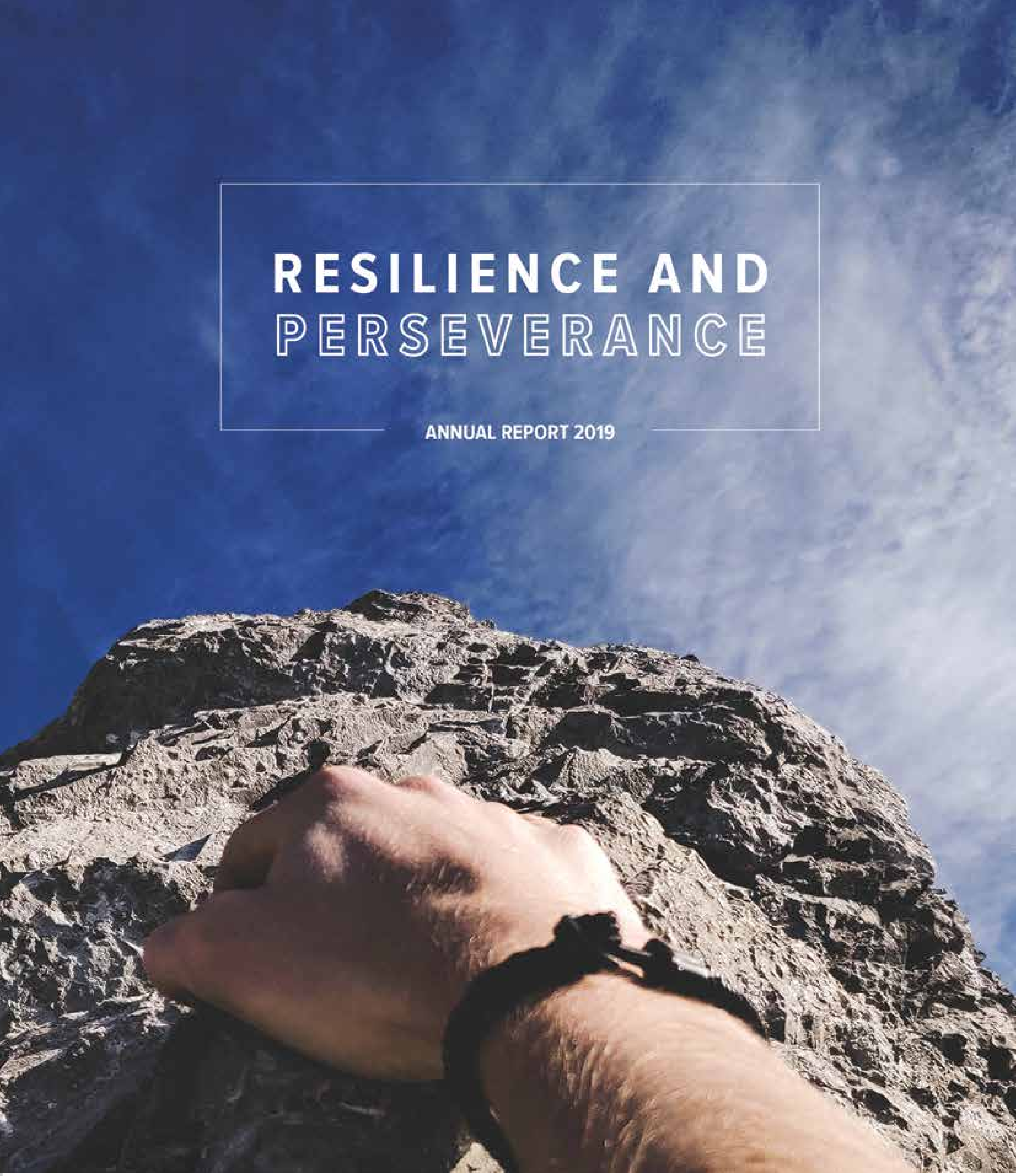
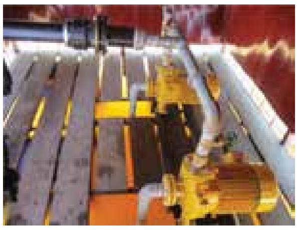
RESILIENCE AND PERSEVERANCE

ANNUAL REPORT 2019



XMH

CORPORATE
SOCIAL RESPONSIBILITY



The Group believes that an organisation’s success is not measured solely by its business achievements, but also the active role it plays in upholding good corporate practices and its ability to make positive impact on the society, economy and environment that it operates in. With this belief, the Group has:

- contributed to the 9th Tharman Shanmugaratnam Veteran Volleyball Championships charity sport event.
- donated to FaithActs.
- donated to Society for the Aged Sick.
- donated to the social welfare through UOB Chinese New Year Charity events namely the Business Times Budding Artists Fund.
- donated to VAT PHA-O Humanitarian Water Project.
- donated to Dompet Peduli Korban Kebakaran Sei Berombang.

