



NEW DIMENSION OF **PROGRESS**

ANNUAL REPORT 2014



CORPORATE SOCIAL RESPONSIBILITY

Besides developing ways to growing our businesses, we believe that we have a role to play in giving back to the society and therefore the Group is mindful of its Corporate Social Responsibility (“CSR”).

In this regard, we have:

- been in continuous financial support of the Strait Times School Pocket Funds for the past five (5) years;
- been making yearly donations to the Handicaps Welfare Association of Singapore, an organisation run by people with disabilities for people with disabilities;
- been supportive of Singapore Thong Chai Medical Institution by making yearly donations to the institution which provides free medical consultation and Traditional Chinese Medicine (TCM) to the public; and
- also contributed and participated in charitable sporting events such as the SBF Foundation’s Inaugural Charity Golf Tournament 2014 and the Youth Golf Programme by Youth Golf Network Singapore.

The Group is committed to its CSR efforts and will continue to strive towards developing and enhancing its CSR initiatives in the near future.

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CORPORATE PROFILE

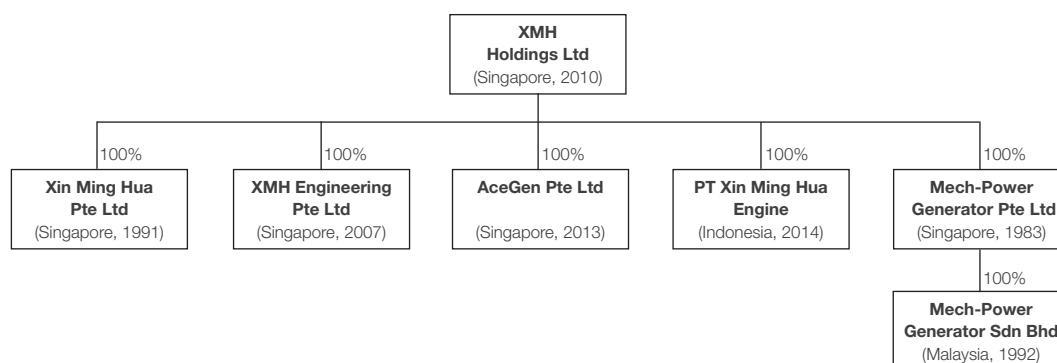
XMH Holdings Ltd. (XMH or the “Group”) started as a small machinery repair and maintenance shop in Kitchener Road in 1995. With a history of over 50 years, the Group is now a reputable and trusted name as a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors across Asia.

Over the years, the Group has expanded its primary products offerings to include 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), Mentrade (Singapore) and Guangzhou Diesel (China).

In recent years, the Group has also scaled up the value-chain with the introduction of “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. These enhanced the Group’s capabilities in providing more customised solutions to its customers with diverse needs.

With the acquisition of Mech-Power Generator Pte Ltd and its subsidiary (‘MPG’) in September 2013, the Group’s business activities can now be broadly categorised into (i) distribution and provision of value-added products and services; (ii) after-sales services, trading and others; and (iii) assembly and installation of standby generator sets and provision of related services.

XMH was admitted on the SGX-ST Mainboard on 26 January 2011 and added a wholly owned subsidiary in FY2014.



The Group continuously seeks to grow its businesses by enlarging our customer and supplier base, expanding our product and service offerings and widening our geographical coverage. The Group remains on the lookout for potential acquisitions and joint venture opportunities for strategic expansion into related businesses.

In FY2014, the integration of MPG into the Group was completed to allow, the Group to diversify its primary businesses and expanded its offerings to include industrial and data center applications. Similarly, the Group has also increased its geographical coverage with Singapore as a major revenue contributor, after its traditional Indonesia market.

MPG’s history can be traced back to 1983 and it has over the years grown to become one of the leading manufacturers in the design, assembly, sale and service of diesel powered generator sets in Singapore. It has supplied many types of generator systems to the power generation industry in Singapore and the Asia Pacific region. Recently, it was able to secure and successfully installed its generator sets in the data center industry locally with a series of prominent contract wins. These activities are well-supported by its manufacturing arm located in Johor Bahru, Malaysia with a built-up area of approximately 75,000 sq. ft.

The Group is delighted to include MPG as part of the enlarged family and wider product offering to its expanded customer base. We remain optimistic on our overall growth strategies and combined business outlook.

CORPORATE MILESTONES

1950s



- Founded as a small machinery repair and maintenance shop in Kitchener Road by Mr. Tan Tum Beng in 1955

1960s

- Engaged in the resale of used industrial diesel engines and machinery from suppliers in the United Kingdom
- Provided engine modification service for customers in the timber industry



1970s

- Converted from sole proprietorship to forming a partnership – Meng Wah Machinery Work

1980s

- Became one of the leading suppliers of used industrial and marine diesel engines and related machinery manufactured in Japan



1990s

- Incorporated Xin Ming Hua Pte Ltd on 31 January 1990 following the transfer of business and assets from its original partnership arrangement
- Began the distribution of a limited range of marine diesel engines and power generating sets under Mitsubishi brand in 1996
- Secured exclusive distribution rights for SOLE brand of marine diesel engines and its genuine spare for certain regions in 1998

2000s

- Progressively secured more distribution rights for products including Akasaka, Hyundai, Doosan, Korsør, Reintjes, D-I, CENTA and Mentrade with some on exclusive basis
- Developed a range of power generating sets under our in-house brand to offer value-added customisation service
- Set up China (Shanghai) overseas marketing office in 2006 to support marketing activities there
- Established XMH Engineering Pte Ltd in 2007 to design and develop XMH IPS, a one-stop integrated solution for the propulsion requirements of marine vessels



2010s

- Signed distributorship agreement between Mitsubishi Heavy Industries Ltd, Mitsubishi Heavy Industries Engine System Asia Pte Ltd and Xin Ming Hua Pte Ltd on 19 January 2010
- Admitted on the SGX-ST Mainboard on 26 January 2011
- Set up Vietnam (Ho Chi Minh City) overseas marketing office to support marketing initiatives in Vietnam
- Secured two new principals – Guangzhou Diesel and Kamome Propeller
- Established AceGen Pte Ltd in 2013 to assembly our in-house “AceGen” brand power generating sets
- Enhanced our new corporate logo, among others through a rebranding exercise
- Set up PT Xin Ming Hua Engine in 2014 to provide after sales support and to have close proximity to better serve our customers in Indonesia
- Welcomed Credence Capital Fund II (Cayman) Limited-/ as our first major institutional and substantial shareholder
- Acquired and successfully integrated Mech-Power Generator Pte Ltd and its subsidiary into the enlarged Group on 7 September 2013
- Breakthrough into Vietnam with orders for generator sets for delivery till 2015
- Began construction for our new facilities on JTC land at Tuas Crescent



Products we carry:



AKASAKA DIESELS



COMPANY VALUES

COLLABORATION FOR SUCCESS

Through teamwork and working closely with customers, we deliver the best possible solutions to meet customers' needs.

STRIVE FOR PROGRESS

We seek to continually improve our level of proficiency and expertise in our scope of work.

INTEGRITY IN ALL WE DO

We adhere to ethical principles in all our dealings with business partners, colleagues and ourselves.

COMMITMENT TO RELIABILITY

We pledge to only deliver optimally dependable solutions that fulfill customers' requirements.

BELIEF IN PEOPLE

We believe our staff is capable of performing to expectations and has potential to attain higher standards of excellence when nurtured.

RESOURCEFULNESS FOR THE RIGHT SOLUTION

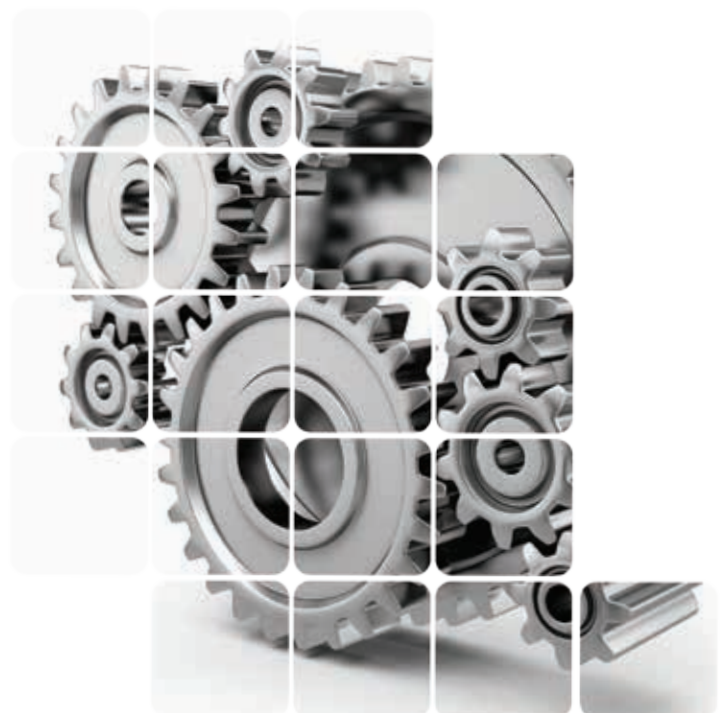
We employ clever and enterprising methods to devise optimal products and/or services suited to meet customers' needs.

VISION

To be Asia's most trusted partner in power solutions

MISSION

To deliver optimal and reliable solutions to our marine and industrial customers



CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS,

On behalf of the Board of Directors of XMH Holdings Ltd. ("XMH" or collectively known as the "Group"), I am pleased to present to you our annual report for the financial year ended 30 April 2014 ("FY2014").

The Group made a conscious effort to step up its diversification efforts in FY2014. I am glad to share with our shareholders that we have achieved a noteworthy change to our business model as we make every effort to expand our product offerings and increase our geographical coverage.

The Indonesian market that we operate in is currently facing slow economic growth as a result of high interest rates and the weakening Indonesian Rupiah.

We are optimistic that the recent political situation that Indonesia has come to experience will tide over in the near future, with the conclusion of the presidential elections. We believe this conclusion will be able to drive business activities and that Indonesia's major industries are ready to rev up their engines once more.

Despite the challenging macro conditions, the Group has managed to make a breakthrough, posting revenue of S\$105.2 million, a record since IPO and breaking the S\$100 million revenue mark for the first time. The 8% increase from revenue of S\$97.6 million in FY2013

CHAIRMAN'S MESSAGE



was primarily due to the contribution of revenue of approximately S\$32.3 million from the Group's new "projects" business segment.

Gross profit increased by approximately S\$4.4 million or 19%, to S\$27.3 million in FY2014, primarily due to the increased activity in our "projects" and "after-sales" business segments. The Group's gross profit margin also increased by 2.5% as the Group moved higher gross margins products in our "distribution" and "after-sales" business segments, while also including the direct contribution from our newly acquired subsidiary.

Despite the growth in revenue and gross profit, the Group has been impacted by an ongoing litigation case, in which the Group has made a full one-off provision of approximately S\$5.1 million for costs and professional fees. As a result, the Group net profit declined to S\$6.1 million in FY2014. Not taking into account the one-off provision of S\$5.1 million, the Group would have made a net profit of S\$11.1 million, on par with the net profit of S\$11.4 million in FY2013, even in the challenging macro environment.

The Group continues to maintain a net cash position, with a sizeable cash balance of S\$36.4 million as at 30 April 2014. Backed by our strong cash position, we remain in a good position to explore further M&A activities, joint ventures and we are actively looking out for more opportunities to grow the Group.

SMOOTH TRANSITIONS

We are pleased to share that the integration of MPG into XMH has been successful and with the increased exposure into different markets, we are now able to tap on an expanded customer base, offering a wider range of products and solutions and increase our chances of any cross-selling.

In 2013, the Group completed the acquisition of a plot of land which is intended for the construction of the Group's new premises. The new 7-storey factory ramp-up industrial building with ancillary office and facilities will be able to accommodate new assembly and production lines and increase the Group's general warehousing capacities and is on course for completion in the second quarter of 2015.

MAKING BREAKTHROUGHS

XMH is headquartered in Singapore and has operational presence in China and Indonesia, with Indonesia being our largest market to date. To better support customers in terms of procurement and after-sales services, XMH works closely with appointed dealers in countries where we have geographical reach.

Over the course of the year, the Group made conscious efforts to expand its geographical footprint and in April 2014, the Group made an announcement detailing a breakthrough in the Vietnamese market.



This move reinforces our strategy and the Group will be working diligently to ensure that we will be able to capitalize on our ongoing efforts and make the most of our expansion in Vietnam.

While the Group is likely to push on with our expansion plans, we will be very prudent and ensure that every step we take will strengthen the Group's capabilities, be it through M&As, the introduction of a new product, or through a breakthrough in a new industry or geographical region. We look forward to providing more timely updates to our shareholders as and when they become available.

DIVIDEND

The Group would like to thank our shareholders for the support shown in us. The Group will be maintaining our dividend amount of 1.2 Singapore cents per share for FY2014, similar to the amount paid out in FY2013. This amount translates into a dividend payout ratio of approximately 83%. The proposed dividend is subject to the approval of shareholders at the upcoming Annual General Meeting ("AGM").

A NOTE OF APPRECIATION

Finally, I wish to express my sincerest gratitude to our Board of Directors members for their commitment and guidance. Your invaluable insights and presence on the Board greatly strengthens the Group. I also wish to thank my colleagues and staff for their diligence and hard work during a challenging transitional period. To our business partners, associates, customers and suppliers,

your unwavering support of the Group has been very encouraging and we look forward to continuing this fruitful relationship.

Last but not least. I want to express my thanks to our shareholders, your support and faith in the Group will be very important as we work towards a bigger and better XMH.

MR. TAN TIN YEOW
Chairman and CEO

BOARD OF DIRECTORS



MR. TAN TIN YEOW
CHAIRMAN AND CEO



MS. TAN GUAT LIAN
EXECUTIVE DIRECTOR

MR. TAN TIN YEOW was appointed as Managing Director in 1991 and as Chairman and CEO on 29 October 2010. He has overall responsibility for planning and corporate direction of the Group. He has been instrumental in the Group's development and was responsible for, inter alia, establishing the distribution arm and securing the exclusive distributorship for a limited range of Mitsubishi brand of high-speed and medium-speed marine diesel engines and products.

Mr. Tan has more than 25 years of experience in the marine and industrial diesel engines industry. Prior to joining the Group, he has worked in Meng Wah Machinery Work, former partnership founded by the Founder, Mr. Tan Tum Beng until 1991. He was also one of the proud recipients of the Rotary-ASME Entrepreneur of the Year in 2007.

MS. TAN GUAT LIAN was appointed as Executive Director (Human Resource and Administration) on 29 October 2010. She has overall responsibility in managing and overseeing the operations of various departments of the Group, including the administrative and human resource departments.

Ms. Tan has contributed commendably to the early development of the Group with key initiatives like setting up various departments including the administrative, logistics, human resource, accounts and information technology departments. She has more than 15 years of relevant experience in the Administrative and Human Resource.



MR. HONG PIAN TEE
INDEPENDENT DIRECTOR

MR. CHAN HENG TOONG
INDEPENDENT DIRECTOR

MR. NG SEY MING
INDEPENDENT DIRECTOR

MR. HONG PIAN TEE was appointed as Independent Director on 29 October 2010. Prior to retiring from professional practice, he was the managing director of PricewaterhouseCoopers Intrust Limited from 1985 to 1999. Mr. Hong is currently the chairman of Pei Hwa Foundation Limited, a position he has held since 2000, and an independent director of Golden Agri-Resources Ltd and Memstar Technology Ltd., both of which are companies listed on the mainboard of the SGX-ST.

Mr. Hong is a veteran in corporate finance and advisory, with over 26 years of experience in prominent global accounting firms. He previously held independent directorships on the board of mainboard listed companies, Asia Food & Properties Limited and Sin Ghee Huat Corporation Ltd., from 2001 to 2009.

MR. CHAN HENG TOONG was appointed as Independent Director on 29 October 2010. He retired from Banking in February 2013, after 33 years in the corporate and investment banking.

Mr. Chan assumed key management positions in various established banks including Citibank N.A, American Express Bank (NY), Overseas Union Bank Limited, OUBS (Canada), United Overseas Bank and HL Bank, Singapore. He obtained a Bachelor of Engineering (Honours) from the University of Singapore and MBA (Finance & Transportation) from the University of British Columbia (Vancouver, BC).

