

XMH HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201010562M)
(the “Company”)

**MINUTES OF ANNUAL GENERAL MEETING OF THE COMPANY FOR
THE FINANCIAL YEAR ENDED 30 APRIL 2023 (“FY2023”)
(THE “AGM” or “MEETING”)**

VENUE	:	55 Tuas Crescent #07-01 Singapore 638743
DATE	:	Monday, 28 August 2023
TIME	:	10.00 a.m.
PRESENT	:	<u>Board of Directors</u> Mr. Tan Tin Yeow (Managing Director) Ms. Tan Guat Lian (Executive Director) Mr. Hong Pian Tee (Lead Independent Non-Executive Director) Mr. Khoo Song Koon (Independent Non-Executive Director) Mr. Raymond Lam Kuo Wei (Independent Non-Executive Director) <u>Management of the Company</u> Mr. Tan Leong Kim (Chief Financial Officer) <u>Company Secretary</u> Mr. Chua Kern
IN ATTENDANCE	:	<u>Shareholders, Proxies, Auditors, Polling Agent, Scrutineers, Representatives from the Company Secretary Office</u> As set out in the attendance record maintained by the Company
CHAIRMAN	:	Mr. Tan Tin Yeow (Managing Director)

CHAIRMAN

Mr. Chua Kern (“**Mr. Chua**” or the “**Company Secretary**”) informed that he would be assisting Mr. Tan Tin Yeow (“**Mr. Tan TY**” or the “**Chairman**”) to conduct the AGM. On behalf of the Chairman, Mr. Chua duly welcomed all who were present at the Meeting.

QUORUM

On behalf of the Chairman, Mr. Chua called the Meeting to order at 10.00 a.m. after ascertaining that a quorum was present and introduced the Directors, the audit partner from Ernst & Young LLP and the Company’s Chief Financial Officer who were present at the Meeting.

NOTICE OF AGM

The Notice of AGM dated 8 August 2023 was taken as read as all pertinent information relating to the proposed resolutions tabled at the Meeting (the “**Resolutions**”) were set out in the Notice of AGM of the Company which had been circulated to Shareholders via SGXNet announcement and on the Company’s corporate website on 8 August 2023.

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MODE OF VOTING

Mr. Chua informed all who were present that in Mr. Tan TY’s capacity as Chairman of the Meeting, he had been appointed as proxy by a number of shareholders and he would be voting in accordance with their instructions.

As set out in the Notice of the AGM, shareholders who had any questions in relation to any item of the agenda of the AGM were to send their queries in advance to the Company by 15 August 2023. Mr. Chua informed all who were present that the Company had received several questions from Securities Investors Association Singapore (“SIAS”) and a shareholder in respect of the Company’s annual report for FY2023 (“**Annual Report FY2023**”). The Company has addressed these questions through announcements made on SGXNet and the Company’s corporate website on 24 August 2023.

It was noted that the Chairman of the Meeting had demanded for a poll which is in accordance with Regulation 58 of the Company’s Constitution and the requirements of the Mainboard Listing Rules of Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The poll would be conducted after each respective resolution tabled at the Meeting (the “**Resolutions**”) had been duly proposed and seconded.

For the conduct of the poll, Complete Corporate Services Pte Ltd and Moore Stephens LLP had been appointed as Polling Agent and Scrutineer respectively. The representative from Complete Corporate Services Pte Ltd briefed the Meeting on the procedure for the poll voting process.

After the briefing, Mr. Chua proceeded with the business of the Meeting.

ORDINARY BUSINESS

RESOLUTION 1 – ADOPTION OF THE DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023, TOGETHER WITH THE AUDITOR’S REPORT THEREON

Mr. Chua invited the shareholders to raise their queries on the audited financial statements, if any.

Questions Received from Shareholders

1. Shareholder A – (a) What were the factors driving customer demand for the engines? What was Management’s opinion on the industry outlook in the marine and offshore business sectors? (b) The construction of new vessels had decreased due to uncertainties arising from refueling options globally. How would this affect the viability of the diesel engines supplied by the Group?

- (a) Mr. Tan TY, Managing Director, explained that major demand for the engines was driven by vessel construction. Due to the impact of the Covid-19 pandemic, the Group had encountered supply chain issues over the last few years but demand from the sector has remained strong.
- (b) Despite the uncertainties from refueling options globally, the demand for diesel engines remained largely unaffected, from the Group’s main distribution markets such as Indonesia. Management relied on a variety of factors to monitor customer demand for such engines, such as the price of coal, customer enquiries and orders from shipyards.

