

CIRCULAR DATED 27 JANUARY 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Circular or the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser, or other professional adviser immediately.

This Circular is circulated to Shareholders (as defined in this Circular) of XMH Holdings Ltd. (the "**Company**"). Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders' approval for, the Proposed Share Consolidation (as defined in this Circular) to be tabled at the EGM (as defined in this Circular) to be held at 55 Tuas Crescent, #07-01, Singapore 638743.

The Notice of EGM (as defined in this Circular) and a proxy form are enclosed with this Circular. If you have sold all your Shares (as defined in this Circular), you should immediately forward this Circular, together with the accompanying Notice of EGM and proxy form to the purchaser or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED CONSOLIDATION OF EVERY FOUR (4) EXISTING SHARES INTO ONE (1) CONSOLIDATED SHARE IN THE CAPITAL OF THE COMPANY

IMPORTANT DATES AND TIMES

| | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 10 February 2016 at 10.00 a.m. |
| Date and time of Extraordinary General Meeting | : | 12 February 2016 at 10.00 a.m. |
| Place of Extraordinary General Meeting | : | 55 Tuas Crescent, #07-01, Singapore 638743 |

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:–

| | | |
|---------------------------------------|---|---|
| “Board” | : | The board of Directors of the Company |
| “Books Closure Date” | : | Has the meaning ascribed to it in Section 2.1 of this Circular |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 27 January 2016 |
| “Committee” | : | The remuneration committee of the Company |
| “Company” | : | XMH Holdings Ltd., a company incorporated in Singapore |
| “Companies Act” | : | The Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time |
| “Consolidated Share” | : | Has the meaning ascribed to it in Section 2.1 of this Circular |
| “Constitution” | : | The constitution of the Company |
| “Directors” | : | The directors of the Company as at the date of this Circular |
| “Effective Consolidation Date” | : | Has the meaning ascribed to it in Section 2.7(a) of this Circular |
| “Effective Trading Date” | : | Has the meaning ascribed to it in Section 2.7(a) of this Circular |
| “EGM” | : | The extraordinary general meeting of the Company to be held on 12 February 2016 |
| “EPS” | : | Earnings per Share |
| “ESOS” | : | The Company’s employee share option scheme, as amended, modified or supplemented from time to time |
| “Exercise Price” | : | The price at which a participant shall subscribe for each Share upon the exercise of an Option under the ESOS |
| “Existing Shares” | : | Shares in the capital of the Company prior to the Proposed Share Consolidation |
| “FY” | : | Financial year ended or ending on 30 April |
| “Group” | : | The Company and its subsidiaries |
| “Latest Practicable Date” | : | The latest practicable date prior to the printing of this Circular, being 20 January 2016 |

DEFINITIONS

| | | |
|--|---|---|
| <i>“Listing Manual”</i> | : | The listing manual of the SGX-ST as amended, modified or supplemented from time to time |
| <i>“Market Day”</i> | : | A day on which the SGX-ST is open for trading in securities |
| <i>“MTP Requirement”</i> | : | Has the meaning ascribed to it in Section 2.2 of this Circular |
| <i>“New Share Certificates”</i> | : | Has the meaning ascribed to it in Section 2.6(a) of this Circular |
| <i>“Notice of EGM”</i> | : | The notice of EGM set out at page N-1 of this Circular |
| <i>“NTA”</i> | : | Net tangible assets |
| <i>“Old Share Certificates”</i> | : | Has the meaning ascribed to it in Section 2.6(a) of this Circular |
| <i>“Option”</i> | : | The right to subscribe for Shares granted or to be granted pursuant to the ESOS and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8 of the ESOS |
| <i>“Proposed Share Consolidation”</i> | : | The proposed share consolidation of four (4) Existing Shares (including treasury shares) held by Shareholders as at a Books Closure Date to be determined, into one (1) Consolidated Share, fractional entitlements to be disregarded |
| <i>“Resolution”</i> | : | Has the meaning ascribed to it in Section 1.2 of this Circular |
| <i>“Securities and Futures Act”</i> | : | The Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time |
| <i>“Securities Account”</i> | : | Has the meaning ascribed to it in Section 2.6(a) of this Circular |
| <i>“SGX-ST”</i> | : | Singapore Exchange Securities Trading Limited |
| <i>“Shareholders”</i> | : | Persons who are registered as holders of Shares in the register of members of the Company, or where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares |
| <i>“Share Registrar”</i> | : | Tricor Barbinder Share Registration Services |
| <i>“Shares”</i> | : | Ordinary shares in the share capital of the Company |