MR. NG SEY MING was appointed as Independent Director on 29 October 2010. He is currently a partner in the Banking & Finance practice group in Rajah & Tann LLP. He is also an independent director of Hiap Tong Corporation Ltd. and Gaylin Holdings Limited both of which are listed on the SGX-ST.

Mr. Ng commenced his legal practice in Rajah & Tann LLP in 2000 and was made a partner of Rajah & Tann LLP in 2007. He was admitted as a Solicitor of England and Wales, and an Advocate and Solicitor of the High Court of Malaya, in 2007. He obtained a Bachelor of Laws (Honours) from the National University of Singapore in 1999 and is currently a member of the Singapore Academy of Law and the Law Society of Singapore.

SENIOR MANAGEMENT



MR. CHIA CHUNG MUN ALPHONSUS
DEPUTY CEO



MR. PHUA TIANG SOON
OPERATIONS DIRECTOR



MS. KOH LAY CHOO JESSIE
FINANCE DIRECTOR

MR. ALPHONSUS CHIA was appointed as Deputy Chief Executive Officer on 23 August 2012. His primary role is to assist the CEO in mapping out strategies for the Group's internal and external development. Apart from overseeing the after-sales technical support and spare parts sales unit, he is also responsible for business development and all corporate activities of the Group.

Prior to his current appointment, he was the Chief Executive Officer of Singapore Cooperation Enterprise, an agency formed by the Ministry of Trade and Industry and the Ministry of Foreign Affairs of Singapore to build long-term partnerships with foreign parties and also generate business opportunities for Singapore's private sector.

Mr. Chia has over 20 years of working experience and held senior positions in leading organizations – International Enterprise (IE) Singapore (2004-2007), Reed Exhibitions (2001-2004) and Singapore Airlines (SIA) (1987-2000). In International Enterprise (IE) Singapore, he was the Deputy Chief Executive Officer. In Reed Exhibitions, he was the Chief Operating Officer (Asia Pacific South) and President (China). In SIA, he was the Chief Executive of Silk Air and before that, Vice-President (Market Planning).

MR. PHUA TIANG SOON was appointed as Operations Director on 4 December 2013. He is responsible for the overall Group's operations overseeing the procurement, purchasing, production, engineering, and warehousing along with logistics functions. Prior to joining the Group, he was with Credence Partners as Vice President, Investment (Portfolio Operations).

Mr. Phua has over 20 years of working experience in the contract manufacturing business covering numerous locations in Asia with various MNCs. His past appointments includes General Manager of Celestica Shanghai (formerly Omni Electronics Shanghai), Managing Director of CTS Tianjin, Asia Pacific Director of Operations for Electrical Components International, among others. He holds a Bachelor's Degree (1st Class Honors) in Mechanical Engineering from Nanyang Technical University.

MS. JESSIE KOH was appointed as Finance Director on 12 May 2014. She is responsible for the Group's treasury and corporate finance functions and supports management on all mergers and acquisitions initiatives. She assists in the integration of new entities into the Group and oversee their financial reporting, budgeting and treasury functions. She also manages all regulatory and compliance requirements as a listed company.

Ms. Koh has over 18 years of working experience in finance, internal audit and business advisory fields in various industries. Prior to joining the Group, she was the Chief Financial Officer of Union Steel Holdings Limited. In her capacity as Associate Director in Stone Forest Corporate Advisory Pte. Ltd., she has helped businesses in their M & A transactions, fundraising, profit improvements and working capital advisory. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants in the UK.



MR. YEO ENG CHAI WILLIAM
GENERAL MANAGER (SALES)



MR. YAP LEE ANN
FINANCIAL CONTROLLER



**MS. ONG SIOK LING
(WANG SHULING)**
ADMINISTRATIVE MANAGER

MR. WILLIAM YEO was appointed as Senior Sales Manager on 29 October 2010 and promoted as General Manager (Sales) on 1 August 2011. He is responsible for the sale of marine and industrial diesel engines in Singapore and in regional markets including Bangladesh, India, Malaysia, Sri Lanka, and the PRC. He is currently the chief representative of OMO in Shanghai, the PRC and oversees the sales and marketing operations of the Group in the PRC.

Mr. Yeo has over 16 years of sales experience and prior to joining the Group as sales manager in 2005, he has assumed various sales, operations and customer service support positions in Twin Disc (Far East) Pte. Ltd. (formerly known as Twin Disc (Far East) Limited).

MR. YAP LEE ANN was appointed as Financial Controller on 29 October 2010. He oversees the finance, export and IT departments of the Group. He is also responsible for the full spectrum of the finance and accounting functions, including budgeting and ensure compliance of statutory audit and tax requirements.

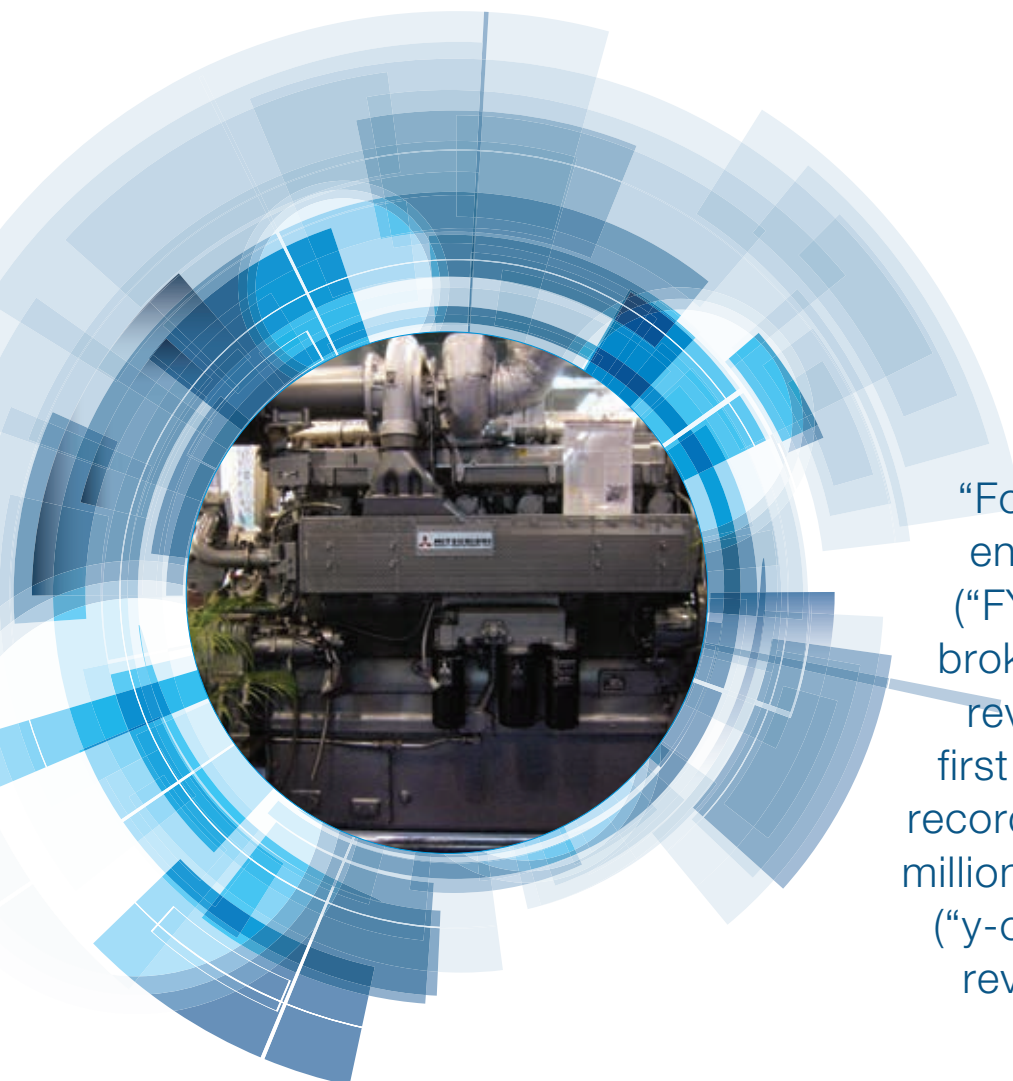
Mr. Yap has over 20 years of relevant experience in financial and management accounting, auditing and corporate finance and held various key positions in this aspect with listed companies. Prior to joining the

Group in 2009, he was a finance manager in ARA Trust Management (Suntec) Limited. He graduated from The University of Southern Queensland with Bachelor of Commerce degree and is a Certified Practising Accountant registered with CPA Australia.

MS. ONG SIOK LING was appointed as Assistant Administrative Manager on 29 October 2010 and promoted as Administrative Manager on 1 August 2011. She is responsible for overseeing the export department, which handles the Group's shipping documentation and support the overall logistic planning process.

Prior to joining the Group as administrative assistant in 1998, she worked as customer support assistant in Wing Seng Logistic Pte Ltd. Over the years, she rose the ranks and was promoted to administrative officer and administrative executive in 2001 and 2003 respectively. Subsequently, she was promoted in 2005 to senior administrative executive and has assumed the role of Assistant Administrative Manager since 2009.

OPERATIONS & FINANCIAL REVIEW



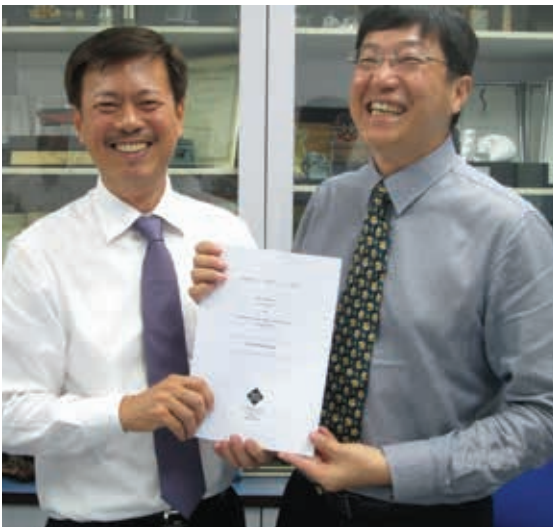
“For the financial year ended 30 April 2014 (“FY2014”), the Group broke the S\$100 million revenue mark for the first time, with post-IPO record revenue of S\$105.2 million, an 8% year-on-year (“y-o-y”) increase on the revenue for FY2013.”

FINANCIAL PERFORMANCE

For the financial year ended 30 April 2014 (“FY2014”), the Group broke the S\$100 million revenue mark for the first time, with post-IPO record revenue of S\$105.2 million, an 8% year-on-year (“y-o-y”) increase on the revenue for FY2013. The increase in revenue was from the Group’s new “projects” business segment of S\$32.3 million in addition to an increase in the “after sales” business segment of S\$1.0 million. The Group’s revenue however, was tempered by a decrease from the Group’s “distribution” business segment, primarily due to customers delaying placements of orders and/or deferment of collection of deliveries, as Indonesia’s current political uncertainties and slow economic situation continue to affect the Group.

The Group’s gross profit increased by approximately S\$4.4 million or 19%, to S\$27.3 million in FY2014, primarily due to the increased activity in our “projects” and “after-sales” business segments. The Group’s gross profit margin also increased by 2.5% as the Group moved higher gross margins products in our “distribution” and “after-sales” business segments, while also including the direct contribution from our newly acquired subsidiary.

The increase in the Group’s operating expenses, which comprises of Distribution and Administrative Expenses, was largely due to an increase in infrastructure costs to support the Group’s growth plans and increased business



activities. This also includes payroll costs and costs related to inclusion of MPG as the Group completed its consolidation into the Group. The Group also made a one-off provision of approximately S\$5.1 million for costs and professional fees in relation to an ongoing litigation case.

The Group's net profit for FY2014 subsequently declined 46% to S\$6.1 million, as a result of the aforementioned operating expense increase and the one-off provision.

FINANCIAL POSITION

The Group continues to maintain a strong balance sheet, with total equity as at 30 April 2014 at S\$58.4 million as compared to S\$44.2 million at the end of the immediately preceding financial year end. The strong balance sheet position was due to higher fixed assets, inventories, trade receivables and the recognition of goodwill arising from the acquisition of MPG during the financial year.

The Group's inventories increased by approximately S\$6.5 million to S\$22.5 million as at 30 April 2014, largely due to the consolidation of inventories of our newly acquired subsidiary approximately S\$6.3 million and replenishment of inventories towards the year ended 30 April 2014. The Group adheres to strict inventory control procedures and actively performs stock aging analysis. The Group also maintains active communication with its customers to stay relevant to their project planning.

The Group's loans and borrowings stood at approximately S\$14.8 million as at 30 April 2014, and the increase was due mainly to the consolidation of loans and bank borrowings of our newly acquired subsidiary. Despite the increase in loans and borrowings, the Group remains in a strong net cash position, with a cash balance of approximately S\$36.4 million.

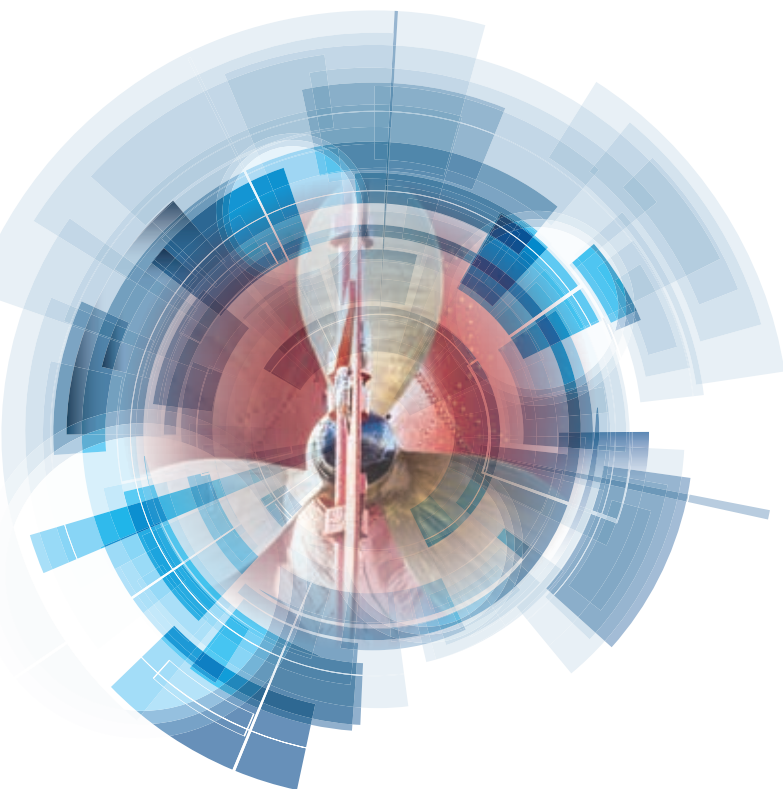
The Group's net asset value per ordinary share of 13.53 Singapore cents as at 30 April 2014 represents a substantial 17.9% increase compared to 11.48 Singapore cents as at 30 April 2013.

STATEMENT OF CASH FLOW

Net cash used in the Group's operating activities was approximately S\$10.6 million for FY2014, due mainly to (i) higher inventory purchased to fulfilled contracts garnered for one of our subsidiaries; (ii) increased trade and other receivables were the resultant of amount due from project customers; and (iii) settlement of trade and other payables arising from the business nature of our newly acquired subsidiary.

The Group generated S\$1.8 million from investing activities, mainly to the maturity of our structured deposits, offset by new assets purchased during the financial year while S\$2.4 million was generated from financing activities, due mainly to issuance of new shares offset by dividends paid out.

OPERATIONS & FINANCIAL REVIEW



UPDATES ON IPO PROCEEDS AND PROCEEDS FROM NEW SHARES

- (a) The Group raised net proceeds of about S\$18.9 million from the IPO listing in FY2011. The Group has plans to utilize the net proceeds for:
- Development of new premises or acquisition of premises for general warehousing and work areas and the establishment of an in-house assembly line for power generating sets
 - Pursue expansion opportunities
 - General working capital
- (b) The Group raised net proceeds of S\$9.9 million from the issuance of new shares, and plans for utilizing the net proceeds include:
- Proposed development of JTC land
 - General working capital

As at the date of this report, the Group has utilized approximately S\$18.3 million of the total net proceeds to work on development of the Group's new premises, scheduled to be completed in the second half of 2015.