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- 2. Shareholder A - The Group’s project segment suffered from a bottleneck related to delivery deadlines and rising subcontractor costs, as highlighted in the Annual Report FY2023. Was this bottleneck a result from a lack of manpower or expertise?**

Engine delivery for the Group’s generator set (“**Genset**”) assembly had stretched to two years because of supply chain disruptions. These have resulted in “bottleneck” issues for the delivery of Gensets to various projects tendered. To meet the tight deadlines, the Group had no choice but to outsource some job functions to subcontractors.

The Group would look towards gradually reducing its reliance on subcontractors by employing more permanent employees and improving employees’ productivity.

- 3. Shareholder A - The project segment reported a net loss of SGD2.1 million despite achieving revenue figures of SGD65 million for FY2023. Did subcontracting costs contribute towards this loss?**

There were other factors contributing towards the reported loss, such as high material cost, foreign exchange loss (“**FOREX**”) and finance cost as clarified by Mr. Tan Leong Kim (“**Mr. Tan LK**”), Chief Financial Officer. Other than these, the operating expenses were well managed with minimal increase in contrast to the significant increase in revenue.

- 4. Shareholder A - Could Management elaborate further on its decision-making process to bid for low gross margin projects?**

As addressed in the announcement responding to the queries from SIAS, the project was a major contract that could help establish the Group’s track record as a point of reference for future projects. The Group would be in a better position to tender for the second phase of the project, with a higher contract value and better gross margins, upon completion of the first phase of the project.

- 5. Shareholder B - With regards to the high FOREX losses, were such expenses likely to recur in the second phase of the project going forward and would efficient product delivery reduce the FOREX exposure?**

The FOREX losses were mainly unrealised losses from intercompany payables denominated in Malaysian Ringgit. Management had considered balance sheet hedging to minimise the impact of the unrealised losses but ultimately decided against it, as the Group was not in a viable position at that point in time to proceed with such hedging. Mr. Tan TY further added that most of the unrealised losses arose from the intercompany transactions between its subsidiary in Singapore and its subsidiary in Malaysia.

As to whether efficient product delivery could reduce FOREX exposure, it would depend on the terms of the individual contract in question. The gross margin of each contract was influenced by market pricing and competing tenders. Management had to ensure that the gross margin remained competitive when compared with these external factors.

- 6. Shareholder A - With sustainable green energy, such as solar energy, being increasingly seen as a requirement for operating data centres, how would this development impact the Group’s project segments?**

The data centre projects are still utilising diesel engines as a backup power supply to operate the data centres. Nevertheless, it was acknowledged that securing sustainable sources of green energy was a future trend for businesses and going forward, Management would consider exploring avenues of sustainable green energy.

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7. Shareholder A - How does Management plan to increase the profitability of the project segments of the Group in the future?

Management would closely monitor costs and improve productivity to increase margins, as labour costs remained volatile in the current market.

8. Shareholder B - Could Management elaborate on the Group’s strategy in relation to the BUKH engines?

The BUKH engines segment was a new market that the Group was keen to penetrate in neighbouring countries, mainly Thailand, Malaysia, Singapore and Indonesia. These engines would primarily cater to small-sized fast crafts and lifeboats. Management is hopeful and will explore opportunities to provide replacement and maintenance services for these engines. Management also hopes that bigger markets for these engines would emerge in the future.

9. Shareholder B - The property at 55 Tuas Crescent, Singapore 638743 (“Tuas Property”) held by the Group was last valued at S\$87 million on 30 March 2020 and no subsequent valuation had been conducted to date. What were Management’s opinions on the current valuation of the Tuas Property?

As there were no recent property transactions in the area for similarly sized property, Management was unable to determine the current valuation of the Tuas Property. Mr. Tan TY confirmed that the valuation included the leasehold land and the building.

10. Shareholder B - The sale and leaseback of the Tuas Property could assist the Company in exiting the SGX-ST Watch-List (the “Watch-List”) but the high interest costs in the current property market would pose a challenge to the Group. In view of this, what other ideas did Management have in mind to boost the share price of the Company?

The financial results of the Company would be the most important factor influencing market sentiment and the perception of the Company.

11. Shareholder A - What does the Group’s competitive environment look like? What strategies have the Group devised for the past two years to alter the competitive landscape?

The Group works closely with its customers and monitors price fluctuations in the market. To capture better margins and larger market share, the Group keeps inventory for engines so as to fulfil customers’ orders as and when orders are received. Apart from that, the Group had also retained most of its employees during the Covid-19 pandemic, particularly the sales and marketing staff who have an in-depth understanding and knowledge of the customers and market trends, and were able to provide feedback to the Management accordingly.

12. Shareholder A - Other than supply chain and labour issues, were there any other problematic areas of concern in the Group’s business? What threats does the Group face and how does Management intend to overcome them?