DEFINITIONS

- “Substantial Shareholder”** : A person who has an interest in the Shares, the total votes attached to which is not less than five per cent. (5%) of the total votes attached to all the voting Shares (excluding treasury shares) of the Company
- “S\$”, “\$” and “cents”** : Singapore dollars and cents, respectively
- “%”** : Per centum or percentage

The expressions **“Depositor”** and **“Depository Register”** shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. Words importing persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act or the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

LETTER TO SHAREHOLDERS

XMH HOLDINGS LTD.

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

Directors:

| | |
|-----------------|---------------------------|
| Tan Tin Yeow | Chairman and CEO |
| Tan Guat Lian | Executive Director |
| Hong Pian Tee | Lead Independent Director |
| Chan Heng Toong | Independent Director |
| Ng Sey Ming | Independent Director |

Registered Office:

55 Tuas Crescent, #07-01,
Singapore 638743

27 January 2016

To: The Shareholders of XMH Holdings Ltd.

Dear Shareholders,

THE PROPOSED SHARE CONSOLIDATION

1. INTRODUCTION

1.1 EGM

The Board is convening an EGM to be held on 12 February 2016 to seek the approval of Shareholders for the Proposed Share Consolidation.

1.2 Purpose of Circular

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the Proposed Share Consolidation, and to seek Shareholders' approval for the resolution in respect thereof to be tabled at the EGM, as set out in the Notice of EGM at page N-1 of this Circular (the "**Resolution**").

2. THE PROPOSED SHARE CONSOLIDATION

2.1 Background

The Company is seeking the approval of Shareholders at the EGM to undertake the Proposed Share Consolidation, pursuant to which the Company will consolidate every four (4) Existing Shares (including treasury shares) into one (1) consolidated share (the "**Consolidated Share**"). Accordingly, under the Proposed Share Consolidation, every four (4) Existing Shares registered in the name of each Shareholder will be consolidated into one (1) Consolidated Share at a date and time to be determined by the Directors ("**Books Closure Date**") as they deem fit in their absolute discretion.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in

LETTER TO SHAREHOLDERS

such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) aggregating and cancelling the same, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Shareholders should also note that in the event the Directors, in their absolute discretion, decide to cancel the aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation, affected Shareholders will not be paid for such fractional Shares cancelled and not issued.

Each Consolidated Share shall rank *pari passu* in all respects with the Existing Shares and with each other, and will be traded in board lots of 100 Consolidated Shares. As at the Latest Practicable Date, the Company has an issued share capital of S\$40,862,503 divided into 445,127,292 Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued share capital of S\$40,862,503 divided into 111,281,821 Consolidated Shares. As at the Latest Practicable Date, the Company also has 12,923,000 treasury shares and following the completion of the Proposed Share Consolidation, it will have 3,230,750 consolidated treasury shares.

Save for the cancellation of aggregated fractions of Consolidated Shares, the Proposed Share Consolidation will have no impact on the issued and paid-up capital of the Company. The Proposed Share Consolidation will also not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder other than non-material changes due to rounding.

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holdings of Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.

2.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation is being undertaken to comply with the continuing listing requirement introduced by the SGX-ST on 2 March 2015 for issuers listed on the Mainboard of the SGX-ST to have a minimum trading price per share of S\$0.20 ("**MTP Requirement**"). The first assessment for compliance with the MTP Requirement will be on 1 March 2016 or 1 September 2016, as the case may be. The assessment of whether an issuer has met the MTP Requirement will be based on the issuer's volume weighted average price ("**VWAP**") of its Shares for the six (6) months preceding the relevant date of review.

