



XMH HOLDINGS LTD.

Company No. : 201010562M

(Incorporated in Singapore)

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#### ARTICLE IN THE BUSINESS TIMES DATED 23 APRIL 2014

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The Board of Directors of XMH Holdings Ltd (“XMH” or the “**Company**”) wishes to bring to the attention of shareholders an article in The Business Times dated 23 April 2014, titled “XMH eyes acquisitions, seeks growth in Vietnam”, a copy of which is released together with this announcement.

Mr Elvin Tan, Chairman and CEO of the Company, in an interview to Business Times, noted that the Company intends to invest more resources in the market in Vietnam going forward. This is consistent with the plans and growth strategies announced by Company on 18 March 2014.

Mr Elvin Tan had also referred to the Company as aiming to use its balance sheet to make acquisitions, which will generate positive cash flow and profits for XMH. In his statement, Mr Elvin Tan also referred to the acquisitions adding to XMH’s top and bottom lines, citing XMH’s recently announced acquisition of the Mech-Power Generator Group (“**MPG Group**”) as an example of a good acquisition.

In XMH’s recent 3Q2014 results announcement and subsequent press release dated 14 March 2014, XMH announced that “the MPG Group had made a positive contribution as XMH’s 3Q2014 earnings surged 47.9% to S\$3.2 million, achieved on the back of 71.4% increase in revenue, primarily due to the increase in revenue from the newly acquired MPG Group”.

In Section 10 of the same 3Q2014 results announcement, as part of its future plans for growth, XMH also announced its intention to explore further merger and acquisition activities and that the Company will be looking out actively for more opportunities which will provide added synergy to our business.

No timeframe was given by the Company on the expected completion period of any merger and acquisition activity.

The Company will make the necessary and timely announcements as and when it has firm plans and has entered into agreement(s) in connection with any merger and acquisition proposals.

**BY ORDER OF THE BOARD**

**TAN TIN YEOW**

**Chairman and CEO**

**23 April 2014**

# XMH eyes acquisitions, seeks growth in Vietnam

By MALMINDERJIT SINGH

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XMH Holdings is hoping to expand through acquisitions and grow its footprint in Vietnam.

The Singapore-listed provider of diesel engine, propulsion and power-generating solutions told *The Business Times* that it aimed to use its balance sheet to make acquisitions, which will generate positive cash flow and profits for the group.

"(Basically) acquisitions will add to our top and bottom lines," CEO and chairman Elvin Tan said in a recent interview.

He added that the target companies will not only be in related businesses or industries such as marine, engineering and power generation, but should also be good operating companies.

He cited XMH's purchase of Singapore-based Mech Power Generator (MPG) and its wholly owned Malaysian subsidiary, which assemble high-end generators, for about \$17.4 million last

year as an example of a good acquisition.

The deal, which was the company's first diversification into the non-marine sector, seems to have paid off. MPG contributed as much as \$15.1 million to the firm's 71.4 per cent jump in revenue to \$33.1 million for the third quarter ended Jan 31, 2014.

Mr Tan noted that since XMH built generators for the marine industry, there were synergies in acquiring MPG. "Having Mech Power in the group opens up the generator sets business in a big way for us. Since its main market is Singapore, the Mech Power business has allowed us to diversify our revenue base and balances our exposure to Indonesia," he explained.

Apart from acquisitions, XMH wants to expand to Vietnam, which it views as a priority market. The group recently announced contracts worth about \$4.5 million, which allowed it to secure a foothold in Vietnam.

"Vietnam is going to be important to us going forward as we are going to



spend more time and resources in that market," Mr Tan revealed.

XMH expects to open its new facility in Tuas in the second half of 2015. The plant, which has a built-up area of about 40,000 square metres, will help boost the company's capacity

**Mr Tan: Cites XMH's purchase of MPG and its M'sian unit as an example of a good acquisition**

XMH plans to leverage on the new facility to develop a logistics services business line, including warehousing.

Earlier this month, XMH said that its subsidiary, Xin Ming Hua Pte Ltd, was ordered by the Singapore High Court to pay \$3.47 million in damages to Pacific Marine & Shipbuilding for supplying it with defective parts.

## Results snapshot

Reported on April 22, 2014

COMPANY	REPORTING PERIOD	REVENUE (US\$)	NET PROFIT /LOSS (US\$)	Y-O-Y PROFIT % CHNG	EPS (US\$)	DPS	LAST TRADED PRICE
<b>STATS ChipPAC</b>	Q1	365.5m	(15.8m)	NM	(0.01)	0	\$50.4
<b>Mercator</b>	FY14	75.3m	(22.8m)	NM	(0.017)	0	\$50.104

Q1 net loss from year-ago profit attributed to weaker seasonal demand in end markets, but second-quarter revenues expected to increase by 9 to 14 per cent compared to Q1.

Loss narrowed from US\$576.8 million in FY13 in the absence of year-ago compensation for charter-in vessels and losses from vessel disposals. Expects freight rates to remain low.