The Group is committed to its Corporate Social Responsibility (“CSR”) efforts and will continue to implement CSR initiatives with consistency and determination because we believe that having a positive impact on social issues is not a “quick fix” project.

CONTENTS

CORPORATE *PROFILE*

XMH Holdings Ltd. ("XMH" or the "Group") began in 1955, as a small machinery repair and maintenance shop in Kitchener Road, and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 January 2011. With a history of over 60 years, XMH is a reputable and trusted name as a diesel engine, propulsion and power generating solutions provider to a diverse customer base in the marine and industrial sectors across Asia.

Over the years, the Group has expanded its primary product offerings to include distributorship, agency and dealership rights from prominent names such as Mitsubishi, Akasaka and Kamome (Japan), D-I and Doosan (South Korea), SOLÉ, Korsør, Reintjes, CENTA and Schneider (Europe), Niigata Power Systems (Japan), ABB (Switzerland), Logstrup and BUKH (Denmark), Siemens and MTU (Germany), Taiyo (Japan), SGP (India) and Logan (United States).

The Group continued to advance, scaling up the value-chain with the introduction of "AceGen", 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.

Subsequently, the Group successfully acquired **Mech-Power Generator Pte Ltd ("MPG")** and **Z-Power Automation Pte. Ltd. ("ZPA")** which diversified its primary business through added exposure to different markets and expanded its offering to include industrial and commercial applications.

With these acquisitions, **XMH's** business activities can be broadly categorised into:

1) Distribution and provision of value-added products and services;
2) After-sales services, trading and others; and
3) Projects, which comprise the assembly and installation of standby generator sets and provision of related services, and the design and manufacture of marine switchboards, remote control distributor system and marine automation products.

Mech-Power

Building Quality To Power The World

ZPA

MPG's history can be traced back to 1983 and it has grown to become a leading manufacturer in design, assembly, testing, installation, commissioning, sale and service of diesel powered generator sets in Singapore. **MPG** also supplies the power generation industry in the Asia Pacific region.

MPG's suite of services include the design and manufacture of:

- *Generator sets;*
- *Auto Mains Failure / Synchronising control panels and switchboards for emergency generators;*
- *Generator exhaust silencers for industrial / residential / critical applications;*
- *Steel skid base frames for generating sets;*
- *Intake and discharge acoustic attenuation ducts;*
- *Single / double layer steel day tanks from 1,000 litres and above;*
- *Bulk fuel oil storage tanks (single / double layer) constructed to BS EN 12285-1: 2003 standards;*
- *Fuel transfer systems;*
- *Weatherproof / soundproof outdoor enclosures acoustically treated from 60-85 dB; and*
- *Resistive load banks and RTG operator cabins; and supporting equipment, such as auto mains failure.*

In the pursuit of excellence and quality, **MPG** has achieved several key certifications including the ISO 9001-2008 (Quality Management System), the OHSAS 18001:2007 (Occupational Health & Safety Management Systems), and the BizSAFE Level 3 certification from the Workplace Safety and Health Council ("**WSH**") in Singapore.

ZPA is a world class integrator for power, control and system solutions which was incorporated in 2008. With over 45 years of field services, electrical engineering, technology development, **ZPA** has transformed its business from a local switchboard supplier to a leader of complete system integration with strong commercial success in both the marine and energy sectors globally. Through an array of in-house engineering capabilities, **ZPA** creates customised solutions to support its international clientele base across Asia, Australia, Europe and the Middle East. Dedicated to excellence, all **ZPA** products are manufactured to conform to international standards such as IEC and marine class certifications with ABS, Lloyds, GL, BV, DNV, NK and RMRS or as required. **ZPA**'s full suite of services include the design, engineering and manufacture of:

- *Switchboards;*
- *Distribution panels;*
- *Motor control centres;*
- *Shipboard cable installation;*
- *AMS / UMS alarm monitoring and control system for all type of vessels; and*
- *Other related automation works.*

ZPA Key product representations:

- *Logstrup licence panel builder for their IEC type tested modular switchgears and panels;*
- *ABB approved system integrator / builder for their liquid and air cooled Variable Frequency Drives (VFD);*
- *Schneider iPrisma IEC type approved switchboard and smart panels; and*
- *Siemens Technology Partner for their Sivacon S8 switchgears and panels.*

In the pursuit of excellence and quality, **ZPA** has achieved several key certifications, namely, ISO 9001-2008 (Quality Management System), ISO14001:2004 (Environmental Management System), OHSAS 18001:2007 (Quality & Safety Management System), BizSAFE Star (Level of excellent in WSH Management System), Circle of Excellence 2012 / 2013 (Offshore & Marine Industry) and Singapore Green Building Product Labelling Scheme 2016.