For the past six (6) calendar months prior to the Latest Practicable Date, the absolute price of the Shares had been traded in a range of between S\$0.126 and S\$0.200. The highest and lowest market prices for each month, the last transacted price for each month and the transacted volume of the Shares traded on the SGX-ST for each month for such six (6)-month period, are as follows:

LETTER TO SHAREHOLDERS

| | Highest (cents) | Lowest (cents) | Last transacted (cents) | Volume of traded Shares |
|----------------|--------------------|-------------------|-------------------------------|-------------------------------|
| July 2015 | 20.0 | 18.0 | 18.5 | 12,127,300 |
| August 2015 | 18.4 | 16.8 | 18.0 | 700,400 |
| September 2015 | 17.3 | 14.6 | 15.0 | 1,087,000 |
| October 2015 | 15.6 | 14.5 | 15.2 | 823,500 |
| November 2015 | 15.2 | 14.1 | 14.1 | 196,000 |
| December 2015 | 14.5 | 12.6 | 13.6 | 195,500 |

Source: SGX-ST website at <http://www.sgx.com>

For the past six (6) calendar months prior to the Latest Practicable Date, the total value of Shares traded is S\$2,870,583 and the total volume of Shares traded is 15,129,700. As such, the actual VWAP share price for such six (6)-month period is S\$0.170, which is below the MTP Requirement. Accordingly, the Company is seeking to undertake the Proposed Share Consolidation with the purpose of raising the minimum theoretical share price or the six (6)-month VWAP so as to ensure compliance with the MTP Requirement. On the assumption that the Proposed Share Consolidation had been in place for the six (6) calendar months prior to the Latest Practicable Date, the theoretical adjusted six (6)-month VWAP of the Shares over the same period would be S\$0.680, which complies with the MTP Requirement.

Shareholders should note however that there can be no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3 Financial effects of the Proposed Share Consolidation

The financial effects of the Proposed Share Consolidation on the Company and the Group are set forth below and were prepared based on the audited consolidated financial statements of the Group for FY2015, subject to the following assumptions:-

- (i) the financial effects relating to share capital of the Company is based on the number of Shares issued by the Company as at the Latest Practicable Date, namely 445,127,292 (excluding 12,923,000 treasury shares);
- (ii) the financial effects relating to the EPS is calculated based on the weighted average number of Shares in issue for FY2015;
- (iii) for the purpose of computing the EPS of the Group after the Proposed Share Consolidation, it is assumed that the Proposed Share Consolidation was completed on 1 May 2014; and
- (iv) for the purpose of calculating the NTA per Share and the gearing after the Proposed Share Consolidation, it is assumed that the Proposed Share Consolidation was completed on 30 April 2015.

LETTER TO SHAREHOLDERS

It should be noted that such financial effects are purely for illustrative purposes only and does not purport to be indicative or a projection of the actual or future results and financial position of the Company and the Group after the completion of the Proposed Share Consolidation.

(a) **Share Capital**

| As at the Latest Practicable Date | Company | |
|---|---------------|------------|
| | No. of Shares | S\$ |
| Before the Proposed Share Consolidation | 445,127,292 | 40,862,503 |
| After the Proposed Share Consolidation | 111,281,821 | 40,862,503 |

(b) **NTA per Share**

| As at 30 April 2015 | Company | | Group | |
|-----------------------------|--|---|--|---|
| | Before the Proposed Share Consolidation | After the Proposed Share Consolidation | Before the Proposed Share Consolidation | After the Proposed Share Consolidation |
| NTA (S\$'000) | 34,312 | 34,284 | 41,145 | 41,117 |
| No. of Shares | 434,126,661 | 108,531,664 | 434,126,661 | 108,531,664 |
| NTA per Share (cents) | 7.90 | 31.59 | 9.48 | 37.88 |