EXPANDED PRODUCT PORTFOLIO

Over the course of FY2014, the Group acquired the MPG and consolidated it as a wholly-owned subsidiary. With the addition of MPG, the Group now carries more than 4,000 product items under 13 renowned brands and holds exclusive distributorship rights for many of our principals in various regions. Notably, XMH is the only authorized sales dealer for brands such as Akasaka, SOLE and Korsor. The successful consolidation of MPG will allow the Group added exposure to different markets from the one that we have been working in. We are now able to tap on an expanded customer base, offering a wider range of products and solutions and increase our chances of any cross-selling.

ORDER BOOK

The outstanding order book for the Group stood at approximately S\$80.7 million as at 31 July 2014. The Group's order book now includes the orders won by MPG and as one of the leaders in its field; MPG has the means in place to continue winning orders. While the Group as a whole is currently affected by macro environment uncertainties, we are cautiously optimistic that we possess the requisite capability and track record to continue winning orders.

OUTLOOK

The Group has performed decently in FY2014, firstly with the completion of the MPG acquisition, followed by the breakthrough made in the Vietnamese market and then followed by achieving record revenue since listing. We are lifted by our efforts despite the uncertainties weighing us down in the Indonesian economy.

As we move into the next financial year, we look forward to the completion of our new facilities and to hitting more milestones, locally and regionally. We hope to engage the support of our business partners, staff, shareholders and stakeholders so that we may grow and prosper hand in hand.

5 YEARS FINANCIAL HIGHLIGHTS

In \$'000	FY2014	FY2013	FY2012	FY2011	FY2010
PROFIT AND LOSS					
Total Revenue	105,174	97,645	62,249	70,237	74,529
Gross Profit	27,309	22,918	15,656	19,491	20,737
Net Profit	6,125	11,431	9,514	8,987	17,580
REVENUES BY GEOGRAPHICAL					
Indonesia	58,385	69,229	44,208	42,110	33,341
Singapore	41,378	21,166	13,680	17,579	27,937
Other countries	5,411	7,250	4,361	10,548	13,251
REVENUES BY BUSINESS					
Distribution	60,042	85,796	54,314	60,953	67,367
After Sales Service	12,871	11,849	7,935	9,284	7,162
Projects ⁽¹⁾	32,261	–	–	–	–
BALANCE SHEET					
Total Assets	112,782	79,907	89,434	82,207	61,072
Total Liabilities	54,401	35,707	46,874	43,876	52,041
Shareholders' Funds	58,381	44,200	42,560	38,331	9,031
Cash & Cash Equivalents ⁽²⁾	36,388	43,687	39,233	53,862	33,098
PERFORMANCE INDICATORS					
Earnings per Share (cents/share)	1.47	2.96	2.40	2.67	5.58 ⁽³⁾
Net Asset Value (cents/share)	13.53	11.48	11.02	9.58	2.87 ⁽³⁾

(1) Relates to revenue generated from those subsidiaries in the provision of project related businesses which typically takes between 5 to 12 months to complete.

(2) Total loans and borrowings reported at the end of FY2014 was \$14,845,000.

(3) In calculating earnings per share for FY2011 and FY2010 and the net asset value per share at the end of FY2010, the number of shares in issue is deemed to be 315,000,000 (prior to the initial public offering of the Company).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tan Tin Yeow (*Chairman and CEO*)
Ms. Tan Guat Lian (*Executive Director*)
Mr. Hong Pian Tee (*Lead Independent Director, Non-Executive*)
Mr. Chan Heng Toong (*Independent Director, Non-Executive*)
Mr. Ng Sey Ming (*Independent Director, Non-Executive*)

COMPANY SECRETARY

Mr. Lee Teck Leng Robson (LLB (Honours))

REGISTERED OFFICE

44 Sungei Kadut Avenue
Singapore 729667
Telephone: (65) 6368 0188
Facsimile: (65) 6368 0633

AUDIT COMMITTEE

Mr. Hong Pian Tee (*Chairman*)
Mr. Chan Heng Toong (*Member*)
Mr. Ng Sey Ming (*Member*)

REMUNERATION COMMITTEE

Mr. Ng Sey Ming (*Chairman*)
Mr. Hong Pian Tee (*Member*)
Mr. Chan Heng Toong (*Member*)

NOMINATING COMMITTEE

Mr. Chan Heng Toong (*Chairman*)
Mr. Hong Pian Tee (*Member*)
Mr. Ng Sey Ming (*Member*)
Mr. Tan Tin Yeow (*Member*)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A Division of Tricor Singapore Pte. Ltd.)
8 Cross Street
#11-00 PWC Building
Singapore 048424

INDEPENDENT AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge
Barry Lee Chin Siang
(Appointed in financial year 2011)

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
DBS Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Malayan Banking Berhad Sdn. Bhd.
Standard Chartered Bank
United Overseas Bank Limited

INVESTOR RELATIONS CONSULTANT

Financial PR Pte Ltd
4 Robinson Road
#04-01 The House of Eden
Singapore 048543



CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of XMH Holdings Ltd. (the “Company”) is committed to a high standard of corporate governance and has always recognised the importance of good governance to enhance corporate performance, accountability and protection of stakeholders’ interests. Throughout the financial year ended 30 April 2014 (“FY2014”), the Company has complied with the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”).

This report sets out the Company’s corporate governance practices and structures that were in place during FY2014, with specific reference to the principles of the Code.

(A) BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors (the “Board”) oversees the business and corporate affairs of the Group. The principle duties of the Board include the following:

- Protecting and enhancing long-term value and return to its shareholders;
- Providing leadership and guidance on corporate strategy, business directions, risk management policy and implementation of corporate objectives;
- Establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
- Ensuring the effectiveness and integrity of Management;
- Monitoring the Management’s achievement of these goals;
- Conducting periodic reviews of the Group’s financial performance, internal controls and reporting compliance;
- Approving nominations to the Board and appointment of key executives;
- Ensuring the Group’s compliance with all relevant and applicable laws and regulations; and
- Assuming responsibility for the corporate governance of the Group.

The Board objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist the Board in the execution of its responsibilities, the Board has delegated specific responsibilities to three (3) committees, namely the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”) (collectively “Board Committees”). Information on each of the Board Committees is set out below. The Board accepts that while the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the entire Board. The Board Committees operate within clearly defined terms of reference or scope and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

Formal Board meetings are held at least four times a year to approve the quarterly and full year results announcement and to oversee the business affairs of the Group. Board meetings are planned in advance on yearly basis. This enables the Board to meet on a regular basis without interfering the Company’s operations. The Board may request for further

CORPORATE GOVERNANCE

clarification and information from Management on all matters within its purview. Ad-hoc meetings are convened as and when circumstances require. The Company's Articles of Association provides for meetings of the Board to be conducted by way of telephone conference or other methods of simultaneous communications by electronic means.

The table below sets out the number of Board and Board Committees meetings held during the financial year ended 30 April 2014 ("FY2014") and the attendance of each Director at these meetings:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended
Mr. Tan Tin Yeow	5	5	4	4 ⁽²⁾	1	1	1	1 ⁽²⁾
Ms. Tan Guat Lian	5	5	–	–	–	–	–	–
Mr. Chua Tiong Wei ⁽³⁾	5	5	–	–	–	–	–	–
Mr. Hong Pian Tee	5	5	4	4	1	1	1	1
Mr. Chan Heng Toong	5	5	4	4	1	1	1	1
Mr. Ng Sey Ming	5	5	4	4	1	1	1	1

(1) Represents the number of meetings held as applicable to each individual Director

(2) Attendance at meetings that were held on a "By invitation" basis

(3) Has relinquished his duties as Executive Director (Sales and Business Development) of the Company and left the Group on 5 August 2014

The Board had adopted a set of internal guidelines setting forth matters that require Board's approval. Matters which are specifically reserved to the full Board for decision are those involving a conflict of interest of a substantial shareholder or a Director, material acquisitions, disposal of assets, operating budgets and capital expenditure, corporate or financial restructuring, share issuances, declaration of dividends and other returns to shareholders and matters which require Board approval as specified under the Company's interested person transaction policy.

The Directors are also updated regularly with changes to the Singapore Exchange Securities Limited ("SGX-ST") listing rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group's business operations, strategic directions, Directors' duties and responsibilities and the corporate governance practices. They will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings.

CORPORATE GOVERNANCE

A formal letter of appointment would be furnished to every newly-appointed director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The present Board comprises six (6) members, three (3) of whom are Non-Executive Directors (including the Chairman of the AC). All Non-Executive Directors are also independent and they are able to exercise objective judgment on corporate affairs independently from the Management.

	Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
1.	Mr. Tan Tin Yeow	Chairman and CEO	–	Member	–
2.	Ms. Tan Guat Lian	Executive Director	–	–	–
3.	Mr. Chua Tiong Wei ⁽¹⁾	Executive Director	–	–	–
4.	Mr. Hong Pian Tee	Lead Independent and Non-Executive Director	Chairman	Member	Member
5.	Mr. Chan Heng Toong	Independent and Non-Executive Director	Member	Chairman	Member
6.	Mr. Ng Sey Ming	Independent and Non-Executive Director	Member	Member	Chairman

(1) Has relinquished his duties as Executive Director (Sales and Business Development) of the Company and left the Group on 5 August 2014

There is presently a strong and independent element on the Board. As the Chairman and CEO is not an Independent Director, the Company has three Independent Directors and is in compliance with the Code's guideline that at least half of the Board should be made up of Independent Directors.

Independent Directors

Each of the Independent and Non-Executive Directors has confirmed that he does not have any relationship with the Company or its related corporations, its 10% shareholders or its officers, including confirming not having any relationships and circumstances as provided in Guideline 2.3 of the Code, that could interfere, or be reasonably perceived to interfere, with the exercise of independent business judgment in carrying out the functions as an independent director with a view to the best interests of the Company. The NC has reviewed, determined and confirmed the independence of each the Independent and Non-Executive Directors.

There is no independent director who has served on the board beyond nine years from the date of his first appointment.

The NC reviews the size of the Board on annual basis, and considers the present Board size as appropriate for the current scope and nature of the Group's operations. As Independent and Non-Executive Directors make up almost half of the Board, no individual group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of Independent and Non-Executive Directors of the calibre necessary to carry sufficient weight in the Board decisions.

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A description of the background of each Director is presented in the “Board of Directors” section of this annual report. As a group, the Directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, finance, business, legal and management, relevant to the Group.

Non-Executive Directors and Independent Directors exercise no Management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business and reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The NC considers its Independent Directors to be of sufficient calibre and size and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board’s decision-making process.

The Company co-ordinates informal meeting sessions for Independent Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group’s financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Chairman and Chief Executive Officer (“CEO”)

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. No one individual should represent a considerable concentration of power.

Mr. Tan Tin Yeow currently assumes the roles of both the Chairman and CEO.

The Chairman and CEO is the most senior executive in the Company and bears executive responsibility for the Company’s business, as well as the responsibility for the workings of the Board. The Chairman and CEO ensure that Board meetings are held when necessary and set the Board meeting agenda in consultation with the Directors. The Chairman and CEO reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. As a general rule, Board papers are sent to Directors in advance in order for Directors to be adequately prepared for the meeting. The Chairman and CEO also ensures that the management staffs who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meetings.

In accordance with Guideline 3.3 of the Code and to promote a high standard of corporate governance, the Board has appointed Mr. Hong Pian Tee, an Independent and Non-Executive Director, as Lead Independent Director. Mr. Hong Pian Tee is available to shareholders when they have concerns in circumstances where contact through the normal channel of the Chairman and CEO has failed to resolve or for which such contact is inappropriate.

In addition, if the need arises all Independent and Non-Executive Directors will also meet to discuss business matters without the presence of the Executive Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings.

CORPORATE GOVERNANCE

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises the following members:

Nominating Committee

Mr. Chan Heng Toong (Chairman)
Mr. Tan Tin Yeow
Mr. Hong Pian Tee
Mr. Ng Sey Ming

The Chairman of the NC is neither a substantial shareholder of the Company, nor directly associated with a substantial shareholder of the Company.

The NC has a charter endorsed by the Board that sets out its duties and responsibilities. Its responsibilities include the following:

- Making recommendations to the Board on all Board appointments.
- Making recommendations to the Board on the re-nomination of Directors annually and at least once every three (3) years for each Director, as required by the Articles of Association of the Company.
- Determining the independence of Directors annually
- Procuring that at least one-third of the Board shall comprise Independent Directors;
- Determining whether a Director is independent; and
- Proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

In its search, nomination and selection process for new Directors, the NC identifies the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps into the resources of the Directors' personal contacts and recommendations of potential candidates, and goes through a short-listing process. If candidates identified through this process are not suitable, executive recruitment agencies will be appointed to assist in the search process. Interviews will be set up with potential candidates for NC members to assess them before a decision is reached.

In its deliberations on the re-nomination of existing Directors, the NC takes into consideration the relevant Director's contribution and performance (including, if applicable, his contribution and performance as Independent Director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contributions. The Chairman of the Board will give feedback to the NC on the appointment of new Directors or retirement or resignation of existing Directors, following the outcome of an annual performance evaluation of individual Directors, and the NC will take into consideration his views in this regard; and

In doing so, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and are able to exercise judgement on the corporate affairs of the Group independent of the Management.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple Board representations. This matter is also reviewed by the NC on an annual basis.

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There is no alternate director being appointed to the Board.

The key information regarding Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out in pages 34 to 35 of the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The Board has implemented a process to be carried out by the NC to assess:

- its effectiveness as a whole; and
- the contribution by each Director to the effectiveness of the Board.

The assessment of the Board utilises a confidential questionnaire, covering areas such as the effectiveness of the Board in its monitoring role, and is completed by each Director individually. Such performance criteria are approved by the Board and they address, inter alia, how the Board has enhanced long-term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

The evaluation of individual Directors is done through self-assessment, in each case through a confidential questionnaire completed by the Directors individually. The assessment parameters for such individual evaluation include both qualitative and quantitative factors such as attendance records, contributions during Board meetings, as well as individual performance of principal functions and fiduciary duties.

The completed questionnaires are collated for the NC's deliberation. The NC then presents the results, conclusions and its recommendations to the Board. The Chairman and CEO act on the results of the performance evaluation, and where appropriate and in consultation with the NC, proposes new members to be appointed to the Board, or seeks the resignation of Directors.

The assessment of the Board and the Directors is carried out once every financial year. Each member of the NC is required to abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors receive a set of Board papers prior to the Board meeting. This is generally issued to them at least three (3) days prior to the meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board and Board Committees papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees Meetings.

CORPORATE GOVERNANCE

As part of good corporate governance, key matters requiring decision are reserved for resolution at Board meetings rather than circulation to facilitate discussion. Key analysts' reports on the Group are forwarded to the Directors on an on-going basis. In addition, the Board receives quarterly management accounts from the Management, which present a balanced and understandable assessment of the Group's performance, position and prospects.

The Directors have separate and independent access to the senior management, including the Chairman and CEO, the Finance Director and other executive officers, as well as the Group's Internal and External Auditors. Queries by individual Directors on circulated reports are directed to the Management who will respond accordingly. Where relevant, Directors' queries and the Management's responses are circulated to all Board members for their information.

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary or his/her representative(s) attends all meetings of the Board and, together with members of the Management, ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Audit Committee, Remuneration Committee and Nominating Committee. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required.

Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his/her duties and responsibilities as a Director.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the following members:

Mr. Ng Sey Ming (Chairman)
Mr. Hong Pian Tee
Mr. Chan Heng Toong

The terms of reference sets out clearly the principal responsibilities of the RC which include, amongst others:

- Recommending to the Board for endorsement, a framework for computation of Directors' fees of the Board, as well as the remuneration of Executive Directors and key management personnel.

For Executive Directors and executive officers, the framework covers all aspects of executive remuneration (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind); and

- Recommending the specific remuneration packages for each Director and executive officer.

In framing the Group's remuneration policy as described above, the RC may from time to time refer to market reports on average remuneration.

CORPORATE GOVERNANCE

- Administration of the XMH Share Option Scheme (the “Scheme”).

In providing a framework for eligible participant(s), with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Further information on the Scheme can be found on pages 36 to 39 of the Annual Report.

- Reviewing remuneration of employees who are immediate family members of a Director or the CEO.

The total remuneration of employees who are related to Directors is reviewed by the RC annually to ensure that their remuneration packages are in line with the Group’s staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

- Reviewing the contract of service of Executive Directors and key management personnel’s contract of service in the event of termination.

