



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

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**RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING TO BE HELD ON 30 SEPTEMBER 2020**

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The Board of Directors (“**Board**”) of XMH Holdings Ltd. (“**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 8 September 2020 in relation to the Notice of Annual General Meeting to be held by electronic means on Wednesday, 30 September 2020 at 10.00 a.m. (“**AGM 2020**”).

The Company would like to express its appreciation to its shareholders for submitting their questions in advance of AGM 2020. The Company would like to inform shareholders that all the questions submitted by shareholders by the Registration Deadline, i.e. 10.00 a.m. on 28 September 2020 have been responded and are published in this announcement.

Please refer to the Appendix of this announcement for details of the questions and the responses of the Company.

**By Order of the Board**

**Tan Tin Yeow**  
Chairman and Managing Director  
29 September 2020

## **APPENDIX**

### **Question 1**

On Page 54 of XMH Annual Report 2020, it was noted that the management had obtained a desktop property valuation from an external valuation firm for the property located in Tuas as at 30 March 2020.

During the last AGM on 27 August 2019, I asked for the valuation of the Tuas Building but was told there was no valuation done. However, I was given an impression it would probably be in the S\$77 million area. I stand to be corrected.

Since there is an external valuation done this year, can the Company please disclose this property valuation to the shareholders?

### **Company's Response to Question 1**

The property is valued at S\$87 million based on the desktop valuation report done by Premas Valuers & Property Consultants Pte Ltd dated 30 March 2020.

### **Question 2**

It has been almost 5 years since the Group had moved into the Tuas Building.

Is there a moratorium period on the sale of the Tuas Building together with the leased land? If so, please advise.

### **Company's Response to Question 2**

Yes. Based on the lease agreement, there is a moratorium period. We are able to sell the building from 1 September 2021 subject to certain terms and conditions and JTC's approval.

### **Question 3**

On Page 100 of XMH Annual Report 2020, it was noted that the net carrying amount as at 30 April 2020 of the Tuas Building was S\$42,188,000.

On Page 118 of the same Report, it was disclosed that the Group breached the covenants of a bank loan during the financial year. The management had successfully obtained a 12-month waiver from the bank.

In view of the above disclosure and the Group's priority to ensure that there is sufficient liquidity to sustain its operations and to ride through this crisis, does it not make sense for XMH to seriously explore "Selling & Leasing back" the Tuas building to an Industrial Reit or other similar buyers? By leasing back the building, there would be minimal disruption to the Group's operations.

Furthermore, the other benefits will be as follow:

- (i) assuming the S\$77 million valuation price is achievable, there will be a potential capital gain of S\$34.8 million before tax or 31.9 cent per share. That would have the potential to lift the current NAV at 44.1 cent per share to 76 cent per share.
- (ii) there will be a huge improvement in the Group's capital structure with the potential of swinging the Group from a Net Debt to a Net Cash position.
- (iii) this exercise should accelerate the company's effort to pull itself out of the SGX Watchlist.

Please kindly comment on the above.

### **Company's Response to Question 3**

At the moment, the Group has sufficient liquidity to sustain our operations and to ride through the crisis.

In determining our strategy on monetizing assets, the Group will consider this holistically with its needs for working capital, capital structure, market condition/opportunity to divest specific assets and shareholders' value creation, amongst other factors. We are aware of the benefits as you have pointed out and will continue to monitor the above factors and when the right moment arises, we will not rule out considering any appropriate action to maximise shareholders' value.

### **Question 4**

Please refer to Page 90 of XMH Annual Report 2020 pertaining to the "Provision for onerous contract" of S\$1.2 million that was charged to the profit and loss account of which S\$0.5 million out of the total provision was paid.

Can you please elaborate further on this onerous contract? Is there any possibility of recovering part of the S\$0.5 million already paid, for example taking some loss by selling the used generators back to the original vendor or to other potential buyers?

### **Company's Response to Question 4**

As announced and disclosed on 3 August 2020, we were in the process of setting up a new business together with an Indonesian business partner to lease out generator sets to Independent Power Plant Project, the Group performed viability and market studies in Myanmar and Indonesia and further committed to a single purchase of 7 used generator sets and the related accessories amounting to S\$1.2 million from an unrelated third party. The Group had subsequently aborted this project due to the lack of cooperation from the Indonesian business partner that in turn increased the business risk significantly. Accordingly, the plan for the new business was aborted, the cooperation with the Indonesian business partner was terminated and the contract to purchase these used generators was deemed to be onerous as the Group had no intention to take physical delivery and was hence charged to the profit and loss account.

The Group has explored all known avenues to recover value from the used generators and this has been factored into the "Provision for onerous contract".