(c) **EPS**

| As at 30 April 2015 | Group | |
|---|---|--|
| | Before the Proposed Share Consolidation | After the Proposed Share Consolidation |
| Profit after taxation attributable to Shareholders (S\$'000) | 5,253 | 5,225 |
| Weighted average number of Shares | 433,055,806 | 108,263,950 |
| EPS (cents) | 1.213 | 4.826 |

LETTER TO SHAREHOLDERS

(d) Gearing

| As at 30 April 2015 | Company | | Group | |
|---|--|---|--|---|
| | Before the Proposed Share Consolidation | After the Proposed Share Consolidation | Before the Proposed Share Consolidation | After the Proposed Share Consolidation |
| Total Borrowings (S\$'000) ⁽¹⁾ | – | – | 32,690 | 32,690 |
| Cash and Cash Equivalent (S\$'000) | 309 | 281 | 24,698 | 24,670 |
| Total Equity (S\$'000) | 34,312 | 34,284 | 57,615 | 57,587 |
| Net Gearing (times) ⁽²⁾ | – | – | 0.139 | 0.139 |

Notes:–

- (1) Total borrowings comprise long-term borrowings and short-term borrowings.
- (2) Gearing is computed as the total of long-term borrowings and short-term borrowings less cash on hand divided by total equity.

2.4 Effect on Employee Share Option Scheme

As at the Latest Practicable Date, the Company has unexercised employee share options under the ESOS in respect of 14,315,000 new Shares which have yet to be allotted and issued.

Under the terms of the ESOS, if, *amongst others*, a consolidation of Shares takes place:–

- (i) the price at which a participant shall subscribe for each Share upon the exercise of an Option as under the ESOS ("**Exercise Price**"), the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (ii) the class and/or number of Shares over which Options may be granted under the ESOS,

shall be adjusted by the Committee to give each participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

Notwithstanding the terms of the ESOS stated above, any determination by the Committee as to whether to make any adjustments and if so, the manner in which such adjustments should be made, must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

LETTER TO SHAREHOLDERS

The adjustments to the Options will be effective on the date that the Company notifies each participant of the ESOS in writing and delivers to him/her a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter to be issued or delivered on the exercise of the Option.

The Committee has determined that following the Proposed Share Consolidation and based on the number of unexercised Options as at the Latest Practicable Date, adjustments shall be made to the number of Options and Exercise Price per Option as follows:–

| Date of Grant | No. of Options | | Exercise Price Per Option (S\$) | |
|-------------------|-------------------|------------------|---------------------------------|------------------|
| | Before Adjustment | After Adjustment | Before Adjustment | After Adjustment |
| 11 September 2012 | 768,000 | 192,000 | 0.149 | 0.596 |
| 5 September 2013 | 3,955,000 | 988,750 | 0.323 | 1.292 |
| 12 September 2014 | 4,700,000 | 1,175,000 | 0.248 | 0.992 |
| 10 September 2015 | 4,892,000 | 1,223,000 | 0.130 | 0.520 |

The Company has obtained a written confirmation from its auditors, Ernst & Young LLP, that the above adjustments to be made following the Proposed Share Consolidation are, in their opinion, fair and reasonable.

2.5 Conditions of the Proposed Share Consolidation

The implementation of the Proposed Share Consolidation is subject to, *amongst others*:–

- (a) the receipt of approval-in-principle from the SGX-ST for the listing and quotation of the Consolidated Shares; and
- (b) the approval of Shareholders by way of an ordinary resolution at the EGM.

The Company had on 14 January 2016 obtained the approval-in-principle from the SGX-ST for the listing and quotation of the Consolidated Shares on SGX-ST subject to, *amongst others*, Shareholders' approval at the EGM. Such approval is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its subsidiaries.

Subject to the approval of the Proposed Share Consolidation by Shareholders at the EGM, an announcement will be made by the Company to notify Shareholders in due course of the Effective Trading Date, the Books Closure Date and the Effective Consolidation Date.

2.6 Updating of Register of Members and Depository Register

If Shareholders' approval of the Proposed Share Consolidation is obtained, the register of members of the Company and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders and Depositors based on their shareholdings in the Company as at the Books Closure Date.