The RC reviews the reasonableness of the contracts of service of Executive Directors and key management personnel’s contract of service in the event of termination to ensure that such contracts of service contain fair and reasonable termination clauses.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

In reviewing the service agreements of the executive directors and key management personnel of the Company, the RC will review the Company’s obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC will take into account the industry norms, the Group’s performance as well as the contribution and performance of each Director when determining remuneration packages.

The remuneration for the Executive Directors and certain key executives comprise a fixed and variable component. The variable component is performance related and is linked to the Group’s performance as well as the performance of each individual Executive Director and key executive

The Company had adopted the XMH Share Option Scheme. The Executive Directors, Independent Directors and key management personnel are eligible to participate in the Scheme in accordance with the Rules for XMH Share Option Scheme.

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The Independent Directors and Non-Executive Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Directors shall not be over-compensated to the extent that their independence may be compromised. The Directors' fees are endorsed by the RC and recommended by the Board for shareholders' approval at the AGM of the Company. There are no share-based compensation schemes in place for Independent Directors.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The remuneration paid to or accrued to each individual director and the CEO for FY2014 is as follows:

	Salary	Variable Bonus	Director's Fees	Benefits in Kind	Total
	%	%	%	%	%
Directors					
<i>Above \$500,000 but below \$750,000</i>					
Tan Tin Yeow ⁽¹⁾ (Chairman and CEO)	57	40	–	3	100
Tan Seng Hee ⁽²⁾ (Executive Director)	86	12	–	2	100
<i>Above \$250,000 but below \$500,000</i>					
Chua Tiong Wei ⁽¹⁾⁽³⁾ (Executive Director)	66	31	–	3	100
Tan Guat Lian ⁽¹⁾ (Executive Director)	76	22	–	2	100
<i>Below \$250,000</i>					
Hong Pian Tee ⁽¹⁾ (Lead Independent Director, Non-Executive)	–	–	100	–	100
Chan Heng Toong ⁽¹⁾ (Independent Director, Non-Executive)	–	–	100	–	100
Ng Sey Ming ⁽¹⁾ (Independent Director, Non-Executive)	–	–	100	–	100

(1) Details of the share options granted to the Director can be found in the "Director's Report" section of the Annual Report at page 39

(2) Has relinquished his duties as Executive Director and Deputy CEO of the Company and left the Group on 18 December 2013

(3) Has relinquished his duties as Executive Director (Sales and Business Development) of the Company and left the Group on 5 August 2014

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The remuneration paid to or accrued to the top five key management personnel (who are not directors or the CEO) for FY2014 is as follows:

	Salary	Variable Bonus	Director's Fees	Benefits in Kind	Total
	%	%	%	%	%
Executive Officers					
<i>Above \$500,000 but below \$750,000</i>					
Chia Chung Mun Alphonsus (<i>Deputy CEO</i>)	63	33	–	4	100
<i>Above \$250,000 but below \$500,000</i>					
Yeo Eng Chai William (<i>General Manager, Sales</i>)	78	18	–	4	100
<i>Below \$250,000</i>					
Phua Tiang Soon ⁽¹⁾ (<i>Operations Director</i>)	80	20	–	–	100
Yap Lee Ann (<i>Financial Controller</i>)	84	16	–	–	100
Heng Lip Joo ⁽²⁾ (<i>Senior Sales Manager</i>)	96	–	–	4	100
Ong Siok Ling (<i>Administrative Manager</i>)	80	20	–	–	100

(1) Appointed as Executive Officer of the Group on 2 December 2013

(2) Resigned as Executive Officer of the Group on 13 January 2014

The fees of Non-Executive Directors are subject to the approval of shareholders at the forthcoming Annual General Meeting.

Mr. Tan Tin Yeow, the Chairman and CEO, and Ms. Tan Guat Lian, Executive Director (Human Resource and Administration) are siblings.

There are no terminations, retirement or post-employment benefits that may be granted to the Directors, CEO and key management personnel.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in the Annual Report.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports and reports to regulators (if required).

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The Management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations on a monthly basis. The Board papers are circulated to the Directors prior to any Board meeting to facilitate effective discussion and decision-making.

In line with the SGX-ST Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Executive Directors and the Finance Director have provided assurance to the Board on the integrity of the Group's financial statements.

The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group may, from time to time, enter into foreign currency investments with the objectives of (i) improving the returns for the Group's foreign currency deposits and/or (ii) meeting the Group's future foreign currency payment obligations.

In respect of these foreign currency investments, the Group has adopted a formal policy for all engagements in foreign currency investments (the "FCI Policy"). Further information on the FCI Policy can be found in the Company's prospectus dated 14 January 2011. A Risk Committee has been established to review and verify all foreign currency investments and ensure compliance of the FCI Policy; and reports directly to the AC.

For FY2014, the members of the Risk Committee comprise Mr. Yap Lee Ann, the Financial Controller, and the following Executive Directors:

- Ms. Tan Guat Lian
- Mr. Chua Tiong Wei

Prior approval of the Risk Committee is required prior to the conduct of trade(s) in respect of foreign currency investments, and Mr. Tan Tin Yeow, the Chairman and CEO, is the only person authorised to trade under the terms of the FCI Policy. All trades relating to foreign currency investments shall be reported to the Risk Committee on a monthly basis and to our AC on a quarterly basis.

Risk Management

The AC examines the effectiveness of the Group's internal control systems. The assurance mechanisms currently in operation are supplemented by the Group's Internal and External Auditors' annual reviews of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls. Any material non-compliance or failure in internal controls and recommendations for improvements are reported to the AC in a timely fashion. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the Internal and External Auditors in this respect.

During FY2014, the AC reviewed the effectiveness of the Group's internal control procedures and was satisfied that the Group's processes and internal controls are adequate to meet the needs of the Group in its current business environment.

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The AC has reviewed the volume of non-audit services provided to the Group by the External Auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors, is pleased to recommend their re-appointment. The breakdown of their fees for audit and non-audit services is found on note 23 to the financial statements on page 81. The AC is satisfied that the Group has complied with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of auditing firms.

Adequacy of internal controls

The Board acknowledges that it is responsible for the overall internal control framework. It further notes that the system of risk management and internal controls established by the Company provides reasonable, but not absolute, assurance that the Group will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

Based on the reports submitted by the external and internal auditors and the various management controls put in place, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls addressing financial, operational, compliance and information technology risks during the year are adequate to safeguard its assets and ensure the integrity of financial statements.

Audit Committee

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises the following members:

- Mr. Hong Pian Tee (Chairman)
- Mr. Chan Heng Toong
- Mr. Ng Sey Ming

All members of the AC are Independent Directors of the Company. The AC members have had many years of experience in accounting, business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

The AC held four (4) meetings in FY2014. At the invitation of the AC, the Chairman and CEO, the Finance Director and the Financial Controller attended the meeting. The Group's External Auditors were also present at the relevant junctures during the meeting.

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The AC has a terms of reference endorsed by the Board, setting out its duties and responsibilities. The AC is authorised by the Board to investigate any matter within its terms of reference. It is given full access to and is provided with the co-operation of the Management, and has full discretion to invite any Director or executive officer to attend its meetings. The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise to discharge their responsibilities.

CORPORATE GOVERNANCE

For FY2014, the AC has performed its functions and responsibilities as set out in the terms of reference, which includes the following:

- reviewing the Group's financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing, in particular, on significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Rules of the SGX-ST and any other relevant statutory or regulatory requirements;
- reviewing the audit plans and reports of the Internal and External Auditors, including the results of the external and Internal Auditors' review and evaluation of the system of internal accounting controls;
- reviewing the effectiveness and adequacy of the internal audit function (which includes a review of the internal accounting and control procedures) and ensure co-ordination between the External Auditors and the Management, review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the External Auditors may wish to discuss (in the absence of the Management where necessary);
- reviewing and considering the appointment or re-appointment of the External Auditors and matters relating to resignation or dismissal thereof, and making recommendations to the Board thereafter on the appointment, removal and the terms of engagement;
- reviewing any interested person transactions and potential conflicts of interest (within the definition of the Listing Rules), including any undertakings entered into by any of the Directors in respect of the above;
- reviewing the effectiveness and adequacy of the internal accounting and financial control procedures;
- reviewing the Risk Committee's report on the implementation of the FCI Policy, such report to include a review of the operation of foreign currency investments for compliance with the prevailing control measures and procedures set out in the FCI Policy;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the External Auditors. Where the External Auditors also supply a substantial volume of non-audit services to the Company, the AC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- reviewing arrangements which enable staff of the Company to raise, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company. (For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff).
- ensuring the adequacy of the internal audit function at least annually;
- undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- undertaking such other functions and duties as may be required by the Listing Rules of the SGX-ST.

CORPORATE GOVERNANCE

The AC has full access to and co-operation of the Management, and has full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to enable it to discharge its functions.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors. The AC has recommended to the Board that Messrs KPMG LLP, be nominated for the re-appointment as external auditors of the Company at the forthcoming AGM.

The AC has reviewed and is satisfied with the level of co-operation rendered by the Management to the External Auditors, the adequacy of scope and quality of their audits, and the independence and objectivity of the External Auditors. For FY2014, the AC met once with the External Auditors without the presence of Management.

Annually, the AC meets with the external auditors without the presence of the Management and conducts a review of all non-audit services provided by the auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Fees paid or payable by the Company to the external auditors for non-audit services and audit services for the financial year ended 30 April 2014 amounted to S\$76,000 and S\$205,000 respectively. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Rules in relation to the engagement of its auditors.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. As such, the Group undertakes to investigate complaints of suspected fraud in an objective manner and intends to put in place, with the AC's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. The results from the investigation will be reported directly to the Chairman of the AC. The Company will put in place the whistle blowing programme during the next financial year.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of sound internal financial controls, operational and compliance controls, and risk management policies (collectively, "internal controls") to good corporate governance and has outsourced its internal audit function to Nexis TS Risk Advisory Pte Ltd. The Internal Auditors report directly to the AC on audit matters and to the Chairman and CEO on administrative matters.

In assessing the design and operating effectiveness of internal controls, the Group has in place a system of internal controls to ensure:

- assets of the Group are safeguarded;
- fraud or errors in the accounting records are prevented or detected;
- accuracy and completeness of accounting records are ensured;
- reliable financial information is prepared in a timely manner; and
- compliance with applicable internal policies, laws and regulations relating to the financial reporting process.

CORPORATE GOVERNANCE

The AC has reviewed with the Internal Auditors their audit plans; their evaluation of the system of internal controls; their audit findings and management's responses to those findings; the effectiveness of material internal controls, including financial, operational and compliance controls; and overall risk management of the Group. The AC is satisfied that the internal audit is adequately resourced and has appropriate standing within the Group.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The Internal Auditors have a direct and primary reporting line to the Chairman of the AC, with administrative reporting to the Chairman and CEO. The Internal Auditors assist the Board in monitoring the risk exposure and internal controls of the Group.

The IA is a member of the Institute of Internal Auditors Singapore ("IIA"), an internal professional association for internal auditors which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.

The AC would annually review the adequacy and effectiveness of the internal audit function of the Company.

(D) COMMUNICATION WITH SHAREHOLDERS

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company believes that shareholders have the right to be sufficiently informed of changes in the Company or its business that would materially affect the price or value of its shares. To ensure that all Shareholders are treated fairly and equitably, the Company has in place a structured and systematic framework to share pertinent information to the investment community in a timely manner to keep them apprised on the latest developments.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's current Articles of Association does not include the nominee or custodial services to appoint more than two proxies.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Group values dialogue with shareholders. The Group believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group has outsourced its investor relations function to a third-party service provider, who will attend to the queries or concerns of shareholders.

The investor relations service provider also acts as a liaison point for the media, public, institutional investors and public shareholders on corporate information. Material information is published on SGXNET and on the Company's website <http://www.xmh.com.sg>, and where appropriate, through media releases. Communication is mainly made through:

- Annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;

CORPORATE GOVERNANCE

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings (“EGMs”). The notice of AGM and EGM are also advertised in a national newspaper;

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has a team of investor relations (IR) personnel who focus on facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group’s corporate developments and financial performance.

To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out in the contents page of this Annual Report as well as on the Company’s website. The IR personnel have procedures in place for responding to investors’ queries as soon as applicable.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGX-Net, either before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the close of the financial year.

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group’s profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

Conduct of Shareholder Meeting

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the Company’s general meetings to ensure a high level of accountability and to stay informed of the Group’s strategies and growth plans. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders.

The Company will make available minutes of general meetings to shareholders upon their request.

(E) DEALINGS IN COMPANY’S SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Rules, the Company had adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

CORPORATE GOVERNANCE

The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full-year financial results, and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information and they are not to deal in the Company's securities on short-term considerations.

(F) INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arm's length basis and do not prejudice the interests of the Group and its minority shareholders.

There was no interested person transaction above \$100,000 for FY2014.

(G) MATERIAL CONTRACTS

There was no material contracts entered into by the Group involving the interests of any Director or controlling shareholder for FY2014.

(H) USE OF PROCEEDS

The Group has utilised the net proceeds raised from the Company's IPO and the issuance of new shares in the table below:

	Amount Raised (A) S\$'000	Amount Utilised (B) S\$'000	Cumulative Amount utilized as at the date of this announcement (C) S\$'000	Balance of net proceeds as at the date of this announcement (A) – (C) S\$'000
(A) Proceeds from IPO				
Development of new premises or acquisition of premises for general warehousing and work areas and the establishment of an assembly line for in-house of power generating sets	10,000	–	8,419	1,581
Pursue expansion opportunities	7,000	–	7,000	–
General working capital	1,850	–	1,850	–
	18,850	–	17,269	1,581
(B) Proceeds from new shares				
Proposed development of JTC land	8,928	–	–	8,928
General working capital	992	–	992	–
	9,920	–	992	8,928
Total	28,770	–	18,261	10,509

CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding 3 years
Mr. Tan Tin Yeow	<ul style="list-style-type: none"> Singapore Cambridge General Certificate of Education Ordinary Level Examination 	Executive Chairman and CEO	Chairman of Board, Member of Nominating Committee	17 May 2010	28 August 2012	—	—
Ms. Tan Guat Lian	<ul style="list-style-type: none"> Diploma in Human Resource Management from PSB Academy 	Executive Director	Board Member	17 May 2010	26 August 2011	—	—
Mr. Chua Tiong Wei ⁽¹⁾	<ul style="list-style-type: none"> Diploma in Electronics from Ngee Ann Polytechnic Diploma in International Business Management from Northumbria University 	Executive Director	Board Member	29 October 2010	29 August 2013	—	—
Mr. Hong Pian Tee	<ul style="list-style-type: none"> Singapore Cambridge General Certificate of Education Ordinary Level Examination 	Lead Independent and Non-Executive Director	Chairman of the Audit Committee, Board Member and Member of the Nominating Committee and Remuneration Committee	29 October 2010	29 August 2013	<ul style="list-style-type: none"> Golden Agri-Resources Ltd Memstar Technology Ltd Asiaphos Ltd 	<ul style="list-style-type: none"> Sin Ghee Huat Corporation Ltd Richklas Pte Ltd Asia Food & Properties Limited

CORPORATE GOVERNANCE

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding 3 years
Mr. Chan Heng Toong	<ul style="list-style-type: none"> • Bachelor of Engineering (Honours) from the University of Singapore • Masters of Business Administration (Finance) from the University of British Columbia (Canada) 	Independent and Non-Executive Director	Chairman of the Nominating Committee, Board Member and Member of the Audit Committee and Remuneration Committee	29 October 2010	26 August 2011	<ul style="list-style-type: none"> • City Gate Pte Ltd • JC Global Consultancy Pte Ltd 	–
Mr. Ng Sey Ming	<ul style="list-style-type: none"> • Bachelor of Laws (Honours) from the National University of Singapore • Member of the Singapore Academy of Law • Member of Law Society of Singapore 	Independent and Non-Executive Director	Chairman of the Remuneration Committee, Board Member and Member of the Audit Committee and Nominating Committee	29 October 2010	26 August 2011	<ul style="list-style-type: none"> • Rajah & Tann LLP • Hiap Tong Corporation Ltd • Gaylin Holdings Limited 	–

(1) Has relinquished his duties as Executive Director (Sales and Business Development) of the Company and left the Group on 5 August 2014

The details on shareholdings of the Directors are disclosed on pages 38 to 41 of the Annual Report under Directors' Interest in Ordinary Shares, Share Options and Debentures section of the Directors' Report.

