



**XMH Holdings Ltd.**

Company No.: 201010562M

Incorporated in the Republic of Singapore

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**GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RESPECT OF THE PROPOSED DISPOSAL OF Z-POWER AUTOMATION PTE. LTD.**

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**1. INTRODUCTION**

The Board of Directors (the "**Board**") of XMH Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 29 September 2019 (the "**Announcement**") relating to the proposed disposal by the Company of its 80% shareholding interest in its subsidiary Z-Power Automation Pte. Ltd. ("**ZPA**") (the "**Proposed Disposal**").

*All defined terms used in this announcement shall have the same meanings ascribed thereto in the Announcement unless otherwise defined herein.*

**2. APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL OF THE SGX-ST**

2.1 The Board wishes to announce that the Company has applied to the SGX-ST for a waiver from having to comply strictly with Rule 1014(2) of the Listing Manual of the SGX-ST and to seek the SGX-ST's approval for the Company to obtain Shareholders' ratification of the Proposed Disposal after the completion of the Proposed Disposal (the "**Waiver**").

2.2 The Company applied for Waiver on the following grounds:

- (i) ZPA would soon require additional injection of funds to support its working capital needs and the Purchaser is willing to provide such financial support upon Completion. If the Proposed Disposal were to complete, the Company would not have to continue to provide such support to the working capital needs of ZPA and this would avoid any impairment and further losses for the Group. It is therefore in the best interests of the Group and Shareholders that the Proposed Disposal be completed as soon as possible.

- (ii) In view of the current challenging business environment, it is an uphill task to secure a buyer for ZPA. Now that a buyer has been secured, the Company hopes to be able to complete the Proposed Disposal as soon as possible. It is also the intention of the Purchaser to complete the acquisition of ZPA expeditiously.
- (iii) At the annual general meeting (“**AGM**”) of the Company held on 27 August 2019, in response to Shareholder’s queries about the Company’s plans with regard to the Group’s losses, the Company had briefly shared that a possible option which was being explored involved a possible disposal of ZPA to which Shareholders did not express any objection nor negative response. Subsequent to the AGM, the Company announced its intentions to explore a possible disposal of ZPA.

### **3. GRANT OF WAIVER**

3.1 The Company has received a reply from the SGX-ST on 4 October 2019, advising the Company that, based on the Company’s submissions and representations to the SGX-ST, the latter has no objections to the Company’s application for the Waiver, subject to the following conditions:

- (i) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual of the SGX-ST and if the Waiver conditions have been satisfied. If the Waiver conditions have not been satisfied on the date of the announcement, the Company must make an update announcement when the conditions have all been satisfied;
- (ii) submission of a written undertaking from the Company that it will seek Shareholders’ ratification of the Proposed Disposal at an extraordinary general meeting (the “**Ratification EGM**”) within three months from the date of the said SGX-ST approval of the Waiver;
- (iii) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the Constitution of the Company;
- (iv) written irrevocable undertakings to the Company from Mr Tan Tin Yeow, our Chairman and Managing Director, and his family (collectively, the “**Undertaking Shareholders**”), who together hold approximately 57.8% of the total issued shares in the Company as of the date of this announcement, to vote in favour of the Proposed Disposal at the Ratification EGM to be convened;
- (v) written irrevocable undertakings from the Undertaking Shareholders that they will maintain their interests in the Company, such that they will continue to own more than 50% of the issued shares of the Company before and up to the date of the Ratification EGM; and

- (vi) disclosure via SGXNet of the opinion by the Board that there will be no material change in the risk profile of the Company arising from the Proposed Disposal and the bases of their opinion in the Company's announcement of the Proposed Disposal.

3.2 Pursuant to and in accordance with the aforesaid conditions of the Waiver, the Company wishes to announce the following:

- (i) The Company intends to convene the Ratification EGM to seek Shareholders' ratification of the Proposed Disposal within three months from 4 October 2019.
- (ii) The Group's core business is in the provision of diesel engine, propulsion and power generating solutions. ZPA manufactures and supplies marine switchboards, control panels and remote-control systems. The revenue derived from ZPA's business contributed approximately 16.4%, 18.6% and 13.8% to the Group's total revenue for FY2017, FY2018 and FY2019 respectively; the net asset value of ZPA was approximately 10.8%, 8.5% and 4.0% of the Group's total net asset value for FY2017, FY2018 and FY2019 respectively. As such, the Board is of the view that there will be no material change in the risk profile of the Company arising from the Proposed Disposal.

#### **4 GENERAL**

Further announcements will be made in due course to provide Shareholders with an update on the satisfaction of the aforesaid Waiver conditions and the Proposed Disposal as and when appropriate.

**For and on behalf of the Board**

**Tan Tin Yeow**  
Chairman and Managing Director

6 October 2019