LETTER TO SHAREHOLDERS

(a) **Deposit of Share Certificates with CDP**

Shareholders who hold share certificates for the Existing Shares (“**Old Share Certificates**”) in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their securities account maintained with CDP (“**Securities Account**”) must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date. After the Books Closure Date, CDP will only accept for deposit new share certificates for the Consolidated Shares (“**New Share Certificates**”).

Shareholders who wish to deposit their Old Share Certificates with CDP after the Books Closure Date must first deliver such Old Share Certificates to the share registrar of the Company (“**Share Registrar**”), Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, for cancellation and issue of the New Share Certificates in replacement thereof as described below. The New Share Certificates will then be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the date of receipt of their Old Share Certificates. Upon receipt of the New Share Certificates, Shareholders may then proceed to deposit these New Share Certificates with CDP.

(b) **Issue of New Share Certificates**

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar of the Company, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, as soon as possible after they have been notified of the Books Closure Date and preferably, not later than five (5) Market Days after the Books Closure Date, for cancellation and exchange for New Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders who hold Old Share Certificates are reminded that, as the Company is under a book-entry (scripless) settlement system, after the date on which the Proposed Share Consolidation becomes effective, their Old Share Certificates will no longer be good for settlement of trading in Shares on the SGX-ST although they will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof by the Share Registrar and after such date, the Old Share Certificates will not be valid for delivery pursuant to trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

LETTER TO SHAREHOLDERS

Shareholders are to deliver their respective Old Share Certificates to the Share Registrar of the Company or CDP in accordance with the provisions set out in this Section 2.6 only after announcement of the Books Closure Date by the Company.

No receipt will be issued by the Share Registrar of the Company for receipt of Old Share Certificates tendered.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been tendered to the Share Registrar of the Company for cancellation.

Please notify the Share Registrar of the Company, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, if you have lost any of your existing Old Share Certificates, or if there is any change in your address from that reflected in the register of members of the Company.

2.7 Trading Arrangement for the Shares and for Odd Lots

(a) Trading Arrangements for the Shares

Subject to the Proposed Share Consolidation being approved by Shareholders at the EGM, the Company's register of members and the transfer books will be closed on the Books Closure Date to determine the entitlements of Shareholders to the Consolidated Shares. With effect from 9.00 a.m. on the Market Day immediately following the Books Closure Date (the "**Effective Consolidation Date**"), every four (4) Existing Shares held by each Shareholder will be consolidated into one (1) Consolidated Share. Notwithstanding that the Proposed Share Consolidation will become effective on the Effective Consolidation Date, the Shares will commence trading as Consolidated Shares from 9.00 a.m. on the day falling three (3) Market Days before the Effective Consolidation Date (the "**Effective Trading Date**") as trades on SGX-ST are settled on a "T+3" settlement cycle, which means that a purchase or sale of Shares on day T will be settled three (3) Market Days later.

Accordingly, for trading purposes:

- (i) trading in the Existing Shares will cease at 5.00 p.m. on the day falling four (4) Market Days before the Effective Consolidation Date; and
- (ii) trading in the Consolidated Shares will commence from 9.00 a.m. on the day falling three (3) Market Days before the Effective Consolidation Date (i.e. the Effective Trading Date).

(b) Trading Arrangement for Odd Lots of Consolidated Shares

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Depositors may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading odd lots of Consolidated Shares may be illiquid. Trading in odd lots of Consolidated Shares may also give rise to disproportionate transaction costs. Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. The unit share market of the SGX-ST will enable trading in odd lots in any quantity less than one (1) board lot of 100 Consolidated Shares.

