



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

**PROPOSED DISPOSAL OF APPROXIMATELY 14.8% OF THE ISSUED AND PAID-UP
ORDINARY SHARES IN THE CAPITAL OF MECH-POWER GENERATOR PTE LTD**

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of XMH Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that, on 15 September 2025, the Company has entered into a sale and purchase agreement (the “**SPA**”) with Mitsubishi Heavy Industries Engine System Asia Pte. Ltd. (“**MHIESA**” or the “**Purchaser**”) and Mech-Power Generator Pte Ltd (“**Mech-Power**”) to dispose of 2,072,000 ordinary shares held by the Company (“**Sale Shares**”) in Mech-Power, a wholly-owned subsidiary of the Company, representing approximately 14.8% of the issued and paid-up share capital of Mech-Power (the “**Proposed Disposal**”).
- 1.2 Upon the completion of the Proposed Disposal (“**Completion**”), Mech-Power will remain as a subsidiary of the Group.

2. INFORMATION ON THE PURCHASER AND MECH-POWER

2.1 Information on the Purchaser

MHIESA is a company incorporated under the laws of Singapore having its registered address at 3 Tuas Avenue 12, Singapore 639024. It is a wholly-owned subsidiary of Mitsubishi Heavy Industries Engine & Turbocharger, Ltd. in Japan, which in turn is a wholly-owned subsidiary of Mitsubishi Heavy Industries, Ltd. in Japan. MHIESA’s business activities focus on providing power solutions for a variety of industries, including but not limited to diesel and gas generator sets and marine engines in the Asia-Pacific region, and is an existing supplier of the Group.

Save as disclosed above, MHIESA is independent of the Company, its Directors and controlling shareholders, and not related to the Company.

2.2 Information on Mech-Power

Mech-Power, a wholly owned subsidiary of the Company, is a company incorporated under the laws of Singapore and its principal business activities include, among others, the assembly, sales of generators and related accessories.

2.3 Value of the Sale Shares

Based on the audited consolidated financial statements of the Group for the financial year ended 30 April 2025 (“**FY2025**”), the net tangible assets (“**NTA**”) value of the Sale Shares amounted to S\$949,939 as at 30 April 2025. The open market value of the Sale Shares is not available as the Sale Shares are not publicly traded. No independent valuation was commissioned on Mech-Power for the purpose of the Proposed Disposal.

Based on the Group’s latest announced audited consolidated financial statements for FY2025, the book value of the Sale Shares amounted to S\$2,299,132. Accordingly, the Purchase Consideration (as defined below) represents an excess of S\$10,034,202 over the book value of the Sale Shares.

There will be a gain on disposal of the Sale Shares of S\$10,034,202 arising from the Proposed Disposal.

2.4 **Principal Terms of the Proposed Disposal**

2.4.1. Purchase Consideration

Pursuant to the SPA, the aggregate purchase consideration payable by the Purchaser to the Company for the Sale Shares is S\$12,333,333 (“**Purchase Consideration**”).

The Purchase Consideration is subject to the following adjustments: (i) if the net indebtedness of Mech-Power at date of Completion exceeds that as at 30 April 2025, the Purchase Consideration shall decrease by 14.8% (being the proportion represented by the Sale Shares) of such excess (and increase by 14.8% of any shortfall); and (ii) if the net working capital of Mech-Power at Completion exceeds that as at 30 April 2025, the Purchase Consideration shall increase by 14.8% of such excess (and decrease by 14.8% of any shortfall), in each case as determined in accordance with the SPA.

The aforesaid Purchase Consideration was determined pursuant to commercial negotiations between the Company and the Purchaser in good faith and on an arm’s length basis, taking into account recent financial performance and the earnings potential of Mech-Power, as well as the rationale for the Proposed Disposal.

