



FOR IMMEDIATE RELEASE

XMH to press ahead with SPA for the 80% acquisition of Z-Power Automation for S\$12.8 million

- **Acquisition to expand Group's core businesses within the region and add a complementary suite of services to Group's current capabilities**

Singapore, 17 November 2014 – 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 that the Group has entered into a sale and purchase agreement (“SPA”) 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”), for a consideration price of S\$12.8 million.

In its announcement dated 20 August 2014, the Group had expressed its intentions to acquire an 80% stake in Z-Power and had signed an MOU with the Vendors to explore the feasibility of making such an acquisition.

Z-Power is a provider of world-class automation services and total solutions in the design and manufacturing for the marine & offshore industries. The acquisition will allow the Group to expand its core businesses to include the supply of ZP's marine switchboards, remote control distribution systems, motor control centers, shipboard cable installation and other integrated marine automation products. This expansion of its core business will allow the Group to increase its revenue streams and enhance its profit margins.

XMH Holdings Ltd.
No. 44 Sungei Kadut Avenue
Singapore 729667
Tel: (65) 6368 0188 Fax: (65) 6368 0633
Website: www.xmh.com.sg
CO. REG. NO.: 201010562M



Speaking on the Group's plan to proceed with the proposed acquisition of Z-Power, Mr. Elvin Tan Tin Yeow, the Chairman and CEO of XMH, commented, *"After conducting a comprehensive due diligence exercise, we are convinced that the acquisition of Z-Power will provide XMH with a very good opportunity to acquire a profitable entity.*

The acquisition will immediately be earnings accretive for XMH and with significant opportunities for growth, we are confident that this will improve the long-term financial performance of the Group as well as enhance our competitiveness in the industry"

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.

The expansion of the Group's product range will also enable the Group to offer a wider range of products on offer to its existing customers while also providing the Group with an established channel to tap on the existing clientele and sales network of Z-Power to promote the sales of the industrial diesel engines, propulsion and power generating solutions (including power generating sets) of the Group.

Consideration for the acquisition

Under the terms of the SPA, the purchase consideration of S\$12.8 million, representing 80% of the share capital of Z-Power, will be fully paid no later than 15 business days after the completion date to all the Vendors involved, with the Group funding the entirety of the purchase consideration from its internal working capital. Upon the completion of the acquisition, the Group will hold 80% of the share capital of Z-Power, with the remaining 20% held by the four individual vendors, who will remain with Z-Power for a considerable period of time and continue to extend their expertise to the 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, 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.

By Financial PR Pte Ltd

For more information please contact:

Romil SINGH / Jonathan THEO

Financial PR Pte Ltd

Tel: 6438 2990 / Fax: 6438 0064

E-mail: romil@financialpr.com.sg, jonathan@financialpr.com.sg