



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

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- A. PROPOSED SUBSCRIPTION OF NEW ORDINARY SHARES (“NEW SHARES”) IN THE CAPITAL OF XMH HOLDINGS LTD. (THE “COMPANY”) FOR AN AGGREGATE ISSUE PRICE OF S\$10,000,000 (“PROPOSED SUBSCRIPTION”); AND**
- B. PROPOSED CALL OPTION IN RESPECT OF VENDOR SHARES**
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1. Introduction

- 1.1 The Board of Directors of the Company (the “**Board**”) wishes to announce that, the Company has today entered into a Subscription Agreement (the “**Subscription Agreement**”) with Credence Capital Fund II (Cayman) Limited (the “**Subscriber**”) pursuant to which the Subscriber has agreed to subscribe up to 36,049,027 New Shares in the capital of the Company at issue price of S\$0.2774 per New Share (the “**Issue Price**”) amounting to an aggregate Issue Price of S\$10 million, on the terms and conditions set out in the Subscription Agreement. No placement agent has been appointed for the Proposed Subscription.
- 1.2 The Issue Price represents a discount of 4.3% to the weighted average trading price of S\$0.29 per ordinary share of the Company based on the trades done on the Company’s shares on the Main Board of the SGX-ST (the “**Shares**”) on 17 May 2013, being the last full market day immediately preceding the execution date of the Subscription Agreement.
- 1.3 The Proposed Subscription is subject to, *inter alia*, shareholders’ approval at an extraordinary general meeting to be convened (“**EGM**”) and the approval in-principle of the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST.
- 1.4 The Proposed Subscription will be undertaken pursuant to Section 275 of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statements will be issued by the Company in connection with the Proposed Subscription.
- 1.5 The New Shares shall be issued free from all claims, pledges, mortgages, charges, liens and other encumbrances and shall rank in all respects *pari passu* with the then existing issued Shares at the time of the issue except that the New Shares will not rank for any dividends, rights, allotments or other distributions in the event that the record date falls before the date of the issue of the New Shares.

2. Rationale for the Proposed Subscription and Information about the Subscriber

2.1 The Company is of the view that the Proposed Subscription is in the interests of the Company for the following reasons:

- (a) The Proposed Subscription will allow the Company to tap on the capital market and raise funds expeditiously for the purposes set out below.
- (b) Upon legal completion of the Proposed Subscription (the “**Completion**”) in accordance with the Subscription Agreement, the Subscriber will be the Company’s first major institutional investor. The Company is of the view that the shareholding participation of the Subscriber in the Company will enhance the profile of the Company within the investment community. The Company will also be able to tap on the Subscriber’s expertise and business network to grow and expand the business of the Company and its subsidiaries (“**Group**”).

2.2 About the Subscriber

- (a) Credence Capital Fund II (Cayman) Limited is a South East Asia Private Equity Fund, providing growth stage capital and expertise to small and medium enterprises within the advanced manufacturing, information communication technology, services, logistics and consumer sectors.

Credence Capital Fund II (Cayman) Limited is managed by Credence Partners Pte Ltd, founded by Koh Boon Hwee, Tan Chow Boon and Seow Kiat Wang. The three key executives have strong business backgrounds and bring with them vast operational experiences. They seek to add value through strategic planning, assisting portfolio companies in regional and global expansion, improving operational efficiencies and sourcing for key operational resources.

Investors of Credence Capital Fund II (Cayman) Limited comprise mainly fund of funds, family offices and corporations.

- (b) The Subscriber has agreed to subscribe for the New Shares purely for investment purposes. The Subscriber has no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to as provided for under Rule 812 of the Listing Manual. As at the date of this announcement, the Subscriber does not hold any Shares in the Company.
- (c) The Subscriber was introduced to the Company by a third party business associate who is unrelated to the Directors and substantial shareholders of the Company and who is mutually known to the Subscriber and the Company.

3. Conditions precedent to Completion and Other Salient Terms

3.1 Completion of the Proposed Subscription is conditional upon, *inter alia*:-

- (a) the Subscriber having undertaken and completed legal due diligence investigation relating to the existing Shares held by Tan Tum Beng, Tan Seng Hee and Tan Guat Lian (in respect of which the Subscriber has an option to purchase pursuant to and in accordance with the call option agreement dated 17 May 2013 between the Subscriber and Tan Tum Beng, Tan Seng Hee and Tan Guat Lian), and the results of such due diligence investigations being reasonably satisfactory to the Subscriber;
- (b) shareholders' approval having been obtained at the extraordinary general meeting;
- (c) approval in-principle for the listing of and quotation for the New Shares on the Main Board of the SGX-ST having been obtained and such approval being in full force and effect; and if obtained subject to conditions, such conditions being reasonably acceptable to the Company and the Subscriber and are timely and satisfactorily fulfilled; and
- (d) no circumstance, event, change or effect that is, or can reasonably be expected to be, materially adverse to the financial position, financial performance or prospects of the Group having occurred.