2.4.2. Conditions Precedent

Completion is conditional upon, among others, the following being satisfied (or, in the case of a condition precedent (“**CP**”) capable of waiver, or waived by the Purchaser) within 30 days of the date of the SPA (the “**Initial CP Period**”):

- (a) the Purchaser’s reasonable satisfaction, in its sole discretion, with its legal, tax, financial, operational and commercial due diligence, among others;

- (b) all required regulatory, governmental and financier consents or non-objection confirmations (where applicable), including the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) if required;
- (c) the warranties provided under the SPA being true, correct and being complied with in all material respects as at Completion; and
- (d) no event, change, circumstance, effect or condition that, individually or in the aggregate, has, or could reasonably be expected to have, a material adverse effect on
 - (i) the business, assets, liabilities, operations, financial condition or results of operations of Mech-Power and its subsidiary, taken as a whole, or
 - (ii) the ability of the Company or Mech-Power to perform their material obligations under the SPA or to consummate the transactions contemplated under the SPA.

If any CP remains outstanding at the end of the Initial CP Period, the Initial CP Period shall automatically be extended by 30 days (the “**First Extension**”).

If, after the First Extension, the only outstanding CPs relate to (i) mandatory third-party or regulatory consents, or (ii) matters that the parties to the SPA are pursuing to resolve, the Initial CP Period shall automatically be further extended by an additional 30 days (together with the First Extension, the “**Long-Stop Date**”).

2.4.3. CP Non-fulfilment Termination Rights

- (a) If, on the Long-Stop Date, any CP remains unsatisfied as a direct result of a material breach or default by one party, the non-defaulting parties may, among other rights under the SPA, terminate the SPA.
- (b) Where any CP remains outstanding after the Long-Stop Date and neither party is responsible for such non-satisfaction, any party may terminate the SPA on 10 business days’ written notice without liability.

2.4.4. Completion

Completion of the Proposed Disposal (“**Completion**”) shall take place by no later than the Long Stop Date (or at such other place as the Parties may agree). If a party fails to perform its obligations under the SPA on the date of Completion, the non-defaulting parties shall be entitled to, among other rights set out in the SPA, terminate the SPA.

2.4.5. Post-Completion Shareholders’ Rights and Obligations

The parties to the SPA have also agreed to the following terms and conditions, among others:

- (a) any transfer of shares by any shareholder of Mech-Power to a third party is subject to the prior consent of other shareholder(s) and the latter's right of first refusal and tag-along right set out in the SPA. Similarly, issue of any new shares in the capital of Mech-Power is subject to pre-emption rights under the SPA;
- (b) prior written consent of MHIESA is required (such consent not to be unreasonably withheld) in respect of certain corporate actions of Mech-Power, including but not limited to any alteration of its constitution or capital structure, any capital expenditure not in the ordinary course of business nor consistent with past practice and any incurrence of new indebtedness other than in the ordinary course of business; and
- (c) in the event of any breach by the Company of, among others, the aforesaid shareholder terms and conditions and such breach is not rectified within 30 days of notice thereof, MHIESA may require the Company or Mech-Power to repurchase the Sale Shares in accordance with the terms of the SPA, at a value to be determined based on the Purchase Consideration, any post-Completion increase in retained earnings of Mech-Power and, if applicable, subject to a fair market value determined by an independent valuer jointly appointed by the parties.

3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

3.1 Chapter 10 of the Listing Manual classifies transactions by the Company into (a) non-disclosable transactions, (b) disclosable transactions, (c) major transactions and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *among others*, the following applicable bases of comparison set out in Rule 1006 of the Listing Manual.

3.2 The Proposed Disposal

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

	Bases under Rule 1006	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	2.82 ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits. ⁽²⁾	3.41 ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	6.86 ⁽⁴⁾

(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not Applicable

Notes:-

(1) Based on the net asset value attributable to the Sale Shares of approximately S\$2,299,132 as of 30 April 2025 and the net asset value of the Group of approximately S\$81,522,605 as at 30 April 2025.

(2) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(3) Based on the net profit attributable to the Sale Shares of approximately S\$1,062,438 for FY2025 and the Group's net profit of approximately S\$31,144,376 for FY2025.