LETTER TO SHAREHOLDERS

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the register of Directors' shareholdings, and the interests of Substantial Shareholder(s), as extracted from the register of Substantial Shareholders, are as follows:–

| Name | Number of Shares | | | |
|---|--------------------|------------------|-----------------|------------------|
| | Direct Interest | % ⁽²⁾ | Deemed Interest | % ⁽²⁾ |
| Directors | | | | |
| Tan Tin Yeow ⁽¹⁾ | 179,430,001 | 40.3 | – | – |
| Tan Guat Lian ⁽¹⁾ | 26,278,977 | 5.9 | 90,000 | 0.02 |
| Hong Pian Tee | 2,607,000 | 0.6 | – | – |
| Chan Heng Toong | 500,000 | 0.1 | – | – |
| Ng Sey Ming | 500,000 | 0.1 | – | – |
| Other Substantial Shareholder(s) | | | | |
| Tan Tum Beng | 34,857,976 | 7.8 | – | – |
| Credence Capital Fund II (Cayman) Limited | 83,668,075 | 18.8 | – | – |
| TOTAL | 327,842,029 | 73.7 | – | – |

Notes:–

- (1) The Tan Siblings together with Tan Seng Hee had on 29 June 2010 entered into a deed of undertaking (“**Deed of Undertaking**”) whereby each of them agreed to first offer any Shares which he/she would like to sell (the “**Selling Party**”) to the other parties in equal proportions (as nearly as possible). In the event the other parties decline or is deemed to decline the offer, the Selling Party shall be entitled to sell the Shares to any third party at a price which is not lower than the price offered to the other parties, subject to the terms and conditions set out in the Deed of Undertaking. The obligations of the parties to the Deed of Undertaking will continue to apply as long as they remain as Shareholders of the Company, unless otherwise agreed to in writing by the parties thereto. As at the Latest Practicable Date, Tan Seng Hee has an interest in 11,257,001 Shares in the Company representing approximately 2.53% of the total issued Share capital (excluding any treasury shares held by the Company).
- (2) Based on 445,127,292 Shares (excluding 12,923,000 treasury shares) as at the Latest Practicable Date.

In addition, each of the Directors also has unexercised Options granted under the ESOS, details of which are set out in the table below:–

| Directors | Number of Options | |
|-----------------|-------------------|------------------|
| | Before Adjustment | After Adjustment |
| Tan Tin Yeow | 3,940,000 | 985,000 |
| Tan Guat Lian | 1,950,000 | 487,500 |
| Hong Pian Tee | 220,000 | 55,000 |
| Chan Heng Toong | 220,000 | 55,000 |
| Ng Sey Ming | 220,000 | 55,000 |
| Total | 6,550,000 | 1,637,500 |

LETTER TO SHAREHOLDERS

Save as disclosed above, none of the Directors and Substantial Shareholders or their respective associates have any interest, direct or indirect, in the Proposed Share Consolidation.

4. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out at page N-1 of this Circular, will be held at 55 Tuas Crescent, #07-01, Singapore 638743 on 12 February 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Resolution set out in the Notice of EGM.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Proposed Share Consolidation is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolution relating to the Proposed Share Consolidation as set out in the Notice of EGM.

6. NOTICE OF BOOKS CLOSURE DATE

The Books Closure Date for the purpose of determining Shareholders' entitlements pursuant to the Proposed Share Consolidation will be announced in due course.

7. APPOINTMENT OF PROXIES

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743, not later than 48 hours before the time fixed for the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes, in place of the proxy, if he finds that he is able to do so.

8. INSPECTION OF DOCUMENTS

A copy of the following documents may be inspected at the registered office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743, during normal business hours from the date of this Circular up to and including the date of the EGM:—

- (a) The annual report of the Company for FY2015; and
- (b) The Constitution of the Company.

LETTER TO SHAREHOLDERS

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully,
For and on behalf of the Board of Directors of
XMH HOLDINGS LTD.

Tan Tin Yeow
Chairman & CEO

NOTICE OF EXTRAORDINARY GENERAL MEETING



XMH HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Company Registration Number 201010562M

All capitalised terms in the Resolution below shall, unless otherwise defined in this Notice of EGM, bear the respective meanings ascribed thereto in the Circular.