3.2 Completion of the Proposed Subscription shall take place within four (4) weeks from the satisfaction of the last of the conditions precedents or waiver of such conditions (or such other date as the Subscriber and the Company may mutually agree in writing) (the "**Completion Date**").

4. Use of Net Proceeds

4.1 The Proposed Subscription will allow the Company to raise estimated net proceeds (the "**Net Proceeds**") of up to approximately S\$9.92 million (after deducting expenses incurred in connection with the Proposed Subscription).

4.2 The Directors are of the opinion that after taking into consideration the Company's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. The proceeds of the Proposed Subscription is primarily to finance the proposed development of the JTC land which it has recently acquired as disclosed in the circular dated 22 February 2013 and also to enhance its working capital.

4.3 The Company will make an announcement as to the use of the proceeds from the Proposed Subscription as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5. Financial Effects

On the assumption that the New Shares are fully allotted and issued in full, the Company's issued and paid-up share capital will increase from 385,004,003 Shares to 421,053,030 (excluding treasury shares) Shares after Completion.

The 36,049,027 New Shares is approximately equal to 9.4% of the total number of ordinary Shares that the Company has to-date issued and 8.6% on an enlarged basis (excluding treasury shares).

Based on the audited consolidated financial statements of the Group for the financial year ended 30 April 2012, purely for illustrative purposes, the financial effects of the Proposed Subscription on the Group based on the following assumptions are estimated as follows:-

Assumptions:

- (a) the financial position as at 30 April 2012 has been prepared on a proforma basis on the assumption that the Proposed Subscription had been completed on 1 May 2011;
- (b) the financial results for FY 2012 have been prepared on a proforma basis on the assumption that the Proposed Subscription has been completed on 1 May 2011; and
- (c) transaction costs incurred for the Proposed Subscription are approximately S\$81,000.00.

	Audited Financial Statement for FY2012	
	Before Proposed Subscription	After Proposed Subscription
Net Tangible Assets ("NTA") (\$'000)	42,560	52,479
NTA per share (cents)	11.02	12.43
Net profit after tax (\$'000)	9,514	9,447
Earnings per share (cents)	2.40	2.18
Share capital (\$'000)	22,150	32,150

6. Directors' and Substantial Shareholders' Interests

- 6.1 None of the New Shares will be subscribed by any person or groups of persons set out under Rule 812 of the SGX-ST Listing Manual.
- 6.2 (a) Mr. Tan Seng Hee, Ms. Tan Guat Lian and their father Mr. Tan Tum Beng (collectively referred to as the "**Vendors**") own in aggregate 119,620,002 Shares ("**Vendor Shares**") in the capital of the Company as at the date of this announcement.
- (b) Simultaneously with the execution of the Subscription Agreement, the Vendors have granted a call option (the "**Call Option**") to the Subscriber for the Subscriber to acquire in aggregate 47,619,048 Vendor Shares in the capital of the Company at a pre-agreed price of S\$0.315 per Vendor Share ("**Vendor Option Price**").
- (c) The Call Option is to be exercised within a validity period of three (3) months from the Completion Date of the Proposed Subscription.
- (d) The difference between the Vendor Option Price and the Issue Price will be subject to shareholders' approval at the EGM.
- 6.3 The New Shares together with the Vendor Shares represent in aggregate approximately 19.9% of the total enlarged issued and paid up share capital of the Company (excluding treasury shares).
- 6.4 Save as disclosed above, none of the Directors of the Company has any interest, direct or indirect in the Proposed Subscription. The Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Proposed Subscription.

7. Circular and Documents available for Inspection

The circular to shareholders of the Company containing further information on the Proposed Subscription and the Call Option and enclosing the notice of the EGM to be convened to seek the approval of shareholders of the Company for (a) the Proposed Subscription and (b) the difference between the Vendor Option Price and the Issue Price will be despatched by the Company to its shareholders in due course ("**Circular**").

Copy of the Subscription Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

8. Caution in Trading

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the Proposed Subscription or Call Option will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Subscription and the Call Option upon clearance by the SGX-ST of the Circular and the approval-in-principle for the listing and quotation of the New Shares has been obtained from the SGX-ST.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

For and on behalf of the Board

Tan Tin Yeow

Chairman and Chief Executive Officer

20 May 2013