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 April 2014.

Directors

The directors in office at the date of this report are as follows:

Tan Tin Yeow
 Tan Guat Lian
 Chua Tiong Wei
 Hong Pian Tee
 Chan Heng Toong
 Ng Sey Ming

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/05/2014
The Company			
Tan Tin Yeow			
– ordinary shares	179,430,001	179,430,001	179,430,001
– options to subscribe for ordinary shares at:			
– \$0.149 per share between 11 September 2014 and 10 September 2017	590,000	590,000	590,000
– \$0.323 per share between 5 September 2015 and 4 September 2018	–	950,000	950,000
Tan Guat Lian			
– ordinary shares	25,885,977	25,885,977	25,885,977
– options to subscribe for ordinary shares at:			
– \$0.149 per share between 11 September 2014 and 10 September 2017	393,000	393,000	393,000
– \$0.323 per share between 5 September 2015 and 4 September 2018	–	650,000	650,000
Chua Tiong Wei			
– ordinary shares	300,000	709,000	709,000
– options to subscribe for ordinary shares at:			
– \$0.125 per share between 19 September 2013 and 18 September 2016	409,000	–	–
– \$0.149 per share between 11 September 2014 and 10 September 2017	390,000	390,000	390,000
– \$0.323 per share between 5 September 2015 and 4 September 2018	–	650,000	650,000

DIRECTORS' REPORT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/05/2014
The Company			
Hong Pian Tee			
– ordinary shares	207,000	307,000	307,000
– options to subscribe for ordinary shares at:			
– \$0.125 per share between 19 September 2013 and 18 September 2016	100,000	–	–
– \$0.149 per share between 11 September 2014 and 10 September 2017	300,000	300,000	300,000
– \$0.323 per share between 5 September 2015 and 4 September 2018	–	120,000	120,000
Chan Heng Toong			
– ordinary shares	100,000	200,000	200,000
– options to subscribe for ordinary shares at:			
– \$0.125 per share between 19 September 2013 and 18 September 2016	100,000	–	–
– \$0.149 per share between 11 September 2014 and 10 September 2017	300,000	300,000	300,000
– \$0.323 per share between 5 September 2015 and 4 September 2018	–	120,000	120,000
Ng Sey Ming			
– ordinary shares	100,000	200,000	200,000
– options to subscribe for ordinary shares at:			
– \$0.125 per share between 19 September 2013 and 18 September 2016	100,000	–	–
– \$0.149 per share between 11 September 2014 and 10 September 2017	300,000	300,000	300,000
– \$0.323 per share between 5 September 2015 and 4 September 2018	–	120,000	120,000

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 May 2014.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations (other than wholly owned subsidiaries), either at the beginning or at the end of the financial year.

Except as disclosed under the “Share Options” section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 29 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

The XMH share option scheme (the "Scheme") was approved by shareholders of the Company at an Extraordinary General Meeting held on 5 November 2010. The Scheme applies to executive directors and non-executive directors of the Company and full-time employees of the Group. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Ng Sey Ming (Chairman), Hong Pian Tee and Chan Heng Toong.

Other information regarding the Scheme is set out below:

- The exercise price (the "Exercise Price") for each share in respect of which an option is exercisable shall be determined and fixed by the Remuneration Committee and shall be equal to the average of the closing prices of the share for the past five market days immediately preceding the relevant date of grant of the option (the "Market Price").
- The period for the exercise (the "Exercise Period") of an option granted under the Scheme shall be:
 - (a) in the case of an option granted at Market Price (the "Market Price Option"), a period commencing after the first anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Market Price Option; and
 - (b) in the case of an option granted at a discount of up to 20% of the Market Price (the "Incentive Option"), a period commencing after the second anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Incentive Options.

Details of all options granted under the Scheme to subscribe for ordinary shares of the Company as at 30 April 2014 are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 May 2013	Options granted during the year	Options exercised during the year	Options cancelled/lapsed	Options outstanding as at 30 April 2014	Exercise period
19/9/2011	\$0.125	3,819,000	–	2,849,000	625,000	345,000	From 19/9/2013 to 18/9/2016
11/9/2012	\$0.149	6,600,000	–	–	2,279,000	4,321,000	From 11/9/2014 to 10/9/2017
5/9/2013	\$0.323	–	7,755,000	–	1,470,000	6,285,000	From 5/9/2015 to 4/9/2018
		<u>10,419,000</u>	<u>7,755,000</u>	<u>2,849,000</u>	<u>4,374,000</u>	<u>10,951,000</u>	

There were 18,174,000 (2013: 10,419,000) options granted to the directors and employees of the Company and its subsidiaries from the commencement of the Scheme until the end of the financial year under review.

DIRECTORS' REPORT

During the financial year:

- (a) 4,345,000 (2013: 3,853,000) options have been granted by the Company to the Group's employees;
- (b) 1,010,000 (2013: 1,290,000) options have been granted by the Company to its directors excluding controlling shareholder and his associates; and
- (c) 2,400,000 (2013: 1,457,000) options have been granted by the Company to its controlling shareholder and his associates.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company as at the end of the financial year.

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Aggregate options outstanding as at 1 May 2013	Options granted during the year	Options exercised during the year	Aggregate options outstanding as at 30 April 2014
Tan Tin Yeow	590,000	950,000	—	1,540,000
Tan Guat Lian	393,000	650,000	—	1,043,000
Chua Tiong Wei	799,000	650,000	409,000	1,040,000
Hong Pian Tee	400,000	120,000	100,000	420,000
Chan Heng Toong	400,000	120,000	100,000	420,000
Ng Sey Ming	400,000	120,000	100,000	420,000

Except for Tan Tin Yeow, Tan Guat Lian and Chua Tiong Wei, no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Share repurchases

During the financial year, the Company purchased 3,559,000 (2013: 1,257,000) of its own shares by way of market acquisition pursuant to the authority given to the directors under the Share Purchase Mandate approved by the shareholders at the Extraordinary General Meeting of the Company held on 29 August 2013.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are as follows:

- Hong Pian Tee (Chairman), non-executive director
- Chan Heng Toong, non-executive director
- Ng Sey Ming, non-executive director

DIRECTORS' REPORT

The Audit Committee performs the functions specified in Section 201B of the Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Tin Yeow

Director

Tan Guat Lian

Director

31 July 2014

STATEMENT BY **DIRECTORS**

In our opinion:

- (a) the financial statements set out on pages 44 to 95 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Tan Tin Yeow

Director

Tan Guat Lian

Director

31 July 2014

INDEPENDENT AUDITORS' REPORT

Members of the Company XMH Holdings Ltd.

Report on the financial statements

We have audited the accompanying financial statements of XMH Holdings Ltd. (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 30 April 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 95.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

Members of the Company XMH Holdings Ltd.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 July 2014

STATEMENTS OF FINANCIAL POSITION

As at 30 April 2014

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Assets					
Property, plant and equipment	4	7,455	1,964	–	–
Land lease prepayment	5	7,388	7,916	–	–
Intangible assets	6	10,241	167	–	–
Subsidiaries	7	–	–	18,625	900
Other financial assets	8	1,385	3,073	–	–
Club memberships		486	486	–	–
Deferred tax assets	9	729	12	–	–
Non-current assets		27,684	13,618	18,625	900
Inventories	10	22,525	15,964	–	–
Trade and other receivables	11	15,380	6,638	14,220	10,125
Contract work-in-progress	12	10,805	–	–	–
Cash and cash equivalents	13	36,388	43,687	10,046	9,860
Current assets		85,098	66,289	24,266	19,985
Total assets		112,782	79,907	42,891	20,885
Equity attributable to owners of the Company					
Share capital	14	35,424	21,068	35,424	21,068
Reserve for own shares	15	(3,345)	(2,554)	(3,345)	(2,554)
Other reserves	16	(8,168)	(7,712)	731	280
Accumulated profits/(losses)		34,470	33,398	6	(386)
Total equity		58,381	44,200	32,816	18,408
Liabilities					
Other payables	17	8,670	–	8,670	–
Loans and borrowings	18	1,371	–	–	–
Deferred tax liabilities	9	420	–	–	–
Non-current liabilities		10,461	–	8,670	–
Trade and other payables	17	29,111	33,727	1,329	2,477
Loans and borrowings	18	13,474	342	–	–
Current tax payable		1,355	1,638	76	–
Current liabilities		43,940	35,707	1,405	2,477
Total liabilities		54,401	35,707	10,075	2,477
Total equity and liabilities		112,782	79,907	42,891	20,885

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 April 2014

	Note	2014 \$'000	2013 \$'000
Revenue	20	105,174	97,645
Cost of sales		(77,865)	(74,727)
Gross profit		27,309	22,918
Other income	21	1,225	1,084
Distribution expenses		(6,600)	(4,725)
Administrative expenses		(9,460)	(5,109)
Other expenses		(5,124)	–
Results from operating activities		7,350	14,168
Finance income		217	258
Finance costs		(435)	(921)
Net finance costs	22	(218)	(663)
Profit before tax	23	7,132	13,505
Tax expense	24	(1,007)	(2,074)
Profit for the year		6,125	11,431
Other comprehensive (expenses)/income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of the financial statements of the subsidiaries		(889)	(5,870)
Net changes in the fair value of available-for-sale financial assets		(22)	99
Deferred tax arising from fair value change of available-for-sale financial assets		4	(17)
Other comprehensive expenses for the year, net of tax		(907)	(5,788)
Total comprehensive income for the year		5,218	5,643
Profit attributable to owners of the Company		6,125	11,431
Total comprehensive income attributable to owners of the Company		5,218	5,643
Earnings per share			
– Basic (cents)	25	1.47	2.96
– Diluted (cents)	25	1.45	2.93

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 April 2014

	Note	Share capital \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 May 2012		21,068	(2,218)	85	27	(2,231)	25,829	42,560
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	11,431	11,431
Other comprehensive income/(expenses)								
Exchange differences arising from translation of the financial statements of the subsidiaries		–	–	–	–	(5,870)	–	(5,870)
Net changes in the fair value of available-for-sale financial assets		–	–	–	99	–	–	99
Deferred tax arising from fair value change of available-for-sale financial assets		–	–	–	(17)	–	–	(17)
Total other comprehensive income/(expenses)		–	–	–	82	(5,870)	–	(5,788)
<i>Total comprehensive income/(expenses) for the year</i>		–	–	–	82	(5,870)	11,431	5,643
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	16	–	–	–	–	–	(3,862)	(3,862)
Share-based payment transactions		–	–	195	–	–	–	195
Purchase of treasury shares		–	(336)	–	–	–	–	(336)
<i>Total transactions with owners</i>		–	(336)	195	–	–	(3,862)	(4,003)
At 30 April 2013		21,068	(2,554)	280	109	(8,101)	33,398	44,200

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Year ended 30 April 2014

	Note	Share capital \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 May 2013		21,068	(2,554)	280	109	(8,101)	33,398	44,200
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	6,125	6,125
Other comprehensive income/(expenses)								
Exchange differences arising from translation of the financial statements of the subsidiaries		–	–	–	–	(889)	–	(889)
Net changes in the fair value of available-for-sale financial assets		–	–	–	(22)	–	–	(22)
Deferred tax arising from fair value change of available-for-sale financial assets		–	–	–	4	–	–	4
Total other comprehensive expenses		–	–	–	(18)	(889)	–	(907)
<i>Total comprehensive (expenses)/income for the year</i>		–	–	–	(18)	(889)	6,125	5,218
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	16	–	–	–	–	–	(5,053)	(5,053)
Share-based payment transactions		–	–	580	–	–	–	580
Purchase of treasury shares		–	(1,276)	–	–	–	–	(1,276)
Reissuance of treasury shares pursuant to exercise of share options		–	485	(129)	–	–	–	356
Issuance of ordinary shares		14,356	–	–	–	–	–	14,356
<i>Total transactions with owners</i>		14,356	(791)	451	–	–	(5,053)	8,963
At 30 April 2014		35,424	(3,345)	731	91	(8,990)	34,470	58,381

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 April 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Profit after tax		6,125	11,431
Adjustments for:			
Amortisation of land lease prepayment		285	–
Amortisation of intangible assets		568	–
Depreciation of property, plant and equipment		598	357
Share-based payment expenses		580	195
Interest income		(109)	(156)
Interest expense		341	1
Dividend income		(47)	(41)
Net change in fair value of financial assets at fair value through profit or loss		–	(60)
Gain on disposal of property, plant and equipment		(5)	(3)
Net foreign exchange (gain)/loss		(61)	920
Tax expense		1,007	2,074
		9,282	14,718
Changes in:			
– inventories		(2,870)	10,154
– trade and other receivables		(1,655)	8,329
– contract work-in-progress		(2,169)	–
– trade and other payables		(10,378)	(11,394)
Cash (used in)/generated from operating activities		(7,790)	21,807
Tax paid		(2,818)	(2,212)
Net cash (used in)/generated from operating activities		(10,608)	19,595
Cash flows from investing activities			
Interest received		109	156
Dividends received		47	41
Proceeds from sale of property, plant and equipment		26	3
Cash acquired, in excess of the cash consideration paid for the acquisition of subsidiaries	31	736	–
Investment in structured deposits		(1,108)	(1,981)
Proceeds from maturity of structured deposits		2,769	5,227
Acquisition of property, plant and equipment		(1,441)	(772)
Land lease prepayment		–	(8,419)
Purchase of club membership		–	(186)
Purchase of intangible assets		–	(175)
Net cash generated from/(used in) investing activities		1,138	(6,106)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended 30 April 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from financing activities			
Proceeds from borrowings		–	383
Repayment of borrowings		(1,219)	–
Purchase of treasury shares		(1,276)	(336)
Dividends paid		(5,053)	(3,862)
Proceeds from issue of ordinary shares		10,000	–
Proceeds from exercise of share options		356	–
Interest paid		(341)	(1)
Net cash generated from/(used in) financing activities		2,467	(3,816)
Net (decrease)/increase in cash and cash equivalents		(7,003)	9,673
Cash and cash equivalents at 1 May		43,687	39,233
Effect of exchange rate fluctuations on cash held		(296)	(5,219)
Cash and cash equivalents at 30 April	13	36,388	43,687

Significant non-cash transaction

During the current financial year, the Group issued 11,000,631 new ordinary shares to the vendors to settle the first tranche of the consideration due for the acquisition of subsidiaries (see note 31 for more details), amounting to \$4,356,000 (2013: \$Nil).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 July 2014.

1 Domicile and activities

XMH Holdings Ltd. (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office is 44 Sungei Kadut Avenue, Singapore 729667.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in note 7 below.

The financial statements of the Group as at and for the year ended 30 April 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 3.16 and 24 – estimation of income taxes
- Note 27 – valuation of financial instruments
- Note 27 – assessment of impairment losses on receivables

2.5 Changes in accounting policies

Presentation of items of other comprehensive income

From 1 May 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 May 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) *Subsidiaries in the separate financial statements*

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the differences which are recognised in other comprehensive income arising on the translation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(ii) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities that have a functional currency different from the functional currency of the Company are translated into the Company's functional currency as follows:

- assets and liabilities are translated to Singapore dollars at exchange rates at the reporting date.
- the income and expenses are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions.
- all resulting foreign currency differences are recognised in other comprehensive income as foreign currency translation reserve.

3.3 Financial instruments

(i) *Non-derivative financial assets*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(i) *Non-derivative financial assets (Continued)*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(ii) *Non-derivative financial liabilities*

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.4 Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold building	–	12 to 33 years
Plant and machinery	–	3 to 10 years
Furniture and fittings	–	3 to 10 years
Office equipment	–	1 to 10 years
Motor vehicles	–	3 to 5 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Land lease prepayment

Land lease prepayment is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the lease term of 30 years.

3.6 Intangible assets

- (1) Intangible assets that are acquired by the Group and have definite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Order backlogs

In accordance with FRS 103, order backlogs meet the definition of intangible asset as the relationship is separable if the Group has them sold or transferred. Order backlogs have an estimated useful life of 2 years and are measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.6 Intangible assets (Continued)

- (2) Intangible assets that are acquired by the Group and have indefinite useful lives (including goodwill and intellectual property right) are measured at cost less accumulated impairment losses.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to its initial recognition, goodwill is measured at cost less accumulated impairment losses. Impairment losses are reviewed at the end of each reporting period and adjusted if appropriate.

