



FOR IMMEDIATE RELEASE

XMH to further diversify with addition of switchboards and marine automation products; signs S\$13.2 million MOU for the 80% stake in Z-Power Automation

- **Group's 2nd acquisition after successful completion of the MPG Group acquisition in 2013**
- **Acquisition of Z-Power allows the Group to increase its presence in the offshore industry and strengthen its regional operations**
- **Acquisition allows Group to add complementary suite of services to Group's current capabilities**

Singapore, 20 August 2014 – XMH Holdings Ltd., (“XMH”, “新华华控股” or the “Group”), a diesel engine, propulsion and power generating solution provider in the marine and industrial sectors, is pleased to announce that the Group has signed a Memorandum of Understanding (“MOU”) for the 80% equity stake of Z-Power Automation Pte. Ltd. (“Z-Power”) with BH Global Corporation Limited, Ang Cheng Siew, See Hoon, Tang Hing Yiu and Tai Mui Foong, (collectively, the “Vendors”).

Z-Power is a provider of world-class automation services and total solutions in the design and manufacturing for the marine & offshore industries. Z-Power specializes in the assembly, retrofitting and manufacturing of type-tested switchboards, distribution panels, console, control systems, switchgears and other integrated marine automation products. Z-Power is also a leading provider of major shipyards and ship owners in the ASEAN region for new builds, conversion and retrofitting projects.

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Speaking on the proposed acquisition of Z-Power, Mr. Elvin Tan Tin Yeow, the Chairman and CEO of XMH, commented, *“Z-Power is a sound brand name in the industry and is a valued partner in providing excellent solutions and quality products to the marine and offshore industries. The acquisition will allow XMH to leverage on Z-Power’s extensive technical knowledge to improve on its current product range and add a fully complementary suite of products to the Group’s current range. This will allow the Group to extend a much more comprehensive package to its customers.”*

Rationale for the acquisition

The acquisition will allow XMH to tap on Z-Power’s inherent technical knowledge and capabilities and gradually implement them into XMH due to the usage of control systems and switchboards in marine applications.

Apart from a handful of similar customers, Z-Power will also provide the Group with significant exposure to a wider customer base, providing the Group with a solid platform to further cross-sell its now expanded range of products. The acquisition of Z-Power will also bring onboard the Niigata brand of main engines and propulsion systems, of which Z-Power is an OEM for the brand, as well as the technical service and maintenance support for the brand, further expanding XMH’s suite of products and synergistic to the Group’s core business.

The acquisition bodes well for XMH’s overall growth strategy as it will allow the Group to expand its core businesses, increase its presence in the offshore industry and strengthen its regional operations

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Consideration for the acquisition

Under the terms of the MOU, the purchase consideration of approximately S\$13.2 million will be paid in two tranches, with the 1st tranche of S\$10.56 million to be paid shortly after the completion of the acquisition and the 2nd tranche of S\$2.64 million to be paid on the 1st year of the completion of the acquisition. The purchase consideration of S\$13.2 million represents 80% of the share capital of Z-Power, with the remaining 20% held by the four individual vendors, with the exception of BH Global Corporation.

Under the terms of the MOU, the four individual vendors will remain with Z-Power for a period of 3+3 years and continue to extend their expertise to the Group.

Commenting further on the acquisition, Mr. Elvin Tan Tin Yeow, the Chairman and CEO of XMH said, *“Z-Power is a well-run company with a strong management team and has consistently turned in profitable results in the last few years, with the last reported financial year’s revenue coming in at a very healthy S\$21.4 million. We are pleased to have the vendors continue on board with us and we believe that this is the start of what will be a mutually beneficial long-term partnership.”*

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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, Scania, Korsør, Reintjes, 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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