COMPANY ***VALUES***

Mission

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

Vision

To be Asia's most trusted partner in power solutions

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.

BELIEF IN PEOPLE

We believe our staff are capable of performing to expectations and have the potential to attain higher standards of excellence when nurtured.

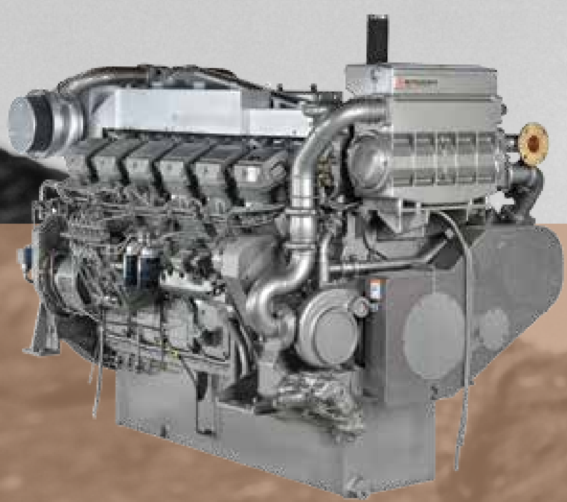
COMMITMENT TO RELIABILITY

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

RESOURCEFULNESS FOR THE RIGHT SOLUTION

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

STAYING
ON TRACK



Staying resilient and determined has continued to drive us forward amid challenging conditions. Looking ahead, we remain focused on developing our core capabilities, as we persevere to achieve sustainable growth that will deliver greater value for all stakeholders.

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 partnership – Meng Wah Machinery Work.

1980s

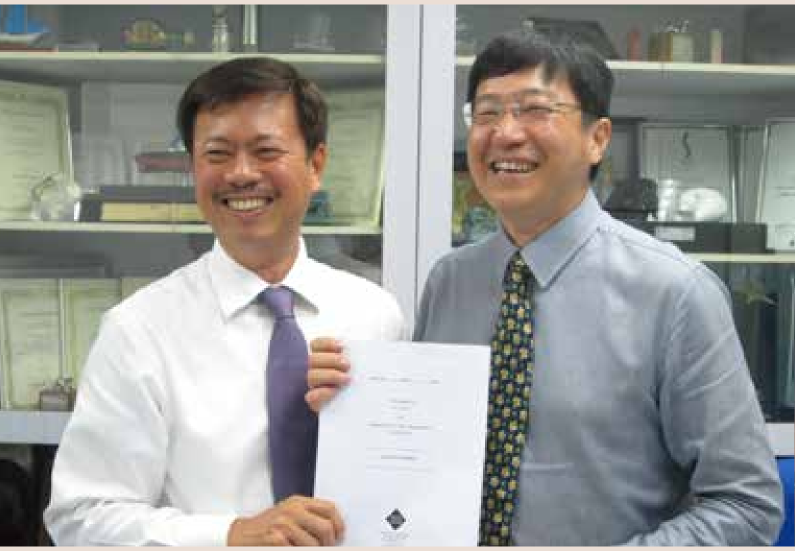
- Became one of the leading suppliers of used industrial and marine diesel engines and related machinery manufactured in Japan.

1990s

- Incorporated Xin Ming Hua Pte Ltd on 31 January 1991 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 SOLÉ brand of marine diesel engines and its genuine spares for certain regions in 1998.

2000s

- Progressively secured more distribution rights for products including Akasaka, Hyundai, Doosan, Korsør, Reintjes, D-I and CENTA 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 office in 2006 to support marketing activities in China.
- 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., MHI Engine System Asia Pte Ltd and Xin Ming Hua Pte Ltd on 19 January 2010.
- Listed 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.
- Set up PT Xin Ming Hua Engine in 2012 to provide after-sales support and to have close proximity and to better serve our customers in Indonesia.
- 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.
- Acquired and successfully integrated Mech-Power Generator Pte Ltd and its subsidiary into the enlarged Group on 7 September 2013.
- Welcomed Credence Capital Fund II as our first major institutional and substantial shareholder.
- Breakthrough into Vietnam with orders for generator sets.
- Acquired 80% shareholdings of Z-Power Automation Pte. Ltd. into the enlarged Group on 4 March 2015.
- Accredited with prestigious ABB Value Provider Certification in June 2015.
- Moved into new office building at Tuas Crescent.
- Completed 4:1 share consolidation exercise on 22 February 2016.
- Set up new outlet under PT Xin Ming Hua Engine on 8 June 2016 in Surabaya, Indonesia.
- Entered into a non-binding memorandum of understanding with Myanmar MarcoPolo Co., Ltd. in relation to the incorporation of a joint venture company in Myanmar.
- Closed down China (Shanghai) overseas office in March 2017.
- Set up new outlet under PT Xin Ming Hua Engine on 8 January 2018 in Samarinda, Indonesia.
- Incorporation of Vivo Power Myanmar Company Limited in Myanmar in February 2018.
- Disposal of shares in Z-Power Automation (Vietnam) Co., Ltd. in February 2018.
- Struck off of wholly-owned subsidiary, AceGen Pte. Ltd. in February 2018.