Intellectual property right

Intellectual property right relates to the products and process of certain power generating sets and auxiliary components.

Impairment losses are recognised in profit or loss.

3.7 Leased assets

Leases in terms in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.9 Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.10 Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.10 Impairment (Continued)

(ii) *Non-financial assets (Continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.11 Employee benefits (Continued)

(iii) *Share-based payment transactions*

The XMH share option scheme allows the Group employees and directors to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.13 Revenue

(i) *Sale of goods*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. Transfer usually occurs when products are received by the customer, however, for international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port.

(ii) *Projects*

Projects revenue comprises the initial amount of revenue agreed in the contract plus any variations in contract work and claims that can be measured reliably. A variation or a claim is recognised as project revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. The stage of completion is measured by reference to the proportion of the contracts costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activities on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contracts work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.13 Revenue (Continued)

(iii) Service fee

Service fee is recognised in profit or loss as and when services are rendered.

3.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.15 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expenses on borrowings, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables), and reclassifications of net losses previously recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.15 Finance income and finance costs (Continued)

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.16 Tax (Continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chairman and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chairman and Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 May 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment – Group

	Land and building \$'000	Plant and machinery \$'000	Furniture and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Construction- in-progress* \$'000	Total \$'000
Cost							
At 1 May 2012	1,666	267	153	496	1,316	970	4,868
Additions	198	56	176	61	281	–	772
Transfers	945	–	–	–	–	(945)	–
Disposals	–	–	(1)	(1)	(46)	–	(48)
Effect of movements in exchange rate	(486)	(57)	(55)	(99)	(277)	(25)	(999)
At 30 April 2013	2,323	266	273	457	1,274	–	4,593
Additions for the year	166	454	95	90	25	611	1,441
Acquisitions arising from acquisition of subsidiaries	4,167	1,264	274	322	754	–	6,781
Disposals	–	–	–	–	(250)	–	(250)
Effect of movements in exchange rate	(101)	(16)	(11)	(17)	(40)	–	(185)
At 30 April 2014	6,555	1,968	631	852	1,763	611	12,380
Accumulated depreciation							
At 1 May 2012	1,136	267	137	460	893	–	2,893
Depreciation for the year	61	9	43	56	188	–	357
Disposals	–	–	(1)	(1)	(46)	–	(48)
Effect of movements in exchange rate	(216)	(50)	(31)	(92)	(184)	–	(573)
At 30 April 2013	981	226	148	423	851	–	2,629
Depreciation for the year	187	104	78	50	179	–	598
Acquisitions arising from acquisition of subsidiaries	110	972	179	208	498	–	1,967
Disposals	–	–	–	–	(229)	–	(229)
Effect of movements in exchange rate	(22)	(4)	(1)	(10)	(3)	–	(40)
At 30 April 2014	1,256	1,298	404	671	1,296	–	4,925
Carrying amounts							
At 1 May 2012	530	–	16	36	423	970	1,975
At 30 April 2013	1,342	40	125	34	423	–	1,964
At 30 April 2014	5,299	670	227	181	467	611	7,455

* Construction-in-progress in the current financial year relates to the construction of a building located in Tuas.

Security

The leasehold building is mortgaged to a bank as collateral for banking facilities granted to the Group (note 18).

NOTES TO THE FINANCIAL STATEMENTS

5 Land lease prepayment – Group

	<u>\$'000</u>
Cost	
At 1 May 2012	–
Additions	8,419
Effect of movements in exchange rate	(503)
At 30 April 2013	7,916
Effect of movements in exchange rate	(251)
At 30 April 2014	<u>7,665</u>
Accumulated amortisation	
At 1 May 2012 and 30 April 2013	–
Amortisation for the year	285
Effect of movements in exchange rate	(8)
At 30 April 2014	<u>277</u>
Carrying amounts	
At 1 May 2012	<u>–</u>
At 30 April 2013	<u>7,916</u>
At 30 April 2014	<u>7,388</u>

Land lease prepayment relates to the lease of a parcel of land located at Tuas Bay Drive, Singapore, acquired by the Group in FY2013. The lease will expire in 2043.

NOTES TO THE FINANCIAL STATEMENTS

6 Intangible assets – Group

	Goodwill \$'000	Order backlogs \$'000	Intellectual property right \$'000	Total \$'000
Cost				
At 1 May 2012	–	–	–	–
Additions	–	–	175	175
Effect of movements in exchange rate	–	–	(8)	(8)
At 30 April 2013	–	–	167	167
Acquisitions through business combination (note 31)	9,393	1,254	–	10,647
Effect of movements in exchange rate	–	–	(5)	(5)
At 30 April 2014	<u>9,393</u>	<u>1,254</u>	<u>162</u>	<u>10,809</u>
Accumulated amortisation and impairment losses				
At 1 May 2012 and 30 April 2013	–	–	–	–
Amortisation for the year	–	568	–	568
At 30 April 2014	<u>–</u>	<u>568</u>	<u>–</u>	<u>568</u>
Carrying amounts				
At 1 May 2012	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 April 2013	<u>–</u>	<u>–</u>	<u>167</u>	<u>167</u>
At 30 April 2014	<u>9,393</u>	<u>686</u>	<u>162</u>	<u>10,241</u>

The Group obtained control of Mech-Power Generator Pte Ltd (“MPG Singapore”) and its subsidiary (collectively the “MPG”) by acquiring the entire equity interest of MPG Singapore on 7 September 2013 (refer to note 31 for more details). Intangible assets including goodwill and order backlogs were acquired upon the acquisition of the MPG during the current financial year.

Impairment assessment for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group’s operating businesses. The carrying amount of goodwill of \$9,393,000 (FY2013: \$Nil) is allocated to the MPG.

The recoverable amount of the MPG was determined based on its value in use. The value in use was calculated by discounting the future cash flows to be generated from the continuing use of the CGU.

The value in use was based on discounted cash flow projections over a period of 5 years using the actual results for FY2014 as the baseline year. Growth in sales of 6.0% was assumed for the 5 years and no terminal growth rate was considered.

A pre-tax discount rate of 13.0% was applied in determining the recoverable amount.

The values assigned to the key assumptions represent management’s assessment of future trends of the industry in which the MPG operates and are based on both external sources and internal sources (historical data).

NOTES TO THE FINANCIAL STATEMENTS

7 Subsidiaries

	Company	
	2014	2013
	\$'000	\$'000
Equity investment, at cost	18,625	900

The subsidiaries of the Group are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2014 %	2013 %
Xin Ming Hua Pte. Ltd. ¹ ("Xin Ming Hua")	Supply of engines, general machinery and machinery equipment for marine, agriculture, construction and industrial use including spare parts and after sales service	Singapore	100	100
XMH Engineering Pte. Ltd. ¹ ("XMH Engineering")	Manufacturing and repairing of machinery for mining, quarrying and construction	Singapore	100	100
Acegen Pte. Ltd. ¹ ("Acegen")	Assembly works or subcontract works for power generating sets	Singapore	100	100
Mech-Power Generator Pte Ltd. ^(1,2) ("MPG Singapore")	Assembly, sales of generators and related accessories and investment holding	Singapore	100	–
Mech Power Generator Sdn Bhd. ^(1,2) ("MPG Malaysia")	Manufacturers, importers, exporters of generating sets, spare parts, general engineering and other related products	Malaysia	100	–

¹ Audited by KPMG LLP

² MPG Singapore and MPG Malaysia were acquired on 7 September 2013.

NOTES TO THE FINANCIAL STATEMENTS

8 Other financial assets – Group

Non-current financial assets

Financial assets designated at fair value through profit or loss

Available-for-sale financial assets

2014 \$'000	2013 \$'000
–	1,666
1,385	1,407
1,385	3,073

Financial assets designated at fair value through profit or loss comprise structured deposits placed with reputable financial institutions.

Available-for-sale financial assets comprise securities quoted on the SGX-ST.

The Group's exposure to credit, currency and market risks related to other financial assets, is disclosed in note 27.

9 Deferred tax assets/(liabilities) – Group

Movements in deferred tax of the Group during the years are as follows:

	At 30 April 2012 \$'000	Recognised in profit or loss (note 24) \$'000	Recognised in other comprehensive income \$'000	At 30 April 2013 \$'000	Recognised in profit or loss (note 24) \$'000	Recognised in other comprehensive income \$'000	Acquisitions through business combination (note 31) \$'000	At 30 April 2014 \$'000
Deferred tax assets								
Provisions	–	–	–	–	717	–	–	717
Others	–	–	–	–	12	–	–	12
<i>Total</i>	–	–	–	–	729	–	–	729
Deferred tax liabilities								
Available-for-sale financial assets	(5)	–	(17)	(22)	–	4	–	(18)
Property, plant and equipment	18	16	–	34	(55)	–	(169)	(190)
Inventories	–	–	–	–	(51)	–	51	–
Intangible assets	–	–	–	–	96	–	(213)	(117)
Loans and borrowings	–	–	–	–	16	–	(111)	(95)
<i>Total</i>	13	16	(17)	12	6	4	(442)	(420)

NOTES TO THE FINANCIAL STATEMENTS

10 Inventories – Group

	2014 \$'000	2013 \$'000
Spare parts	5,793	5,357
Raw materials	4,736	–
Work-in-progress	1,517	–
Finished goods		
– Engines	10,377	10,607
– Generator sets	102	–
	22,525	15,964

In FY2014, engines, spare parts, raw materials, work-in-progress and finished goods recognised as cost of sales amounted to \$77,865,000 (FY2013: \$74,727,000).

11 Trade and other receivables

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables	13,827	6,439	–	–
Allowance for impairment losses	(670)	(94)	–	–
	13,157	6,345	–	–
Amounts due from subsidiaries, trade	–	–	14,197	2,501
Amounts due from subsidiaries, non-trade	–	–	–	7,600
Deposits	–	10	–	–
Other receivables	105	54	17	19
Advances to suppliers	1,966	151	–	–
Advances to staff	23	52	–	–
	15,251	6,612	14,214	10,120
Prepayments	129	26	6	5
	15,380	6,638	14,220	10,125

Non-trade amounts due from subsidiaries are unsecured and interest-free, and are repayable on demand. There is no allowance for impairment loss arising from the outstanding balance.

The advances to suppliers and staff are unsecured and interest-free, and are repayable on demand.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

12 Contract work-in-progress – Group

	Group	
	2014 \$'000	2013 \$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts	63,810	–
Less: Progress billings	(54,340)	–
	<u>9,470</u>	<u>–</u>
Presented as:		
Contract work-in-progress	10,805	–
Excess of progress billings over contract work-in-progress, included in trade and other payables	(1,335)	–
	<u>9,470</u>	<u>–</u>

Revenue on contract work-in-progress is recognised in accordance with the stage of completion. The stage of completion is determined by dividing the cumulative costs incurred as at end of the reporting period by the total estimated costs for the contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete such contracts. In making such estimates, judgements are required to evaluate contingencies such as potential variance in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. Estimated revenues on contracts include future revenues from claims when such additional revenues can be reliably established. These estimates are based on management's business practices as well as its historical experience.

The estimation of total contract costs is based on historical experience and contractual arrangements with suppliers. The estimated total costs for each contract is reviewed on a regular basis by the Group in order to determine the cost to be recognised in profit or loss at each reporting date and to assess whether any allowance for foreseeable loss is required to be set up. Actual costs could differ from the estimates.

13 Cash and cash equivalents

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank and on hand	28,336	35,687	2,046	1,860
Short-term fixed deposits	8,052	8,000	8,000	8,000
Cash and cash equivalents in the consolidated statement of cash flows	<u>36,388</u>	<u>43,687</u>	<u>10,046</u>	<u>9,860</u>

The Group's exposure to interest rate risk and sensitivity analysis for financial assets, are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

14 Share capital – the Company

	2014 Number of shares	2013 Number of shares	2014 \$'000	2013 \$'000
At 1 May	400,000,003	400,000,003	21,068	21,068
Issuance of ordinary shares	47,049,658	–	14,356	–
At 30 April	447,049,661	400,000,003	35,424	21,068

On 5 August 2013, the Company issued an aggregate of 36,049,027 new ordinary shares to Credence Capital Fund II (Cayman) Limited (“Credence Cayman”) pursuant to a subscription agreement dated 17 May 2013 at an issue price of \$0.2774 per new ordinary share for an aggregate amount of \$10 million.

On 22 October 2013, the Company issued an aggregate of 11,000,631 new ordinary shares to the vendors of the MPG for the partial consideration paid pursuant to the sale and purchase agreement. The fair value of the ordinary shares issued was based on the weighted average listed share price of the Company for the ten market days up to and including 7 September 2013, at \$0.396 per new ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a sound capital position in order to support its business and maximise shareholders’ value. The Group is also committed to maintain an efficient mix of debt and equity in order to achieve optimal cost of capital, while taking into account the adequacy of access to cash flows.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholder, return capital to shareholders or issue new shares.

There are no changes in the Group’s approach to capital management during the financial year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

15 Reserve for own shares

Reserve for the Company’s own shares comprises the cost of the Company’s shares held by the Company. At 30 April 2014, the Company held 15,706,000 of such treasury shares (2013: 14,996,000).

NOTES TO THE FINANCIAL STATEMENTS

16 Other reserves

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Share option reserve	731	280	731	280
Fair value reserve	91	109	–	–
Foreign currency translation reserve	(8,990)	(8,101)	–	–
	<u>(8,168)</u>	<u>(7,712)</u>	<u>731</u>	<u>280</u>

Share option reserve

The share option reserve represents the equity-settled share options granted to employees and directors. The reserve is made up of the cumulative value of services received from employees and directors recorded over the vesting period commencing from the grant date of the equity-settled share options and is reduced by the expiry or exercise of the share options.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Company:

	Company	
	2014	2013
	\$'000	\$'000
Paid by the Company to owners of the Company		
1.2 cents per qualifying ordinary share (FY2013: 1.0 cent)		
in respect of the prior year	<u>5,053</u>	<u>3,862</u>

NOTES TO THE FINANCIAL STATEMENTS

16 Other reserves (Continued)

Dividends (Continued)

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Company	
	2014 \$'000	2013 \$'000
1.2 cents per qualifying ordinary share (FY2013: 1.2 cents)	5,176	4,620

17 Trade and other payables

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables	11,613	17,175	58	220
Accrued expenses	6,903	3,143	1,271	2,257
Advance deposits	9,030	13,405	–	–
Excess of progress billings over contracts				
work-in-progress	1,335	–	–	–
Purchase consideration payable	8,670	–	8,670	–
Others	230	4	–	–
	37,781	33,727	9,999	2,477
Non-current	8,670	–	8,670	–
Current	29,111	33,727	1,329	2,477
	37,781	33,727	9,999	2,477

The purchase consideration payable to the vendors of the MPG (the “Vendors”) relates to the second tranche of the consideration pursuant to the sale and purchase agreement entered into by the Company and the Vendors, which includes a clause that entitles the Vendors up to (i) 11,000,631 new ordinary shares of the Company and (ii) a cash consideration of \$4,356,000 upon the MPG meeting certain profit targets based on a formula. Such consideration will be due no later than fifteen (15) business days after the date of the issuance of the consolidated financial statements of the MPG for the financial year ending 31 March 2015. See note 31 for more information in relation to the deferred contingent consideration liability arising from the business combination.

The Group’s exposure to currency and liquidity risks related to trade and other payables is disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

18 Loans and borrowings – Group

	2014 \$'000	2013 \$'000
Non-current liabilities		
Term loans	1,258	–
Finance lease liabilities	113	–
	1,371	–
Current liabilities		
Bank overdraft	18	–
Trust receipts	13,002	342
Current portion of term loans	336	–
Current portion of finance lease liabilities	118	–
	13,474	342
	14,845	342

The banking facilities of the Group are secured by the mortgage of the Group's land and buildings with the carrying value of \$3,460,000 (FY2013: \$1,342,000) and corporate guarantees provided by the Company.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Financial year of final maturity	Face value \$'000	Carrying amount \$'000
2014					
Bank overdraft	MYR	5.45	2015	18	18
Trust receipts	USD	1.56-2.77	2015	2,761	2,761
Trust receipts	EUR	1.56-2.67	2015	5,556	5,556
Trust receipts	SGD	1.56-2.80	2015	4,013	4,013
Trust receipts	MYR	8.35	2015	672	672
Term Loan	SGD	1.50	2015	250	250
Term Loans	MYR	5.45	2028	1,943	1,344
Finance lease liabilities	SGD	1.70-3.50	2015-2017	243	231
				15,456	14,845
2013					
Trust receipts	EUR	1.03	2014	342	342

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2014 \$'000	Interest 2014 \$'000	Present value of minimum lease payments 2014 \$'000
Group			
Within one year	128	10	118
Between one and five years	115	2	113
	243	12	231

The Group's exposure to interest rate risk related to loans and borrowings is disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

19 Share-based payments

The XMH share option scheme (the “Scheme”) was approved by shareholders of the Company at an Extraordinary General Meeting held on 5 November 2010. The Scheme applies to executive directors and non-executive directors of the Company and full-time employees of the Group (the “Participants”).