Notwithstanding the supply chain and labour issues, the Group had to contend with rising interest rates and expenses that would impact the bottom line. Management conducted weekly meetings to strategise ways to manage any emerging threats to the Company and the Group.

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- 13. Shareholder A - The Group had refinanced its loans in the previous year and there were breaches in the bank covenants of the previous banking facility. How did these breaches happen? How likely was a similar breach to occur in the future?**

The Group was unable to maintain the high EBITDA coverage ratio threshold required under the previous banking facility despite the fact that the Company had no issue in servicing the debt.

Subsequently, the Company switched to a new banking facility, where the covenants are minimal and achievable. Over the years, the Group has been consistently generating positive cashflow with a huge cash balance and the net gearing ratio has improved. The loan repayments would continue to be made using the rental income generated from the property.

- 14. Shareholder A - How much was the Group’s exposure to the Japanese Yen? Did the Group conduct hedging exercises for other foreign currencies?**

The Company currently only undertakes hedging for Japanese Yen as the diesel engines are bought from Japan in Japanese Yen currency.

- 15. Shareholder A - The Company is currently on the Watch-List. Does Management still intend to remain as a listed company? Does Management intend to delist the Company or seek privatization?**

Mr. Khoo Song Koon (“**Mr. Khoo**”), Independent Director, acknowledged that there is stigma associated with being on the Watch-List. Unfortunately, the Company recorded three consecutive years of pre-tax losses in the past, and was included in the Watch-List since 4 December 2019.

The Company faced substantial difficulties after it was included in the Watch-List. Key challenges include the Covid-19 pandemic, global supply chain disruptions and interest rate hikes. However, despite these unprecedented difficulties, the Company’s performance steadily improved resulting in dividends being paid to shareholders in the past two financial years. This was an exceptional result for a company on the Watch-List.

Mr. Khoo recalled that at the last AGM, a shareholder had requested the Board to explore possible actions such as share consolidation and bonus issue.

However, each company’s circumstances are unique and what may work for one company may not work for another. The Board of Directors of the Company is therefore carefully considering each option to exit the Watch-List with stakeholders’ interests in mind and also bearing in mind that certain transactions or corporate actions may or may not translate to an improvement in the Company’s market capitalisation over a 6-month period. Mr. Khoo expressed his hope that the market and shareholders would give due recognition to the Management’s efforts in this regard and the Company’s market capitalisation can increase accordingly.

The current expiry of the Watch-List cure period is due on 4 December 2023. The Company may explore the possibility of a further extension of the cure period.

- 16. Shareholder B - Interest expenses have grown year on year. Does Management intend to reduce the level of debt going forward?**

Management would continuously seek further debt reduction to reduce the interest expenses of the Company and the Group.

There were no further comments on Resolution 1.

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Upon a proposal by Mr. Ong Poh Seng and seconded by Ms. Ong Siok Ling, the following resolution was put to vote by way of a poll.

Mr. Chua announced the results of the poll for Resolution 1 as follows:-

Those in favour	:	92,956,306 votes	(99.98%)
Those against	:	15,000 votes	(0.02%)
	:	<hr/>	
Total number of valid votes casted	:	92,971,306 votes	(100.00%)

Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 1 was duly carried on a poll vote.

RESOLUTION 2 – APPROVAL OF THE PAYMENT OF A FINAL ONE-TIER TAX EXEMPT DIVIDEND OF 0.25 SINGAPORE CENT PER ORDINARY SHARE AND A SPECIAL ONE-TIER TAX EXEMPT DIVIDEND OF 1.25 SINGAPORE CENT PER ORDINARY SHARE FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Mr. Chua invited the shareholders to raise their queries on the final and special dividend, if any.

There being no questions from the shareholders, upon a proposal by Mr. Tan Chin Tuan Henry and seconded by Mr. Chong Chor Thutt, the following resolution was put to vote by way of a poll.

Mr. Chua announced the results of the poll for Resolution 2 as follows:-

Those in favour	:	92,955,756 votes	(99.98%)
Those against	:	15,000 votes	(0.02%)
	:	<hr/>	
Total number of valid votes casted	:	92,970,756 votes	(100.00%)

Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 2 was duly carried on a poll vote.

RESOLUTION 3 – APPROVAL OF THE PAYMENT OF DIRECTORS’ FEES OF S\$179,130 FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Mr. Chua invited the shareholders to raise their queries on the Directors’ fees, if any.

There being no questions from the shareholders, upon a proposal by Ms. Ang Chai Peng and seconded by Ms. Ong Siok Ling, the following resolution was put to vote by way of a poll.

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Mr. Chua announced the results of the poll for Resolution 3 as follows:-

Those in favour	:	92,958,706 votes	(99.98%)
Those against	:	15,000 votes	(0.02%)
	:	<hr/>	
Total number of valid votes casted	:	92,973,706 votes	(100.00%)

Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 3 was duly carried on a poll vote.