CHAIRMAN'S **MESSAGE**

As global uncertainties loom over market outlook, we will continue to leverage on our brand value and capabilities and stay vigilant for potential business opportunities. We will continue to improve the operational efficiency to achieve better financial performance.

MR. TAN TIN YEOW
Chairman and
Managing Director

Dear Shareholders,

On behalf of the Board of Directors of XMH Holdings Ltd. ("XMH" or together with its subsidiary corporations, collectively referred to as the "Group"), I am pleased to present to you our annual report for the financial year ended 30 April 2019 ("FY2019").

OVERVIEW

With impending International Maritime Organisation (IMO) rules and trade-related uncertainties, the offshore and marine industry remained challenging in FY2019. Despite the general weak sentiment, Indonesia's marine sector stayed resilient, supported by vessel demand for coal transportation and fishing. Whereas, our engine distribution in Vietnam remained sluggish, following a slowdown in Vietnam's fishing market. In Singapore, we saw stable demand for our industrial and data centre generator sets but our control and system solutions continued to feel the impact of the prolonged downturn in offshore industry as well as stiff competition.

FINANCIAL HIGHLIGHTS

Overall, the revenue increased by 6.7% to S$77.7 million as compared to that of FY2018. The higher revenue was attributable to the persistent efforts of all at XMH. However, the competition in the market did weigh on gross margin, leading to a 4.1% decline in gross profit to S$17.0 million for FY2019. Despite the higher revenue in FY2019, we need to work harder to expand revenue streams and improve cost efficiency in order to return to profitability, especially when there is no indication of a strong market recovery on the horizon.

CORE CAPABILITIES

In FY2019, our engine distribution business experienced increased enquiries for new-build tug boats brought about by the extended higher coal price and rising transportation demand. Most enquiries from late FY2018 and first half of FY2019 were converted to orders in second half of FY2019.

In Singapore and the rest of the Asia Pacific region, we serve an extensive client base in the power generation industry. Our products and services for industrial use and data centre in the past few years helped establish a good presence in Singapore. In FY2019, we completed several data centre projects, and a large utility project secured in FY2018 also contributed to a rise in revenue from this segment.

IMPROVING OPERATIONAL EFFICIENCY

We achieved leaner operating profile in FY2019. In Indonesia, we expanded our staff strength to provide prompt and more efficient after sales service to local customers. Our distribution expenses and administrative expenses decreased in FY2018 and fell further by 1.8% and 0.7% respectively in FY2019 while revenue grew. A leaner operating structure and higher cost efficiency are vital to an organization in tough times. We will continue to review and refine the structure in line with our strategy of the businesses in the region.

In FY2019, our engine distribution business experienced increased enquiries for new-build tug boats brought about by the extended higher coal price and rising transportation demand.

CHAIRMAN'S *MESSAGE*

We expect more fishing activities to support the demand for vessel engines for our engine distribution business.

OUTLOOK AND STRATEGY

While slower global economy growth and muted offshore marine industry could weigh on confidence levels, our engine distribution business, especially in Indonesia, is slowly picking up. The demand for our power generating solutions is expected to remain stable, in view of the steady growth in demand for data storage and cloud platform. Apart from data centre, commercial and public sector could also see new enquiries and demand of products and services. On the other hand, demand for our control and system solutions, is poised to face stiff onshore market competition.

To overcome the challenges, we will continue to keep a keen eye on growth opportunities and diversify our revenue streams. We expect more fishing activities to support the demand for vessel engines for our engine distribution business. With a focus on the tug and barge sector as well as the fishing industry, we will expand and strengthen our after-sales service capability and enhance revenue. For our Project business, we will leverage, on our expertise as a one stop solution provider, we will build up our strength and efficiency in designing, manufacturing, delivering and installing tailor-made products at competitive prices. By expanding the service team, the revenue stream could be bolstered by our increasing focus on expansion of the maintenance and after sales refurbishment business that generate regular income.

A NOTE OF APPRECIATION

On behalf of the management team, we would like to extend our gratitude to the Board of Directors for their insight and advice. I would also like to welcome Mr. Khoo Song Koon who joined as a board director with effect from 26 June 2019. Meanwhile, as Mr. Chan Heng Toong is going to retire from the board, we would like to thank his services and contributions to our Group in the past few years.