On 19 September 2011, the Company granted 3,819,000 share options (Tranche 1) to eligible Participants under the Scheme. These share options can be exercised between 19 September 2013 and 18 September 2016 (inclusive) at the exercise price of \$0.125 per share, which is determined at approximately 20% discount of the Market Price of the Company’s shares on the date of grant.

On 11 September 2012, the Company granted a further 6,600,000 share options (Tranche 2) to eligible Participants under the Scheme. These share options can be exercised between 11 September 2014 and 10 September 2017 (inclusive) at the exercise price of \$0.149 per share, which is determined at approximately 20% discount of the Market Price of the Company’s shares on the date of grant.

On 5 September 2013, the Company granted a further 7,755,000 share options (Tranche 3) to eligible Participants under the Scheme. These share options can be exercised between 5 September 2015 and 4 September 2018 (inclusive) at the exercise price of \$0.323 per share, which is determined at approximately 20% discount of the Market Price of the Company’s shares on the date of grant.

Terms and conditions of the Scheme

The Scheme is administered by the Company’s Remuneration Committee. Other information regarding the Scheme is set out below:

- The exercise price (the “Exercise Price”) for each share in respect of which an option is exercisable shall be determined and fixed by the Remuneration Committee and shall be equal to the average of the closing prices of the share for the past five market days immediately preceding the relevant date of grant of the option (the “Market Price”), in the case of an option granted at Market Price.
- The Remuneration Committee may grant options on a yearly basis and any such grants shall be made at least 60 days after the end of the financial year of the Company.
- The period for the exercise (the “Exercise Period”) of an option granted under the Scheme shall be:
 - (a) in the case of an option granted at Market Price (the “Market Price Option”), a period commencing after the first anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Market Price Option; and
 - (b) in the case of an option granted at a discount of up to 20% of the Market Price (the “Incentive Option”), a period commencing after the second anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Incentive Option.

NOTES TO THE FINANCIAL STATEMENTS

19 Share-based payments (Continued)

Disclosure of the Scheme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2014 \$	Number of options 2014	Weighted average exercise price 2013 \$	Number of options 2013
At 1 May	0.140	10,419,000	0.125	3,819,000
Exercised during the year	0.140	(2,849,000)	–	–
Lapsed/cancelled during the year	0.140	(4,374,000)	–	–
Granted during the year	0.323	7,755,000	0.149	6,600,000
Options outstanding at 30 April	0.270	10,951,000	0.140	10,419,000
Options exercisable at 30 April		345,000		–

Inputs for measurement of grant date fair values

The grant-date fair value of the Scheme was measured based on a Bloomberg Trinomial model. Expected volatility is estimated by considering historic average share price volatility. The expected life used in the model has been adjusted, based on management's best estimate, for details of non-transferability, exercise restrictions and behavioural considerations. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are as follows:

	Tranche 1		Tranche 2			Tranche 3		
	Directors excluding controlling shareholder and his associates 2012	Employees 2012	Controlling shareholder and his associates 2013	Directors excluding controlling shareholder and his associates 2013	Employees 2013	Controlling shareholder and his associates 2014	Directors excluding controlling shareholder and his associates 2014	Employees 2014
Fair value of share options and assumptions								
Share price	\$0.155	\$0.155	\$0.184	\$0.184	\$0.184	\$0.410	\$0.410	\$0.410
Exercise price	\$0.125	\$0.125	\$0.149	\$0.149	\$0.149	\$0.323	\$0.323	\$0.323
Expected volatility (weighted average volatility)	48%	48%	48%	48%	48%	49.978%	49.978%	49.978%
Option life (expected weighted average life)	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Risk-free interest rate (based on government bonds)	0.5%	0.5%	0.4%	0.4%	0.4%	0.231%	0.231%	0.231%

During the year ended 30 April 2014, the Group recognised employee expenses of \$580,000 (FY2013: \$195,000) relating to the share options granted to the Participants of the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

20 Revenue – Group

	2014 \$'000	2013 \$'000
Sales of goods	72,538	97,486
Revenue from power-generating projects	32,261	–
Service fees	375	159
	105,174	97,645

21 Other income – Group

	2014 \$'000	2013 \$'000
Forfeited deposits from customers	948	708
Gain on disposal of property, plant and equipment	5	3
Others	272	373
	1,225	1,084

22 Finance income and finance costs – Group

	2014 \$'000	2013 \$'000
Recognised in profit or loss		
Net foreign exchange gain	61	–
Net change in fair value of financial assets at fair value through profit or loss	–	60
Dividend income on available-for-sale financial assets	47	41
Interest income on bank deposits	109	156
Others	–	1
<i>Finance income</i>	217	258
Net foreign exchange loss	–	(920)
Interest expenses on loans and borrowings	(341)	(1)
Amortisation of the discount of the loans acquired from business combination	(52)	–
Change in fair value of contingent consideration payable	(42)	–
<i>Finance costs</i>	(435)	(921)
Net finance costs recognised in profit or loss	(218)	(663)

NOTES TO THE FINANCIAL STATEMENTS

23 Profit before tax – Group

The following items have been included in arriving at profit before tax:

	2014 \$'000	2013 \$'000
Audit fees paid/payable to:		
– auditors of the Company	(205)	(140)
Non-audit fees paid/payable to:		
– auditors of the Company	(76)	(37)
Staff costs	(9,213)	(6,742)
Contribution to defined contribution plans included in staff costs	(450)	(318)
Depreciation of property, plant and equipment	(598)	(357)
Operating lease expenses	(205)	(91)
Amortisation of land lease prepayment	(285)	–
Amortisation of intangible assets	(568)	–

24 Tax expense – Group

	2014 \$'000	2013 \$'000
Current tax expense		
Current year	1,742	2,090
Deferred tax expense		
Origination and reversal of temporary difference	(735)	(16)
Total tax expense	1,007	2,074
Reconciliation of effective tax rate		
Profit for the year	6,125	11,431
Total tax expense	1,007	2,074
Profit excluding tax	7,132	13,505
Tax using the Singapore tax rate of 17% (FY2013: 17%)	1,212	2,296
Effect of different tax rate in a foreign jurisdiction	21	–
Non-deductible expenses	50	242
Tax exempt income	(52)	(131)
Tax incentive	(226)	(264)
Current year losses for which deferred tax asset was not recognised	19	–
Others	(17)	(69)
	1,007	2,074

Estimating the provision for income taxes

Significant judgement is required in determining the deductibility of certain expenses in estimating the provision for income taxes.

NOTES TO THE FINANCIAL STATEMENTS

24 Tax expense – Group (Continued)

The following temporary difference has not been recognised:

	2014 \$'000	2013 \$'000
Unutilised tax losses	114	–

The unutilised tax losses do not expire under current tax legislation, which are available for offset against future taxable income subject to the agreement with the tax authority and tax conditions prevailing.

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

25 Earnings per share

The calculation of basic and diluted earnings per share at 30 April 2014 was based on the profit attributable to ordinary shareholders of \$6,125,000 (FY2013: \$11,431,000) and a weighted average number of ordinary shares outstanding of 418,007,000 (FY2013: 386,131,000) and 423,420,000 (FY2013: 389,512,000) calculated as follows:

	Basic		Diluted	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Earnings per share is based on:				
Profit attributable to ordinary shareholders	6,125	11,431	6,125	11,431
		Number of shares		
	2014 '000	2013 '000	2014 '000	2013 '000
Weighted average number of ordinary shares during the year	418,007	386,131	421,497	389,512

In calculating diluted earnings per share, the net profit attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the year are adjusted for the effects of dilutive potential shares:

	Number of units 2014 '000	Number of units 2013 '000
Weighted average number of ordinary shares used in calculation of basic earnings per shares	418,007	386,131
Effect of the potential shares to be issued under the XMH share option scheme	3,490	3,381
Weighted average number of ordinary shares (diluted) outstanding during the year	421,497	389,512

NOTES TO THE FINANCIAL STATEMENTS

26 Segment reporting

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies.

For each of the strategic business units, the Group's Chairman and Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- **Distribution:** Relates to distribution of propulsion engines.
- **After-sales:** Relates to after sales services provided which includes services/jobs, sales of spare parts and other trading.
- **Projects:** Relates to sales and commission of power generating sets for residential and commercial use.

Other operations relate to general corporate activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Chairman and Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The segment information provided to the Group's Chairman and Chief Executive Officer for the reportable segments for the year ended 30 April 2014 is as follows:

Business segments

	Distribution	After-sales	Projects	Segments total	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014						
External revenue	60,042	12,871	32,261	105,174	–	105,174
Interest income	–	–	–	–	109	109
Interest expenses	–	–	–	–	(341)	(341)
Depreciation	–	–	–	–	(598)	(598)
Amortisation of land lease prepayment	–	–	–	–	(285)	(285)
Amortisation of intangible assets	–	–	–	–	(568)	(568)
Reportable segment profit/(loss)						
before tax	14,461	4,178	8,670	27,309	(20,177)	7,132
Income tax expense						(1,007)
Profit for the year						6,125
Reportable segment assets	15,999	6,938	31,629	54,566	58,216	112,782
Capital expenditure	–	–	479	479	962	1,441
Reportable segment liabilities	15,566	312	23,068	38,946	15,455	54,401

NOTES TO THE FINANCIAL STATEMENTS

26 Segment reporting (Continued)

Business segments (Continued)

	Distribution	After-sales	Segments total	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
External revenue	85,796	11,849	97,645	–	97,645
Interest income	–	–	–	156	156
Interest expenses	–	–	–	(1)	(1)
Depreciation	–	–	–	(357)	(357)
Reportable segment profit/(loss) before tax	19,960	2,958	22,918	(9,413)	13,505
Income tax expense					(2,074)
Profit for the year					<u>11,431</u>
Reportable segment assets	18,112	6,239	24,351	55,556	79,907
Capital expenditure	–	–	–	9,366	9,366
Reportable segment liabilities	<u>28,914</u>	<u>1,051</u>	<u>29,965</u>	<u>5,742</u>	<u>35,707</u>

Geographical information

	2014 \$'000	2013 \$'000
Revenue from external customers		
Indonesia	58,385	69,229
Singapore	41,378	21,166
Other countries	5,411	7,250
	<u>105,174</u>	<u>97,645</u>
Non-current assets		
Property, plant and equipment		
Singapore	3,589	1,964
Malaysia	3,866	–
	<u>7,455</u>	<u>1,964</u>

Major customers

During the current financial year, revenue generated from a customer of the Group's Distribution segment individually aggregated to approximately \$9,258,000 (FY2013: \$5,894,000), representing 8.8% (FY2013: 6.0%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the country in which customers operate, as these factors may have an influence on credit risk. During the current financial year, approximately 39.3% (FY2013: 21.7%) of the Group's revenue is attributable to sales transactions with customers domiciled in Singapore and 33.5% (FY2013: 24.8%) of the Group's revenue is attributable to sales transactions with 5 major customers.

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Credit risk (Continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables according to the countries in which these receivables are located on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting dates is as follows:

	2014 \$'000	2013 \$'000
By country:		
Indonesia	4,759	3,933
Singapore	8,027	2,169
Other countries	1,041	337
	13,827	6,439

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. The carrying amounts of trade and other receivables, structured deposits and cash and cash equivalents represented the maximum exposure to credit risk. The Group has no other financial assets, which carry significant exposure to credit risk.

Management of credit risk

- The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors for each transaction with the customer. Payments will be required to be made up front by customers which do not meet the Group's credit requirements.
- Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be undertaken promptly by the Group. The resultant effects of these measures have kept the Group's exposure to bad debts at an insignificant level.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Management of credit risk (Continued)

Impairment losses

The ageing of trade receivables and impairment losses at the reporting dates can be analysed as:

	2014		2013	
	Gross	Allowance for	Gross	Allowance for
	\$'000	impairment	\$'000	impairment
		losses		losses
		\$'000		\$'000
Current	7,487	–	4,843	–
Past due 0-30 days	2,405	–	721	–
Past due 31-60 days	2,649	–	25	–
More than 60 days	1,286	(670)	850	(94)
	13,827	(670)	6,439	(94)

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of the customer's creditworthiness and in accordance with the Group's policy.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting dates. The Group has not recognised impairment losses on certain trade receivables which are past due more than 60 days at the reporting dates as there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment losses made.

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Allowance for impairment losses

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The component of this allowance is specific loss that relates to individually significant exposures.

The movements in allowances for impairment losses in respect of trade receivables during the year are as follows:

	2014	2013
	\$'000	\$'000
At 1 May	94	94
Additions arising from business combination	576	–
At 30 April	670	94

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Management of credit risk (Continued)

Investments

The Group limits its exposure to credit risk by investing only in actively traded securities quoted in a recognised stock exchange.

In respect of financial assets at fair value through profit and loss, the Group limits its exposure to credit risk by placing the structured deposits with reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	More than 1 year \$'000
30 April 2014				
Non-derivative financial liabilities				
Trade and other payables*	27,416	(27,459)	(18,746)	(8,713)
Loans and borrowings	14,845	(16,141)	(13,603)	(2,538)
	42,261	(43,600)	(32,349)	(11,251)

* exclude advance deposits and excess of progress billing over contract work-in-progress.

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000
30 April 2013			
Non-derivative financial liabilities			
Trade and other payables*	20,322	(20,322)	(20,322)
Loans and borrowings	342	(342)	(342)
	20,664	(20,664)	(20,664)

* exclude advance deposits and excess of progress billing over contract work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk is as follows:

	Euro \$'000	Japanese yen \$'000	United States dollar \$'000
30 April 2014			
Trade and other receivables	99	4,158	425
Cash and cash equivalents	3,250	3,447	11,690
Loans and borrowings	(5,556)	–	(2,671)
Trade and other payables	(371)	(7,253)	(483)
Net exposure	<u>(2,578)</u>	<u>352</u>	<u>8,961</u>
30 April 2013			
Other financial assets	–	1,666	–
Trade and other receivables	24	3,328	779
Cash and cash equivalents	183	30,872	212
Loans and borrowings	(342)	–	–
Trade and other payables	(486)	(16,954)	(2,512)
Net exposure	<u>(621)</u>	<u>18,912</u>	<u>(1,521)</u>

Sensitivity analysis

A 10% strengthening of the Singapore dollar, as indicated below, against the following currencies at 30 April would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting periods. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for FY2013:

	Profit or (loss)	
	2014 \$'000	2013 \$'000
30 April		
Euro	258	62
Japanese yen	(35)	(1,891)
United States dollar	<u>(896)</u>	<u>152</u>

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Sensitivity analysis (Continued)

A weakening of the Singapore dollar against the above currencies at 30 April would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Equity price risk

For investments classified as available-for-sale, a 2% increase in the market price at the reporting date would have increased the Group's equity by \$23,000 after tax (FY2013: an increase of \$23,000); an equal change in the opposite direction would have decreased the Group's equity by \$23,000 after tax (FY2013: a decrease of \$23,000).

