



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

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED JOINT VENTURE BETWEEN XMH ENGINEERING PTE. LTD., A SUBSIDIARY OF THE COMPANY, AND MYANMAR MARCOPOLO CO., LTD

1 INTRODUCTION

The Board of Directors (“**Board**”) of XMH Holdings Ltd. (“**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that a wholly-owned subsidiary of the Company, XMH Engineering Pte. Ltd. (“**XMH Engineering**”), has today entered into a non-binding memorandum of understanding (“**MOU**”) with Myanmar MarcoPolo Co., Ltd (“**MMP**”) in relation to the incorporation of a joint venture company in Myanmar (the “**Joint Venture Entity**”) (the “**Proposed Joint Venture**”).

The Proposed Joint Venture will be subject to the execution of a joint venture agreement to be entered into between the relevant parties.

2 INFORMATION ON MMP

MMP is a private company newly incorporated in Myanmar principally to engage in the business of distribution of generator sets and related power solution products. MMP is owned by a third party individual unrelated to any of the Company’s Directors or controlling shareholder, or their respective associates.

3 RATIONALE

The Board is of the view that the Proposed Joint Venture will allow the Group to expand its existing core businesses by tapping onto the existing business network of MMP and its proprietor. This will in turn allow the Group to further increase its business activities and operations and raise its profile in the Myanmar market. The Proposed Joint Venture will allow the Group to seize the growing business opportunities in Myanmar in respect of the manufacture and sale of marine engines and power solutions locally.

4 SALIENT TERMS OF THE MOU

4.1 *Proposed Business Activities*

XMH Engineering and MMP will hold 70% and 30% of the equity interest in the Joint Venture Entity respectively. The Joint Venture Entity’s scope of business undertakings and objectives

are, *amongst others*, to manufacture and/or assemble and sell generator sets and related power solution products in Myanmar, and to provide aftersales and maintenance services relating to such products (the "**Proposed Business Activities**").

4.2 *Obligations of Joint Venture Parties*

Pursuant to the non-binding MOU, XMH Engineering's obligations to the Proposed Joint Venture will be, *amongst others*, to manage the operations of the Joint Venture Entity and to provide the know-how and expertise in relation to operating the Joint Venture Entity. MMP's obligations to the Proposed Joint Venture will be, *amongst others*, to identify business opportunities in Myanmar to achieve the Proposed Business Activities.

4.3 *Costs*

All costs of investment including but not limited to, the paid-up share capital of the Joint Venture Entity, shall be contributed in proportion to the shareholding held by each shareholder in the Joint Venture Entity. The investment cost of the Proposed Joint Venture to XMH Engineering will be determined and mutually agreed upon between XMH Engineering and MMP at a later date.

4.4 *Exclusivity*

Each party to the MOU agrees to grant the other party an exclusive right to negotiate with each other the proposed transactions contemplated in the MOU and in addition, each party shall cease and not solicit or commence any direct or indirect further discussions, information sharing or enter into any agreement, arrangement or understanding regarding the proposed transactions contemplated in the MOU with any other third party, for the duration of the MOU.

4.5 *Termination of MOU*

The MOU shall automatically lapse and be terminated if incorporation of the Joint Venture Entity does not take place on or before 6 November 2017, or such later date as the Parties may mutually agree in writing ("**Long-Stop Date**").

5 **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for their shareholdings in the Company, none of the directors and controlling shareholders of the Company has any interests, direct or indirect, in the Proposed Joint Venture.

6 CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as the Proposed Joint Venture is subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Joint Venture will proceed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments to the Proposed Joint Venture and/or disclose further details as required under the SGX-ST Listing Manual, including the finalisation of the terms and conditions of the Proposed Joint Venture and the incorporation of the Joint Venture Entity (if any).

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 advisors if they have any doubt about the actions they should take.

For and on behalf of the Board

Tan Tin Yeow

Chairman and Managing Director

6 February 2017