I would like to thank my colleagues, staff and advisors for their understanding and persistent efforts over the past few years. To our business partners, associates, customers and suppliers, your unwavering support to the Group has been extremely reassuring and we hope that we continue to build on these bonds.

Lastly, our sincere gratitude goes to our shareholders for your support and trust in the Group. It is with your trust and support that we build the business through ups and downs. We will continue to work hard to strengthen our business and build a more resilient and enhanced XMH.

MR. TAN TIN YEOW
Chairman and Managing Director

PRODUCTS WE CARRY:

PURSUING OPPORTUNITIES

IN THE MIDST OF CHALLENGES

OPERATIONS AND
FINANCIAL REVIEW

Financial Performance

For the financial year ended 30 April 2019 ("FY2019"), the Group posted revenue of S$77.7 million, an increase of 6.7% or S$4.9 million compared to that of FY2018. The increase was attributable to the higher revenue from both Distribution and Projects businesses, which increased by S$2.9 million and S$1.9 million respectively, compared to those of FY2018.

The Group's gross profit decreased by approximately S$0.8 million or 4.1% to S$17.0 million in FY2019 compared to that of FY2018. Gross profit margin declined from 24.4% in FY2018 to 21.9% in FY2019, as competition and some cost overrun squeezed the gross margin of Projects business. This was partially offset by better margin achieved from Distribution business in FY2019.

Other income increased by about S$0.6 million to S$3.7 million in FY2019, mainly due to (1) a one-off charge to a customer for temporary use of generators, cables and storage of generators due to the customer's project extension, (2) write-back of allowance for receivables, (3) government grants and rebates and (4) other miscellaneous income and higher gain on disposal of property, plant and equipment.

The increase was partially offset by the decrease in rental income and the decrease in forfeit deposits from customers in FY2019 as compared to FY2018.

Expenses

Distribution expenses decreased by 1.8% year-on-year to S$5.8 million for FY2019, as the allowance for receivables and contract assets and bad debt written-off decreased as compared to FY2018. Bank charges also decreased.

Net finance costs were approximately S$0.9 million for FY2019 as compared to S$1.4 million for FY2018, as there was a net foreign exchange loss of S$0.3 million for FY2018 as compared to a net foreign exchange gain of approximately S$0.5 million for FY2019.

Overall, the Group reported a net loss attributable to owners of the company of S$3.3 million for FY2019, narrowing from the loss of S$3.5 million for FY2018.

Financial Position

Total assets decreased by S$3.7 million from 30 April 2018 to S$152.2 million as at 30 April 2019. Property, plant and equipment decreased by approximately S$4.6 million, mainly due to depreciation charge during the financial year. Intangible assets decreased by S$0.7 million to S$10.4 million as at 30 April 2019, due mainly to amortisation charge during the financial year. Trade and other receivables increased by approximately S$0.1 million to S$14.6 million as at 30 April 2019, mainly due to an increase in bills receivables and prepayments. Inventories increased by approximately S$2.0 million to S$27.5 million, to cater for anticipated market demand. The Group continues to maintain high standards of inventory control management and conduct regular assessments of its inventory needs relevant to its project planning. As of 30 April 2019, the Group had cash and short-term deposits of S$23.6 million, compared to S$24.0 million a year earlier.

Total liabilities increased by S$1.3 million from 30 April 2018 to S$94.5 million as at 30 April 2019. Trade and other payables increased by S$4.4 million to S$23.3 million, mainly due to an increase in trade bills payable. Loans and borrowings stood at approximately S$70.5 million as at 30 April 2019, a decrease of approximately S$3.3 million from 30 April 2018. This was mainly due to the repayment of short-term loans, offset partially by an increase in drawdown of term loans.

Total equity attributable to owners of the Group decreased from S$61.4 million as at 30 April 2018 to S$57.1 million as at 30 April 2019.

The Group's net assets value per ordinary share was 52.24 Singapore cents as at 30 April 2019, compared to 55.21 Singapore cents as at 30 April 2018.

OPERATIONS AND
FINANCIAL REVIEW

Statement of Cash Flow

Net cash generated from the Group's operating activities was S$4.9 million for FY2019 as compared to S$0.5 million for FY2018. This was due to decreased payment to trade suppliers and lower increase in contract assets as a result of projects completed and delivered. The increase was partially offset by an increase in inventories and trade and other receivables.

The Group used approximately S$8.2 million in investing activities for FY2019. The increase of approximately S$7.7 million from S$0.5 million was due to structured deposits placement in FY2019.

