



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

RESPONSE TO QUERIES FROM THE SHAREHOLDERS ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

The Board of Directors ("**Board**") of XMH Holdings Ltd. ("**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the shareholders of the Company with respect to the Company's Annual Report for the financial year ended 30 April 2023 ("**FY2023**") ("**Annual Report**").

Any defined term used shall have the same meaning ascribed thereto in the Annual Report, unless otherwise defined herein.

Query 1:

The SGX-ST had on 1 December 2022 approved the Group's application for the extension of the watch-list cure period by 12 months to 4 December 2023. The Company had turned profitable in FY2021 and had achieved encouraging growth in earnings in the last 2 financial years. However, the Company still has not met the other requirement of Rule 1314 of the Listing Manual, that of the Company having an average daily market capitalisation of S\$40 million or more for a period of 6 months prior to the end of the extension period. With less than 4 months left to the extended cure period, what is the Company's plan with regards to its extended Watch-list status? Apply for a further extension of the cure period?

Company's response to Query 1:

The Group was placed into the SGX-ST watchlist in December 2019 after incurring 3 prior years of consecutive losses. During the past few years, the Group has not only navigated the challenges brought about by the unprecedented Covid-19 pandemic, the global supply chains disruptions, ongoing conflicts and tensions as well as interest rate hikes around the world, it has also turned around its business to record profitability in the last 3 consecutive years. Having fulfilled the first criteria through the Group's continuous hard work and efforts, it has also been considering and evaluating its options to fulfil the market capitalisation criterion to exit the watch-list. On many accounts, market capitalisation is very much dependent on the prevailing market forces so much so that even corporate actions, if taken, do not guarantee success in achieving this. As such, the Group will adopt a holistic approach and will take into account all relevant factors and market conditions before making a decision for the benefit of shareholders. In the meantime, what the Group can do is to continue to focus and strive for profitability which it has managed to achieve in the last 3 financial years.

Query 2:

The Tuas building property was valued at S\$87 million based on the desktop valuation report done by Premas Valuers & Property Consultants Pte Ltd dated 30 March 2020. Are there any new valuation done since then?

Company's response to Query 2:

As at the date of this announcement, no new valuation has been conducted.

Query 3:

For the small size fast craft and lifeboat segment, the Group's strategy is to venture out into Thailand, Malaysia, Singapore and also Indonesia markets with BUKH engines. My impression was the Group would be in a favorable position to serve these relatively untapped markets.

- (i) Can the Group shed some lights on the performance relating to the BUKH engines in terms of revenue and profit achieved in FY2023?
- (ii) Would the numbers be captured under the Distribution segment?

Company's response to Query 3:

- (i) The Group has just embarked on this new brand, BUKH engines, it has yet to contribute to FY2023 revenue and profit.
- (ii) Yes, the sales of the BUKH engines will be captured under the Distribution segment.

Query 4:

The Group recognized a net foreign exchange loss of S\$1,756,000 and fair value loss on forex option structure of S\$148,000 in FY2023.

- (i) Are the 2 losses related to the same underlying FX exposure? Please provide details.
- (ii) Is the forex option structure providing effective hedging?
- (iii) Going forward, how does the Group plan to mitigate such significant FX volatility?

Company's response to Query 4:

- (i) The loss on forex option relates to exposure to Japanese Yen. As for the net foreign exchange loss, it mainly relates to exposure to weakening Malaysia Ringgit against Singapore Dollar and the weakening of Japanese Yen against Singapore Dollar. The foreign exchange loss is mainly unrealized.
- (ii) The forex option structure refers to a plain vanilla foreign exchange options for JPY/SGD. This serves as a partial hedge against the Group's Japanese Yen exposure.
- (iii) The Group will explore and monitor the foreign rate exposure closely and where applicable will enter into forward contract or forex option structure so as to mitigate the FX fluctuation.

For and on behalf of the Board

Tan Tin Yeow

Chairman and Managing Director

24 August 2023