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** (“EGM”) of XMH Holdings Ltd. (the “**Company**”) will be convened at 55 Tuas Crescent, #07-01, Singapore 638743 on Friday, 12 February 2016 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without any modifications the following Resolution (on a poll to be taken):–

ORDINARY RESOLUTION: THE PROPOSED SHARE CONSOLIDATION

That the Proposed Share Consolidation be and is hereby approved, and in connection with that:–

- (a) all the Shares in the Company in issue as at the Books Closure Date be consolidated by consolidating every four (4) Existing Shares (including treasury shares) held by each Shareholder as at the Books Closure Date into one (1) Share (“**Consolidated Share**”) in the manner set out in the Circular (“**Proposed Share Consolidation**”);
- (b) any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation to be disregarded, and the number of Consolidated Shares as at the Books Closure Date, shall be rounded down to the nearest whole Consolidated Share, and all fractions of Consolidated Shares to which Shareholders would otherwise be entitled to shall be dealt with in such manner as the Directors in their absolute discretion may deem fit in the interests of the Company, including without limitation, (i) aggregating and cancelling the same, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company;
- (c) the Directors be authorised to fix the Books Closure Date and the Effective Trading Date in their absolute discretion as they deem fit; and
- (d) the Directors and each of them be and is hereby authorised to do any and all such acts (including to execute all such documents as may be required, approve any amendments, alterations or modifications to any documents, and sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may, in their absolute discretion deem necessary, desirable or expedient to give effect to this Resolution and the Proposed Share Consolidation.

BY ORDER OF THE BOARD
XMH HOLDINGS LTD.

TAN TIN YEOW
Chairman and CEO
27 January 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:--

- (1) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (2) A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him/her (which number and class of Shares shall be specified.)
- (3) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (4) The instrument appointing a proxy must be deposited at the registered office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743, not less than 48 hours before the time for holding the EGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM



XMH HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Company Registration Number 201010562M

PROXY FORM

IMPORTANT:-

1. An investor who holds Shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.
2. This proxy form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to the proxy form.

I/We, _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)
being a member/members of **XMH HOLDINGS LTD.** (the "**Company**"), hereby appoint:-

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---------|-------------------|-----------------------------|-----|
| | | Number of Shares | (%) |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---------|-------------------|-----------------------------|-----|
| | | Number of Shares | (%) |
| Address | | | |

or failing *him/her/them, the Chairman of the Extraordinary General Meeting ("**EGM**"), as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the EGM of the Company to be held at 55 Tuas Crescent, #07-01, Singapore 638743 on Friday, 12 February 2016 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy to vote for or against the ordinary resolution to be proposed at the EGM as hereunder indicated. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

*delete as appropriate

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

| No. | Ordinary Resolution | No. of Votes For | No. of Votes Against |
|-----|---|------------------|----------------------|
| 1. | To approve the Proposed Share Consolidation of every four (4) Existing Shares into one (1) Consolidated Share | | |

Dated this _____ day of _____ 2016

| Total Number of Shares Held in: | |
|---------------------------------|--|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

PROXY FORM

Notes:–

- (1) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number. If you have Shares registered in your name in the register of members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the register of members, you should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the Shares held by you.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his behalf, subject to note 4 below. A proxy need not be a member of the Company. Where a member appoints two (2) proxies, the appointment shall be deemed to be alternative unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) The proxy form must be deposited at the registered office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743 not less than 48 hours before the time appointed for the EGM.
- (4) A member who is a relevant intermediary (as defined in Section 181(6) of the Companies Act (Cap. 50) of Singapore) and who is entitled to attend and vote at the EGM may appoint more than two (2) proxies to attend and vote on its behalf, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by it (which number and class of Shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
- (5) Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (6) The proxy form must be under the hand of the appointer or his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- (7) Where a proxy form is signed on behalf of the appointer by an attorney, the power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
- (8) A member that is a corporation may, by resolution of its directors or other governing body, appoint such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore.
- (9) The submission of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
- (10) An investor who holds Shares under the Central Provident Fund Investment Scheme (“CPF Investor”) and/or the Supplementary Retirement Scheme (“SRS Investors”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.
- (11) The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointer, is not shown to have Shares against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:–

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company, (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.