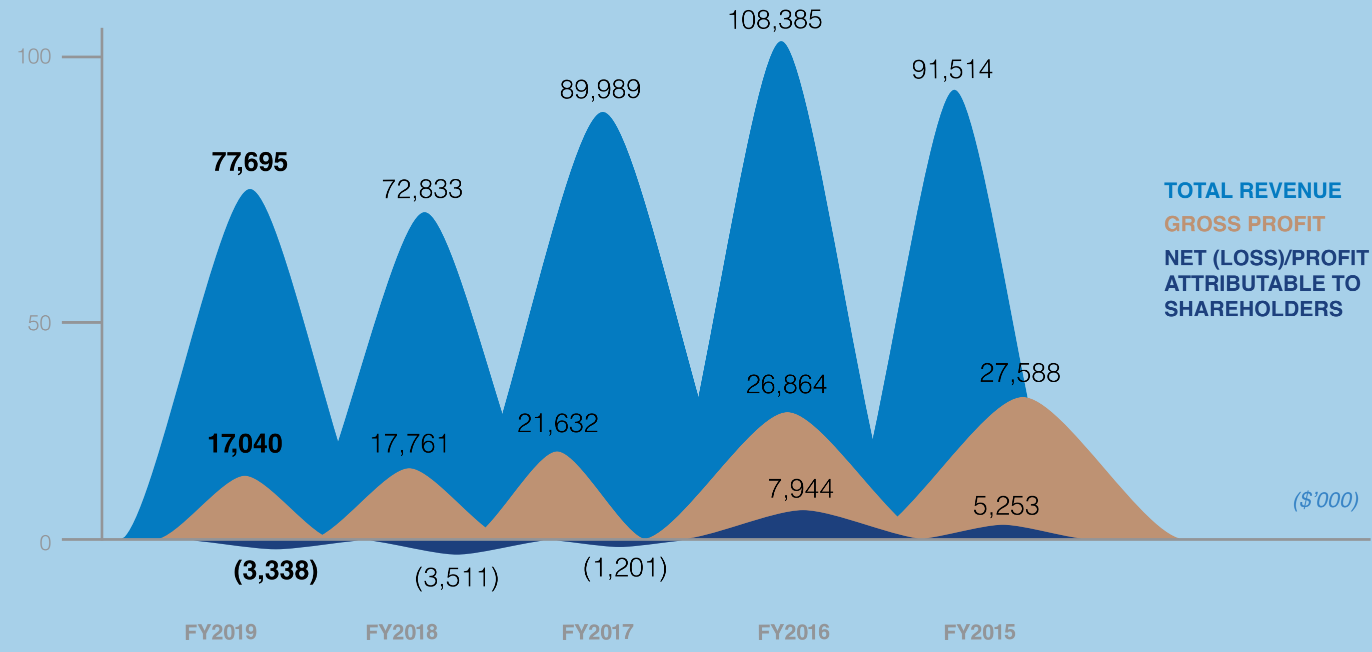
The cash used in financing activities was approximately S$5.4 million as compared to S$0.7 million in prior year. This was mainly due to net settlement of short-term revolving credits, offset partially by drawdown of term loan and capital injection from non-controlling interest in FY2019.

Order Book

The order book stood at approximately S$42.9 million as at 23 July 2019. The Group's order book includes the orders won by Xin Ming Hua Pte Ltd, MPG and ZPA.

The Group will strive to enhance its financial position and grow its order book through increased efforts in growing onshore business and exploring cross-sector opportunities in regional markets.

FINANCIAL
HIGHLIGHTS



IN $'000	FY2019	FY2018 (Restated)[2]	FY2017 (Restated)[2]	FY2016	FY2015
REVENUE BY GEOGRAPHICAL					
Singapore	40,744	40,026	50,230	66,169	48,509
Indonesia	26,569	15,491	13,222	10,007	30,112
Vietnam	3,673	8,739	21,965	18,730	7,102
Other Countries	6,709	8,577	4,572	13,479	5,791
REVENUE BY BUSINESS					
Distribution	27,202	24,326	32,505	27,309	34,054
After-Sales Services	7,406	7,331	6,216	6,617	9,135
Projects	43,087	41,176	51,268	74,459	48,325
FINANCIAL POSITION					
Total Assets	152,245	155,936	167,179	182,886	154,895
Total Liabilities	94,510	93,196	99,141	110,698	94,526
Shareholders' Funds	57,089	61,438	66,250	69,473	57,615
Cash and Short-Term Deposits	23,552	24,001	25,618	12,843	24,698
PERFORMANCE INDICATORS					
(Loss)/Earnings per Share (cents)	(3.04)	(3.16)	(1.08)	7.19	4.85[1]
Net Asset Value per Share (cents)	52.24	55.21	59.53	62.43	53.09[1]

(1) *On 22 February 2016, the Company completed a share consolidation for every four existing issued ordinary shares of the Company into one ordinary share. Earnings per share and net asset value per share for the comparative periods have been adjusted for the effects of the share consolidation.*

(2) *Restatement upon adoption of SFRS(I) 15.*

BOARD OF **DIRECTORS**

1.

