital**

The Joint Venture Entity shall have an authorised capital of US\$50 million and an issued and paid-up share capital of not less than US\$1 million which shall be subscribed for by XMH Engineering, MMP and BP (each a “**Party**” and collectively, the “**Parties**”) in proportion to their shareholdings in the Joint Venture Entity as set out at paragraph 1.3 (*Introduction*) above.

As at the date of this announcement, the initial share capital of the Joint Venture Entity is not expected to be more than US\$1 million and the Parties have agreed to contribute in the following proportions to the Joint Venture Entity:

- (a) XMH Engineering will subscribe for 50% of the equity interest in the Joint Venture Entity for a cash consideration of US\$500,000;
- (b) MMP will subscribe for 25% of the equity interest in the Joint Venture Entity for a cash consideration of US\$250,000; and
- (c) BP will subscribe for 25% of the equity interest in the Joint Venture Entity for a cash consideration of US\$250,000.

3. RATIONALE FOR THE PROPOSED JOINT VENTURE AND FINANCIAL EFFECTS

3.1 The Board is of the view that the Proposed Joint Venture:

- (a) is in line with the Group's expansion plans and represents an opportunity for the Group to develop closer links with both existing and potential customers in the region, in furtherance of the Group's "near-market, near-customer" strategy;
- (b) will allow the Group to expand its existing core businesses by tapping onto the existing business network of MMP and by leveraging on the goodwill of the "Bulox Power" brand in the sale of transformers, expand the range of products offered by the Group. This will in turn allow the Group to strengthen its foothold, increase its business activities and operations and raise its profile in the Myanmar market; and
- (c) will also allow the Group to seize the growing business opportunities in Myanmar in respect of the manufacture and sale of marine engines and power solutions thereby, adding value to the Group's business and enabling the Group to explore new revenue streams.

3.2 The subscription for shares in the Joint Venture Entity will be funded through the Group's internal resources and is not expected to have any material impact on the earnings per share or the net tangible assets per share of the Group for the financial year ended 31 April 2017.

4. RELATIVE FIGURES UNDER RULE 1006

Rule 1006(a)	
The net asset value of the assets to be disposed of compared with the Group's net asset value	<i>Not applicable</i>
Rule 1006(b)	
The net profits attributable to the assets acquired compared with the Group's net profits	<i>Not applicable</i>
Rule 1006(c)	
The aggregate value of the consideration given or received compared with the Company's market capitalisation on 14 August 2017, being the last market day on which the Company's shares were traded preceding the date of the Agreement ⁽¹⁾	1.7%
Rule 1006(d)	
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	<i>Not applicable</i>
Rule 1006(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 an acquisition of such assets.	<i>Not applicable</i>
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Notes:

- (1) The aggregate value of the consideration given for the Proposed Joint Venture is S\$680,750 (based on an exchange rate of S\$1:US\$1.3615), compared to the Company's market capitalisation of approximately S\$38.9 million (based on 111,281,821 shares in issue and the weighted average price of S\$0.35 per share of the Company on the last market day on which the Company's shares were traded preceding the date of the Agreement, namely 14 August 2017).

As none of the relative figures computed based on Rule 1006 of the Listing Manual of the SGX-ST ("**Listing Manual**") exceeds 5%, the Proposed Joint Venture constitutes a "non-disclosable transaction" under Chapter 10 of the Listing Manual. This announcement is being made pursuant to Rule 704(17)(c) of the Listing Manual.

5. VALUE OF ASSETS ACQUIRED

XMH Engineering will be investing in the Joint Venture Entity, which will be incorporated under the laws of Myanmar for the purposes of the Proposed Joint Venture, and will have an interest in 50% of the equity interest in the Joint Venture Entity corresponding to our investment of US\$500,000. Upon incorporation of the Joint Venture Entity, the net tangible asset value of US\$500,000 attributable to the Joint Venture Entity would represent 1.2% of the Group's audited consolidated net tangible asset value as at 30 April 2017.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the directors and controlling shareholders of the Company has any interests, direct or indirect, in the Proposed Joint Venture

7. FURTHER ANNOUNCEMENTS

The Company will make a further announcement upon the incorporation of the Joint Venture Entity.

For and on behalf of the Board

Tan Tin Yeow

Chairman and Managing Director
15 August 2017