



FOR IMMEDIATE RELEASE

XMH to expand products and services offering with the acquisition of Mech-Power Generator Group for approximately S\$17.4 million

- **Boasting a history of about 30 years, the target company is engaged in the manufacturing, assembly, sale and servicing of diesel powered generator sets and has operations based in Singapore and Malaysia**
- **The acquisition will be synergistic to XMH's existing operations and would also help to grow more in the non-marine sector applications**
- **This is the first major M&A for XMH since building a war chest of cash at its IPO and after investment by Credence Capital**

Singapore, 7 September 2013 – XMH Holdings Ltd., (“XMH”, “新明华控股” or the “Group”), a diesel engine, propulsion and power generating solution provider in the marine and industrial sectors, is pleased to announce today that the Group has entered into a sale and purchase agreement (“SPA”) with Mech-Power Generator Pte Ltd (“MPG”), the latter’s owners namely, Mr. Loke Choon Hoe and Mdm. Tham Sow Lin to acquire MPG.

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The MPG Group commenced business almost 30 years ago and is engaged in the manufacturing, assembly, sale and servicing of diesel powered generator sets. The MPG Group supplies a wide range of generator sets with power ratings (or capacity) from 20 kilovolt-ampere (kVA) to 2,500 kVA. MPG's generator sets are manufactured and assembled using, amongst others, reputable engines brands such as *Mitsubishi, Man, Perkins, Volvo Penta, MTU* and alternators such as *Leroy Somer, Stamford, Mecc Alte, AVK, Marelli*.

The MPG Group's generator sets are generally used in industrial, commercial, marine and military applications and are supplied to shipyards and ports, buildings, hospitals, education centres, data centres, airports, hotels and resorts infrastructural projects (roads, bridges, underground tunnels, waste treatment plants etc.) as well as plants and factories worldwide.

The MPG Group also fabricates, manufactures and customises all supporting equipment such as acoustic silencer and attenuators, bulk fuel tank, auto/manual-synchronising switchboards, weather-proof and sound-proof canopies/enclosures, loadbanks, generator control panels and base skids/fuel tanks.

MPG manufactures and assembles its generator sets in its approximately 1.4 hectares Malaysian plant located in Iskandar Malaysia in Kulaijaya, Johor.

Rationale for the acquisition

The acquisition will allow XMH to tap on MPG Group's existing customer base as well as gradually implement the technical knowledge and capabilities of MPG Group into XMH. The acquired knowledge will then in turn, provide XMH with a solid platform to expand on its range of products and services.

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Speaking on the acquisition of MPG Group, Mr. Elvin Tan Tin Yeow, the Chairman and CEO of XMH, commented, ***“We believe that this is a very positive move as the experience and expertise of the MPG Group in the industry for approximately 30 years will be passed on to XMH and when fully integrated into XMH, this will allow us to increase our products and service offerings and expand our customer base. We are confident that with the acquisition, we can achieve better operational synergies and we can enhance our generator set assembly capabilities to gain more competitiveness in the market.*”**

The acquisition of the MPG Group will also provide XMH with a very good opportunity to acquire a profitable entity and it will be earnings accretive and giving us significant opportunities for growth.”

The acquisition also bodes well for XMH’s diversification strategy as it will allow the Group to expand its core businesses and its offering of power generating sets will increase to include large customised solutions, especially for non-marine sector applications.

Consideration for the acquisition

Under the SPA, the acquisition consideration of approximately S\$17.4 million will be paid in two equal tranches of about S\$8.7 million each. Part of the sum will be satisfied using internal resources which may include the proceeds of the initial public offering whilst the other part through issuance of new shares of XMH.

There are also profit warranty and NTA warranty provided under the SPA. Under the warranties, the aggregate audited consolidated net profit after tax excluding extraordinary gains of the MPG Group for both FY2014 and FY2015 shall not be less than S\$6.9 million and the audited consolidated NTA of the MPG Group shall not be less than S\$4.5 million as at balance sheet date as shown in the FY2013 accounts of the MPG Group.

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ABOUT XMH HOLDINGS LTD (Bloomberg Ticker: XMH SP)

XMH Holdings Ltd is a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors. The Group's business activities may be broadly categorised into the following: (i) distribution and provision of value-added products and services; and (ii) after-sales services, trading and others. The Group's marine products are marketed to shipyards, vessel owners and dealers whilst its industrial products are distributed to hotel proprietors, building owners and main contractors for a wide range of applications.

The Group has been granted distributorship, agency or dealership rights from reputable brands such as Mitsubishi, Akasaka and Kamome (Japan), Hyundai, D-I and Doosan (South Korea), SOLÉ, Korsør, Reintjes, Scania, CENTA (Europe), GDF (PRC China) and Mentrade (Singapore) to distribute and sell a large variety of products which include marine and industrial engines, power generating sets and related components.

The Group also leverages on its technical know-how and wide product range of marine and industrial diesel engines, power generating sets, genuine spare parts and related components to provide value-added products and solutions which include "ACEGEN", its in-house range of power generating sets and "XMH IPS", a one-stop integrated solution to vessel owners requiring diesel engine (or electricity) driven propeller-based propulsion systems to power its vessels.

For more information please visit www.xmh.com.sg.

Issued for and on behalf of XMH Holdings Ltd.

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