2.

3.

4.

5.

6.

1.
Mr. Tan Tin Yeow
Chairman and Managing Director

Mr. Tan was appointed as Chairman and CEO on 29 October 2010. He was re-designated as Chairman and Managing Director on 8 September 2016. He bears overall responsibility for the Group as well as strategy formulation, corporate planning, business development and potential acquisition. He was also responsible for establishing the distribution arm and securing the exclusive distributorships for the Group.

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.

2.
Ms. Tan Guat Lian
Executive Director

Ms. Tan was appointed as Executive Director (Human Resource & Administration) on 29 October 2010. She has overall responsibility in managing and overseeing 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 IT departments. She has more than 20 years of relevant experience in the Administrative and Human Resource.

3.
Mr. Hong Pian Tee
Lead Independent Director

Mr. Hong was appointed as an 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 Sinarmas Land Limited and Yanlord Land Group Limited., both companies listed on the mainboard of the Official List 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 several mainboard listed companies viz, Asia Food & Properties Limited (now known as Sinarmas Land Limited), Golden Agri-Resources Ltd, Sin Ghee Huat Corporation Ltd. and Memstar Technology Ltd., and an independent director of AsiaPhos Limited, a company listed on the Catalist Board of SGX-ST.

4.
Mr. Chan Heng Toong
Independent Director

Mr. Chan was appointed as an Independent Director on 29 October 2010. He retired from Banking in February 2013, after 33 years in the corporate and investment banking. Currently, he is also independent director of Singapore O&G Ltd, which is listed on the Catalist Board of SGX-ST.

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).

5.
Mr. Ng Sey Ming
Independent Director

Mr. Ng was appointed as an Independent Director on 29 October 2010. He is currently a partner in the Banking & Finance Practice Group in Rajah & Tann Singapore LLP ("R&T") and a partner in Christopher & Lee Ong, a member of the R&T Asia network of law firms. He is also an independent director of Hong Leong Asia Ltd., a company listed on the SGX-ST. He previously held independent directorships in Hiap Tong Corporation Ltd. and Gaylin Holdings Limited.

After being admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 2000, Mr. Ng commenced his legal practice in Rajah & Tann Singapore LLP and was made a partner 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.

6.
Mr. Khoo Song Koon
Independent Director

Mr. Khoo was appointed as an Independent Director on 26 June 2019. He is currently an executive director in the JKhoo Consultancy Pte. Ltd. He is also an independent director of Nippecraft Limited and Resources Prima Group Limited, which are listed on the Catalist Board of SGX-ST.

Mr. Khoo is currently a member of the Institute of Singapore Chartered Accountants, Certified Public Accountants of Australia and an Associate of the Singapore Institute of Directors.

SENIOR ***MANAGEMENT***

Mr. Tan Leong Kim
Chief Financial Officer

Mr. Tan joined the company as Chief Financial Officer on 11 July 2016.

Mr. Tan is responsible for all the Group's financial and corporate functions including corporate finance, financial reporting, treasury management, taxation, compliance, investor relations and IT.

Mr. Tan has more than 15 years of experience in corporate finance as well as tax and treasury management. Prior to joining the Group, Mr. Tan has held senior executive positions such as Senior Vice President Business and Corporate Controller SEA and Chief Financial Officer, ASEAN of Tat Hong Holdings Ltd. ("Tat Hong"). Before Tat Hong, Mr. Tan was an auditor with KPMG.

Mr. Tan is a graduate of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Mr. Phua Tiang Soon
Operations Director