RESOLUTION 4 – RE-ELECTION OF MR. KHOO SONG KOON AS A DIRECTOR OF THE COMPANY

Mr. Chua invited the shareholders to raise their queries on the re-election of Mr. Khoo as a Director of the Company, if any.

There being no questions from the shareholders, upon a proposal by Mr. Ong Poh Seng and seconded by Ms. Ang Chai Peng, the following resolution was put to vote by way of a poll.

Mr. Chua announced the results of the poll for Resolution 4 as follows:-

Those in favour	:	92,958,706 votes	(99.98%)
Those against	:	15,000 votes	(0.02%)
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Total number of valid votes casted	:	92,973,706 votes	(100.00%)

Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 4 was duly carried on a poll vote.

RESOLUTION 5 – RE-ELECTION OF MR. RAYMOND LAM KUO WEI AS A DIRECTOR OF THE COMPANY

Mr. Chua invited the shareholders to raise their queries on the re-election of Mr. Raymond Lam Kuo Wei as a Director of the Company, if any.

There being no questions from the shareholders, upon a proposal by Ms. Ang Chai Peng and seconded by Mr. Sim Chor Chye, the following resolution was put to vote by way of a poll.

Mr. Chua announced the results of the poll for Resolution 5 as follows:-

Those in favour	:	92,610,006 votes	(99.98%)
Those against	:	15,000 votes	(0.02%)
	:	<hr/>	
Total number of valid votes casted	:	92,625,006 votes	(100.00%)

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Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 5 was duly carried on a poll vote.

RESOLUTION 6 – RE-APPOINTMENT OF MESSRS ERNST & YOUNG LLP AS THE AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

Mr. Chua invited the shareholders to raise their queries on the re-appointment of Messrs Ernst & Young LLP as the Auditors of the Company, if any.

There being no questions from the shareholders, upon a proposal by Mr. Sim Chor Chye and seconded by Ms. Phua Mui Keng Bernadette, the following resolution was put to vote by way of a poll.

Mr. Chua announced the results of the poll for Resolution 6 as follows:-

Those in favour	:	92,563,406 votes	(99.94%)
Those against	:	59,200 votes	(0.06%)
	:	<hr/>	
Total number of valid votes casted	:	92,622,606 votes	(100.00%)

Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 6 was duly carried on a poll vote.

ANY OTHER ORDINARY BUSINESS

As there were no further items of ordinary business arising, the Meeting proceeded to deal with the items of special business.

SPECIAL BUSINESS

RESOLUTION 7 – ORDINARY RESOLUTION – AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY

Mr. Chua invited the shareholders to raise their queries on the authority to allot and issue shares in the capital of the Company, if any.

There being no questions from the shareholders, upon a proposal by Mr. Tan Whee Li and seconded by Mr. Chong Chor Thutt, the following resolution was put to vote by way of a poll.

Mr. Chua announced the results of the poll for Resolution 7 as follows:-

Those in favour	:	92,025,106 votes	(99.35%)
Those against	:	597,500 votes	(0.65%)
	:	<hr/>	
Total number of valid votes casted	:	92,622,606 votes	(100.00%)

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Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 7 was duly carried on a poll vote.

RESOLUTION 8 – ORDINARY RESOLUTION – PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

Mr. Chua invited the shareholders to raise their queries on the proposed renewal of the share buyback mandate, if any.

There being no questions from the shareholders, upon a proposal by Ms. Ong Siok Ling and seconded by Ms. Phua Mui Keng Bernadette, the following resolution was put to vote by way of a poll.

Mr. Chua announced the results of the poll for Resolution 8 as follows:-

Those in favour	:	92,607,556 votes	(99.98%)
Those against	:	15,050 votes	(0.02%)
	:	<hr/>	
Total number of valid votes casted	:	92,622,606 votes	(100.00%)

Accordingly, on behalf of the Chairman, Mr. Chua declared that Resolution 8 was duly carried on a poll vote.

CONCLUSION OF MEETING

There being no other business, the Meeting concluded at 10.51 a.m. with a vote of thanks to all present.

Mr. Chua informed Shareholders that the Company will release the announcement on the results of the AGM on SGXNet and the Company’s corporate website after trading hours on the same day. The minutes of the Meeting proceedings will be released on SGXNet and the Company’s corporate website within one (1) month from the date of Meeting.

CONFIRMED AS A TRUE AND ACCURATE RECORD OF THE PROCEEDINGS

[SIGNED]

MR. TAN TIN YEOW
CHAIRMAN AND MANAGING DIRECTOR
CHAIRMAN OF THE MEETING