Interest rate risk

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Carrying amount	
	2014	2013
	\$'000	\$'000
Group		
Fixed rate instruments		
Trust receipts	13,002	342
Term loans	250	—
Finance lease liabilities	231	—
	13,483	342
Variable rate instruments		
Term loans	1,362	—

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp	100 bp
	Increase	Decrease
	\$'000	\$'000
Group		
30 April 2014		
Variable rate instruments	(14)	14

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Designated at fair value \$'000	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities within scope of FRS 39 \$'000	Other financial liabilities outside scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
Group								
30 April 2014								
Cash and cash equivalents	13	–	36,388	–	–	–	36,388	36,388
Trade and other receivables*	11	–	15,251	–	–	–	15,251	15,251
Available-for-sale financial assets: equity securities	8	–	–	1,385	–	–	1,385	1,385
		–	51,639	1,385	–	–	53,024	53,024
Bank overdraft	18	–	–	–	18	–	18	18
Trust receipts	18	–	–	–	13,002	–	13,002	13,002
Secured bank loans	18	–	–	–	1,594	–	1,594	1,594
Finance lease liabilities	18	–	–	–	–	231	231	231
Trade and other payables**	17	8,670	–	–	27,776	–	36,446	36,446
		8,670	–	–	42,390	231	51,291	51,291

* exclude prepayments

** exclude excess of progress billings over contract work-in-progress

	Note	Designated at fair value \$'000	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities within scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
Group							
30 April 2013							
Cash and cash equivalents	13	–	43,687	–	–	43,687	43,687
Trade and other receivables*	11	–	6,612	–	–	6,612	6,612
Financial assets at fair value through profit or loss: structured deposits	8	1,666	–	–	–	1,666	1,666
Available-for-sale financial assets: equity securities	8	–	–	1,407	–	1,407	1,407
		1,666	50,299	1,407	–	53,372	53,372
Trust receipts	18	–	–	–	342	342	342
Trade and other payables	17	–	–	–	33,727	33,727	33,727
		–	–	–	34,069	34,069	34,069

* exclude prepayments

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Accounting classifications and fair values (Continued)

	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities within scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
Company						
30 April 2014						
Cash and cash equivalents	13	–	10,046	–	10,046	10,046
Trade and other receivables*	11	–	14,214	–	14,214	14,214
		–	24,260	–	24,260	24,260
Trade and other payables	17	8,670	–	1,329	9,999	9,999
30 April 2013						
Cash and cash equivalents	13	–	9,860	–	9,860	9,860
Trade and other receivables*	11	–	10,120	–	10,120	10,120
		–	19,980	–	19,980	19,980
Trade and other payables	17	–	–	2,477	2,477	2,477

* exclude prepayments

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, were based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2014 %	2013 %
Secured bank loans	5.45	–
Finance lease liabilities	2.30	–

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management (Continued)

Accounting classifications and fair values (Continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
30 April 2014				
Available-for-sale financial assets	1,385	–	–	1,385
Purchase consideration payable	–	–	8,670	8,670
30 April 2013				
Available-for-sale financial assets	1,407	–	–	1,407
Financial assets designated at fair value through profit or loss	–	1,666	–	1,666
	1,407	1,666	–	3,073
Company				
30 April 2014				
Purchase consideration payable	–	–	8,670	8,670

The following table shows reconciliation from the beginning balance to the ending balance for the fair value measurements in Level 3 of the fair value hierarchy.

	2013 \$'000
Group and Company	
At 1 May 2013	–
Arising from business combination	8,628
Change in fair value	42
At 30 April 2014	8,670

The following table shows the valuation technique and the key unobservable inputs used in the determination of fair value of the purchase consideration payable.

	Valuation techniques	Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Purchase consideration payable	The fair value is determined considering the probability of the MPG meeting the specified earn-out targets and the share price of the Company on the date the earn-out targets are met.	<ul style="list-style-type: none"> Forecast share price at \$0.396 at the consideration due date Forecast EBITA margin at 9.7% Forecast net profit growth rate at 0% 	<p>The estimated fair value would increase/decrease if the share price is higher/lower.</p> <p>The estimate fair value would decrease if the forecast EBITA margin is lower than 9.7% or the net profit growth rate is below 0%.</p>

NOTES TO THE FINANCIAL STATEMENTS

28 Commitments

Leases as lessee

The total future minimum lease payments under non-cancellable operating leases in respect of a parcel of land and office rents of subsidiary are payable as follows:

	Carrying amount	
	2014	2013
	\$'000	\$'000
Within 1 year	238	81
After 1 year but within 5 years	414	298
After 5 years	662	252
	1,314	631

The Group leases a parcel of land from Jurong Town Corporation (JTC) for a term of 30 years with effect from 16 September 1991. The lease amount payable annually is subject to yearly revision. In April 2013, the Group entered into a lease of another parcel of land from JTC for a term of 30 years.

In addition, the Group pays a fixed sum on a monthly basis for lease of the parcel of the land adjoining to its existing premises for a term of approximately 12 years with effect from 1 August 2009.

29 Related party transactions

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The amounts stated below for key management compensation are for all the executive directors and other key management personnel.

Key management personnel compensation included in staff costs comprises:

	2014	2013
	\$'000	\$'000
Short-term employee benefits	3,576	3,613

NOTES TO THE FINANCIAL STATEMENTS

30 Litigation

The High Court of Singapore had on 31 March 2014 delivered its judgment on the legal suit (the “Suit”) brought by a customer, Pacific Marine & Shipbuilding Pte Ltd (“Pacific Marine”) against the Company’s wholly-owned subsidiary, Xin Ming Hua. Under the judgement, the High Court Judge has allowed Pacific Marine’s claim and dismissed Xin Ming Hua’s counterclaim against Pacific Marine. Accordingly, Pacific Marine is entitled to recover a damage claim of approximately \$3.47 million from Xin Ming Hua. In addition, Xin Ming Hua had incurred legal and related fees of \$1.15 million and interest of \$0.5 million chargeable by Pacific Marine for the damages not paid by Xin Ming Hua. As a result, Xin Ming Hua has made a provision of \$5.12 million in respect of the damage claim and related costs arising from the Suit.

Xin Ming Hua intends to appeal against the aforesaid judgment of the High Court, and has accordingly filed the Notice of Appeal to the Court of Appeal on 28 April 2014. The date of hearing by the Court of Appeal has not yet been fixed as at the date of these financial statements.

31 Acquisition of Mech-Power Generator Pte Ltd

On 7 September 2013, the Group obtained control of Mech-Power Generator Pte Ltd (“MPG Singapore”) by acquiring the entire equity interest in MPG Singapore. MPG Singapore has a wholly-owned subsidiary in Malaysia, Mech Power Generator Sdn Bhd (“MPG Malaysia”), (collectively, the “MPG”).

The principal activities of the MPG are the manufacturing, importing, exporting of generating sets, spare parts, general engineering and other related products, and the assembly, sales of generators and related accessories. This acquisition is strategic to the Group as it will expand its core businesses by offering power generating sets with large customised solutions, especially for the non-marine sector applications, and enhance its suite of products and services so as to enlarge its revenue and profit base. This will also allow a diversification of its business and operations risks by tapping into the MPG’s business to widen the Group’s existing customer base, thereby achieving better operation synergies to enhance overall competitiveness and financial performance with the profitability of the current and future orders on hand.

During the eight months ended 30 April 2014, the MPG contributed revenue of \$32,261,000 and profit of \$2,392,000 to the Group’s results. If the acquisition had occurred on 1 May 2013, management estimates that the consolidated revenue of the Group would have been \$122,290,000 and the consolidated profit of the Group for the year would have been \$7,568,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 May 2013.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration paid and payable

	Note	\$’000
Cash		4,356
Equity instruments issued (11,000,631 ordinary shares)	14	4,356
Fair value of the contingent consideration at the date of acquisition		8,628
		<u>17,340</u>

Equity instruments issued

The fair value of the ordinary shares issued was based on the weighted average share price of the Company for the ten market days up to and including 7 September 2013, at S\$0.396 per new ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

31 Acquisition of Mech-Power Generator Pte Ltd (Continued)

Contingent consideration

The Group has agreed to pay the second tranche of the purchase consideration of \$8,670,000 (at a fair value of \$8,628,000 at the date of the acquisition) if the MPG Group achieves an aggregate net profit of \$6.9 million for the two financial years ended 31 March 2014 and ending 31 March 2015 to the vendors of MPG Singapore. Such consideration will be due no later than fifteen (15) business days after the date of the issuance of the consolidated financial statements of the MPG for the financial year ending 31 March 2015.

Fair value of identifiable assets acquired and liabilities assumed

	Note	\$'000
Property, plant and equipment	4	4,814
Intangible assets – order backlogs	6	1,254
Inventories		3,691
Trade and other receivables		7,087
Contract work-in-progress		8,636
Cash and cash equivalents		5,092
Deferred tax liabilities		(442)
Loans and borrowings		(15,726)
Current tax payable		(740)
Trade and other payables		(5,719)
Total identifiable net assets		<u>7,947</u>
Cash and cash equivalents of the subsidiaries acquired		5,092
Less: cash paid for acquisition of the subsidiaries		<u>(4,356)</u>
Net cash inflow on acquisition of the subsidiaries		<u>736</u>

The trade receivables comprise gross contractual amounts due of \$6,841,000, of which \$576,000 was expected to be uncollectible at the date of acquisition.

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	\$'000
Total consideration paid and payable	17,340
Fair value of identifiable net assets	<u>(7,947)</u>
Goodwill	<u>9,393</u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the MPG into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs comprising mainly legal fees and due diligence costs amounting to \$129,000. These costs have been included in administrative expenses in the Group's statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

32 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets – order backlogs

The fair value of the order backlogs are estimated based on the expected revenue to be received, less the costs to deliver the products and/or services. Contributory asset capital charges are deducted from the net income of the order backlogs to estimate the cash flows attributable solely to the order backlog intangible asset.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Trade and other receivables

The fair values of trade and other receivables, excluding contract work-in-progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities, excluding contingent consideration, are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases, the market rate of interest is determined by reference to similar lease agreements. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

(vi) Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities (i.e. probability-weighted). When appropriate, it is discounted to present value.

STATISTICS OF SHAREHOLDINGS

As at 24 July 2014

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	2	0.18	1,000	0.00
1,000 – 10,000	445	40.57	2,727,000	0.63
10,001 – 1,000,000	631	57.52	53,270,000	12.35
1,000,001 and above	19	1.73	375,345,661	87.02
Total	1,097	100.00	431,343,661	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Share	%
1	TAN TIN YEOW	179,430,001	41.60
2	CREDENCE CAPITAL FUND II (CAYMAN) LIMITED	83,668,075	19.40
3	TAN TUM BENG	34,857,976	8.08
4	TAN GUAT LIAN	25,885,977	6.00
5	TAN SENG HEE	11,257,001	2.61
6	THAM SOW LIN	8,646,496	2.00
7	DBS VICKERS SECURITIES (S) PTE LTD	5,274,000	1.22
8	BANK OF SINGAPORE NOMINEES PTE LTD	5,220,000	1.21
9	DBS NOMINEES PTE LTD	3,934,000	0.91
10	CIMB SECURITIES (SINGAPORE) PTE LTD	3,051,000	0.71
11	HONG LEONG FINANCE NOMINEES PTE LTD	2,694,000	0.62
12	LOKE CHOON HOE	2,067,135	0.48
13	MAYBANK KIM ENG SECURITIES PTE LTD	1,638,000	0.38
14	YEO SECK KAN	1,587,000	0.37
15	POET INVESTMENT HOLDINGS PTE LTD	1,442,000	0.33
16	KOK MOO YONG	1,338,000	0.31
17	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	1,276,000	0.30
18	ALL BIG FROZEN FOOD PTE LTD	1,070,000	0.25
19	UOB KAY HIAN PTE LTD	1,009,000	0.23
20	DBSN SERVICES PTE LTD	1,000,000	0.23
	Total	376,345,661	87.24

Notes:

%: Based on 431,343,661 shares (excluding shares held as treasury shares) as at 24 July 2014.

* Treasury Shares as at 24 July 2014 – 15,706,000 shares.

STATISTICS OF SHAREHOLDINGS

As at 24 July 2014

Rule 723 Compliance

Based on the information available to the Company as at 24 July 2014, approximately 22.31% of the issued ordinary shares (excluding treasury shares) of the Company was held by the public and hence it is in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited.

Substantial Shareholders

Name of Shareholders	No of shares	
	Direct Interest	%
Tan Tin Yeow ⁽¹⁾	179,430,001	41.60
Credence Capital Fund II (Cayman) Limited ⁽²⁾	83,668,075	19.40
Tan Tum Beng	34,857,976	8.08
Tan Guat Lian ⁽¹⁾	25,885,977	6.00

Notes:

- (1) Mr. Tan Tin Yeow and Ms. Tan Guat Lian together with Mr. 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. As at 24 July 2014, Mr. Tan Seng Hee has an interest in 11,257,001 Shares in the Company representing approximately 2.61% of the total issued share capital (excluding any treasury shares held by the Company).
- (2) Credence Capital Fund II (Cayman) Limited has subscribed for 36,049,027 new ordinary shares ("**New Shares**") in the Company on 20 May 2013 and exercised its call option to purchase an aggregate total of 47,619,048 ordinary shares in the Company at the completion of the subscription of New Shares from its substantial shareholders, namely Mr. Tan Tum Beng, Mr. Tan Seng Hee and Ms. Tan Guat Lian. As at 24 July 2014, Credence Capital Fund II (Cayman) Limited now holds approximately 19.40% of the total issued ordinary shares of the Company.

Treasury Shares

As at 24 July 2014, the Company held 15,706,000 treasury shares, representing 3.64% of the total issued ordinary shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **XMH HOLDINGS LTD.** (the “**Company**”) will be held at Warren Golf & Country Club, 81 Choa Chu Kang Way, Singapore 688263 on Friday, 29 August 2014 at 10.00 a.m. (the “**Annual General Meeting**”) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and Audited Accounts of the Company for the financial year ended 30 April 2014 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final dividend (one-tier tax exempt) of 1.20 cents per ordinary share for the financial year ended 30 April 2014. (2013: 1.20 cents per ordinary share). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 89 of the Company’s Articles of Association (the “**Articles**”):
 - (i) Ms. Tan Guat Lian **(Resolution 3)**
 - (ii) Mr. Chan Heng Toong **(Resolution 4)**
[See Explanatory Note (i)]
4. To approve the payment of Directors’ fees of S\$167,000 for the financial year ended 30 April 2014. (2013: S\$157,000). **(Resolution 5)**
5. To re-appoint Messrs KPMG LLP, Certified Public Accountants, as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited.**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (A)
 - (i) issue Shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a *pro-rata* basis to the shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued Shares and Instruments (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- (3) in exercising the Share Issue Mandate, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

(Resolution 7)

8. Authority to allot and issue Shares under the XMH Share Option Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share options under the XMH Share Option Scheme (the “**Scheme**”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of share options granted by the Company under the Scheme, whether granted during

NOTICE OF ANNUAL GENERAL MEETING

the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **(Resolution 8)**

By Order of the Board
XMH HOLDINGS LTD.

Mr. Tan Tin Yeow
Chairman and CEO
13 August 2014

Explanatory Notes:

- (i) Mr. Chan Heng Toong is considered an Independent Director and will, upon re-election as a Director of the Company, continue to serve as Chairman of the Nominating Committee, and a Member of the Audit Committee and Remuneration Committee.
- (ii) Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) Resolution 8 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of share options granted or to be granted under the Scheme provided that the aggregate additional shares to be issued pursuant to the Scheme do not exceed in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote instead of him.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing the proxy must be under its common seal or the hand of its attorney or a duly authorised officer.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 44 Sungei Kadut Avenue, Singapore 729667 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

XMH HOLDINGS LTD

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

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's ordinary shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their CPF Approved Nominees so that their Agent Banks may register with the Company Secretary of XMH Holdings Ltd. within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, (name)
of (address)
being a member/members of **XMH HOLDINGS LTD.** (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %

and/or (delete as appropriate)

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or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("**Meeting**") of the Company to be held at Warren Golf & Country Club, 81 Choa Chu Kang Way, Singapore 688263 on 29 August 2014, at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the financial year ended 30 April 2014		
2.	Payment of proposed first and final dividend		
3.	Re-election of Ms. Tan Guat Lian as a Director		
4.	Re-election of Mr. Chan Heng Toong as a Director		
5.	Approval of Directors' fees amounting to \$167,000 for the financial year ended 30 April 2014		
6.	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors of the Company to fix their remuneration		
7.	Authority to allot and issue shares		
8.	Authority to allot and issue shares under the XMH Share Option Scheme		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this day of 2014

Total number of Shares in:	No. of Shares Held
(a) CDP Register	
(b) Register of Members	

.....
Signatures of Shareholder(s) or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. 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 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company's registered office at 44 Sungei Kadut Avenue, Singapore 729667 not less than **48 hours** before the time set for the Meeting.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

General:

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 appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, 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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.



XMH

XMH HOLDINGS LTD.

44 Sungei Kadut Avenue
Singapore 729667