



FOR IMMEDIATE RELEASE

XMH welcomes Credence Capital Fund II as a new substantial shareholder

- **Subscription of 36,049,027 New Shares amounting to a total of S\$10 million**
- **Net proceeds to fund the proposed development of the recently acquired JTC land and enhance working capital**
- **Credence granted 3-month call option to acquire 47,619,048 Vendor Shares**

Singapore, 20 May 2013 – 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 today pleased to announce that the Group has welcomed Credence Capital Fund II (Cayman) Limited (“Credence”) as a prospective new substantial shareholder of the Group.

Credence is a South East Asia Private Equity Fund, providing growth stage capital and expertise to small and medium enterprises within the advanced manufacturing, information communication technology, services, logistics and consumer sectors.

Credence is managed by Credence Partners Pte Ltd, founded by Koh Boon Hwee, Tan Chow Boon and Seow Kiat Wang. The three key executives have strong business backgrounds and bring with them vast operational experiences. They seek to add value through strategic planning, assisting portfolio companies in regional and global expansion, improving operational efficiencies and sourcing for key operational

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resources. The Company believes that it will be able to tap on Credence's expertise and business network to grow and expand the business of the Group.

Credence has agreed to subscribe up to 36,049,027 New Shares in the capital of the Group at an issue price of S\$0.2774 per New Share, amounting to an aggregate price of S\$10 million. This represents a discount of 4.3% to the weighted average trading price of S\$0.29 per ordinary share of the Group based on the trades done on the Group's shares on the Main Board of the SGX-ST on 17 May 2013, being the last full market day immediately preceding the execution date of the Subscription Agreement.

Sharing his thoughts on Credence's entry into XMH, Mr. Elvin Tan Tin Yeow, Chairman and CEO, commented,

"We strongly believe that this partnership between Credence and the Group is representative of Credence's belief in the Group's future prospects. Credence, with their expertise will bring a lot of synergy to the Group and XMH looks forward to a long and fruitful partnership with Credence."

Upon the completion of the subscription, the Group will raise estimated net proceeds of approximately S\$9.92 million after deducting expenses incurred in connection with the subscription. The proceeds is primarily to fund the proposed development of the JTC land which the Group has recently acquired as announced earlier this year, and which the Group intends to construct new premises to, amongst others, accommodate new assembly and production lines and increase general warehousing capacities. The net proceeds will also be used to enhance the Group's working capital.

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Simultaneously with the execution of the Subscription Agreement, Credence has been granted a 3-month call option by the Company's substantial shareholders Mr. Tan Seng Hee, Ms. Tan Guat Lian and their father Mr. Tan Tum Beng, beginning at the completion of the proposed subscription of New Shares, to acquire in aggregate, 47,619,048 Vendor Shares in the capital of the Group at a pre-agreed price of S\$0.315 per Vendor Share. The New Shares, together with the Vendor shares will represent in aggregate approximately 19.9% of the total enlarged issued and paid up share capital of the Group (excluding treasury shares).

Speaking on the Group's prospects for the future, Mr. Elvin Tan Tin Yeow, Chairman and CEO, continued,

“The partnership between Credence and XMH represents the entry of our first major institutional investor and we are very pleased to be able to tap on the knowledge and experience that Credence will bring on board. We believe that the added calibre of Credence will spur the Group to its next level of growth and provide our stakeholders with a better overall value proposition.”

The subscription is subject to shareholders' approval at an extraordinary general meeting to be convened and the approval in-principle of the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST.

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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, 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 "e-Gen", 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.

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For more information please visit www.xmh.com.sg

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