



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

PROPOSED SHARE CONSOLIDATION OF EVERY FOUR (4) ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, AND FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1 INTRODUCTION

The board of directors (the “**Board**”) of XMH Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company proposes to undertake a share consolidation (the “**Proposed Share Consolidation**”) of every four (4) ordinary shares in the capital of the Company (the “**Shares**”) registered in the name of each shareholder of the Company (“**Shareholder**”) as at a books closure date to be determined by the Directors (the “**Books Closure Date**”) into one (1) consolidated share (“**Consolidated Share**”), fractional entitlements to be disregarded.

2 RATIONALE

The Proposed Share Consolidation is being undertaken to comply with the continuing listing requirement introduced by the Singapore Exchange Securities Trading Limited (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 months preceding the relevant date of review.

For the past six (6) months between June 2015 to November 2015 (“**Relevant Period**”) prior to the Company making this announcement on the Proposed Share Consolidation, the absolute price of the Shares had been traded between S\$0.141 and S\$0.210. The highest and lowest market prices, and the transacted volume of the Shares traded on the SGX-ST during the Relevant Period were as follows:

Month	Lowest (Singapore cents)	Highest (Singapore cents)	Volume of traded Shares	Percentage fluctuation between the lowest and highest market price
June 2015	19.2	21.0	2,937,300	9.38%
July 2015	18.0	20.0	12,127,300	11.11%

August 2015	16.8	18.4	700,400	9.52%
September 2015	14.6	17.2	1,087,000	17.81%
October 2015	14.5	15.6	823,500	7.59%
November 2015	14.1	15.2	196,000	7.80%

The VWAP of the Shares for such six (6)-month period is S\$0.174, which is below the MTP Requirement. As such, the Company is seeking to undertake the Proposed Share Consolidation with the purpose of raising the minimum theoretical share price or VWAP so as to ensure compliance 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.

3 DETAILS

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at an extraordinary general meeting ("**EGM**"), under the Proposed Share Consolidation, every four (4) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* in all respects with the then existing Shares and with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which they are entitled to, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

As at the date of this announcement, 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 111,281,823 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 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.

4 EFFECT ON XMH SHARE OPTION SCHEME ("ESOS")

As of the date of this announcement, the Company has unexercised employee options under the ESOS in respect of 171,850,000 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 Remuneration Committee ("**Committee**") to give each participant of the ESOS 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 term of the ESOS stated above, any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment 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.

Further announcement(s) may be made by the Company in respect of such adjustments as and when appropriate.

5 APPROVALS

The Proposed Share Consolidation is subject to, *amongst others*:-

- (i) the receipt of the approval-in-principle from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares; and
- (ii) the approval of Shareholders by ordinary resolution at the EGM.

An application will be made to the SGX-ST for permission for dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

6 DESPATCH OF CIRCULAR

Subject to the receipt of the in-principle approval from the SGX-ST, a circular containing, *amongst others*, further information on the Proposed Share Consolidation will be despatched to the Shareholders in due course.

7 TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Share Consolidation will be subject to conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Share Consolidation will be completed or that no changes will be made to the terms thereof. The Company will

make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

8 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the Company's registered office at 55 Tuas Crescent, Singapore 638743 during normal office hours Monday to Friday, from 9.00 a.m. to 6.00 p.m. for three (3) months from the date of this announcement:-

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the annual report of the Company for the financial year ended 30 April 2015.

BY ORDER OF THE BOARD
XMH HOLDINGS LTD.

Tan Tin Yeow
Chairman and CEO
17 December 2015