(4) Based on the Purchase Consideration of S\$12,333,333 and the market capitalisation of the Company being S\$179,816,030 which is determined by multiplying 109,643,921 shares in issue by the volume weighted average price of S\$1.64 per share on 12 September 2025 (being the last market day on which the shares of the Company were traded on the SGX-ST preceding the date of the SPA).

As the relative figure in respect of the Proposed Disposal as computed on the bases set out in Rule 1006(c) exceeds 5% but does not exceed 20%, the Proposed Disposal constitutes a "disclosable transaction" under Chapter 10 of the Listing Manual and as such, the approval of shareholders of the Company is not required for the Proposed Disposal.

4. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the Proposed Disposal.

The financial effects set out below have been computed based on the latest audited consolidated financial statements of the Group for FY2025 as well as based on the following bases and key assumptions:

- (a) the financial effects of the Proposed Disposal on the net tangible assets (“**NTA**”) per Share of the Group and the gearing of the Group are computed assuming that the Proposed Disposal was completed on 30 April 2025;
- (b) the financial effects of the Proposed Disposal on the earnings per Share (“**EPS**”) of the Group are computed assuming that the Proposed Disposal to the Group was completed on 1 May 2024; and
- (c) expenses incurred in connection with the Proposed Disposal are estimated to be approximately S\$30,000.

4.1 NTA per Share

As at 30 April 2025	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	71,618	81,622
Number of Shares (excluding treasury shares)	109,643,921	109,643,921
NTA per Share (Singapore cents)	65.3	74.4

4.2 EPS

For FY2025	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to shareholders of the Company (S\$'000)	25,541	24,574
Number of Shares (excluding treasury shares)	109,643,921	109,643,921
EPS (Singapore cents)	23.29	22.41

5. USE OF PROCEEDS

The net proceeds from the Proposed Disposal will be used for general working capital requirements of the Group.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The Board believes that the Proposed Disposal is in the best interest of the Company and its shareholders for the following reasons:

- (a) The Proposed Disposal presents a strategic opportunity to establish and foster closer collaboration between Mech-Power and MHIESA and to enhance strategic partnerships and operational synergies between them. Following the Proposed Disposal, Mech-Power will work closely with MHIESA to reinforce and optimise its production capabilities and capacity, with particular focus on its container-type generator sets and related integration services. Furthermore, this strategic alliance will enable Mech-Power to leverage MHIESA's established business network, thereby expanding its market reach beyond its current customer base. This expansion is expected to generate additional revenue streams and in turn improve shareholder value and returns.
- (b) The Proposed Disposal also aligns strategically with the Group's broader objectives of strengthening ongoing business relationships with major business partners like MHIESA, thereby supporting the Group's long-term business goals, augmenting and providing additional stability in the Group's supply chain dynamics and operational capabilities and ensuring the continuity of key operational resources.
- (c) In addition, the Proposed Disposal is a good opportunity for the Group to realise an appreciation in value over the Group's investment in Mech-Power. With the net proceeds, the Group's working capital position will improve and this will enhance the Group's ability to explore new opportunities for future business expansion or investments.

7. DISCLOSURE OF INTERESTS

As at the date of this announcement, none of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholdings in the Company, if any).

8. SERVICE CONTRACTS

No service contracts will be entered into by the Company with any person in connection with the Proposed Disposal.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements regarding the Proposed Disposal as appropriate or when there are further developments on the same.

11. CAUTIONARY STATEMENT

Shareholders should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will proceed to completion. Shareholders are advised to read this announcement and any further announcements and the circular by the Company. Shareholders should exercise caution in trading their shares in the Company and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA are available for inspection at the registered office of the Company at 55 Tuas Crescent #07-01 Singapore 638743, during normal business hours on any weekday (public holidays excepted) for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Tan Tin Yeow
Chairman and Managing Director
15 September 2025