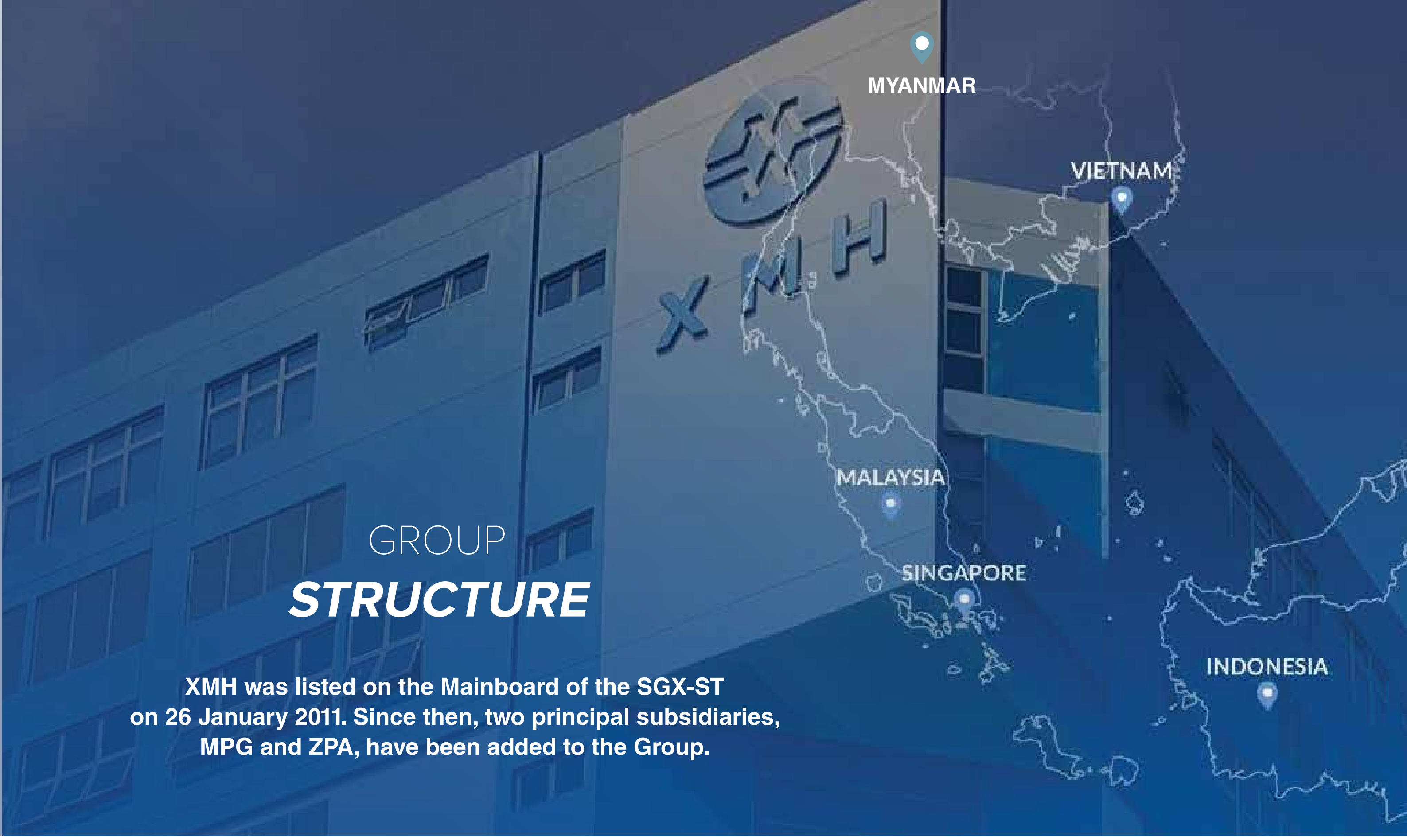
Mr. Phua joined the company on 4 December 2013 and is responsible for the overall Group's operations, overseeing the procurement, purchasing, production, engineering, and warehousing along with logistics functions. He was with Credence Partners as Vice President, Investment (Portfolio Operations) prior to joining the Group.

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 include General Manager of Celestica Electronics Shanghai Ltd. (formally 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. Ong Siok Ling (Wang Shuling)
Administrative Manager

Ms. Ong was appointed as Assistant Administrative Manager on 29 October 2010 and promoted to Administrative Manager on 1 August 2011. She is responsible for overseeing the export department, which handles the Group's shipping documentation and supports 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.



GROUP **STRUCTURE**

XMH was listed on the Mainboard of the SGX-ST on 26 January 2011. Since then, two principal subsidiaries, MPG and ZPA, have been added to the Group.

100%

Xin Ming Hua Pte Ltd
(Singapore, 1991)

100%

XMH Engineering Pte. Ltd.
(Singapore, 2007)

50%

Vivo Power Myanmar Company Limited
(Myanmar, 2018)

100%

PT Xin Ming Hua Engine
(Indonesia, 2012)

100%

Mech-Power Generator Pte Ltd
(Singapore, 1983)

100%

Mech Power Generator Sdn. Bhd.
(Malaysia, 1992)

80%

Z-Power Automation Pte. Ltd.
(Singapore, 2008)

CORPORATE *INFORMATION*

BOARD OF DIRECTORS

Mr. Tan Tin Yeow
(Chairman and Managing Director)

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)

Mr. Khoo Song Koon
(Independent Director, Non-Executive)
(Appointed on 26 June 2019)

COMPANY SECRETARY

Mr. Seah Hai Yang *(ISCA & SID)*
(Appointed on 11 March 2019)

REGISTERED OFFICE

55 Tuas Crescent, #07-01,
Singapore 638743
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.)
80 Robinson Road, #02-00,
Singapore 068898

INDEPENDENT AUDITORS

Ernst & Young LLP
Public Accountants and
Chartered Accountants Singapore
One Raffles Quay, North Tower, Level 18,
Singapore 048583

Partner-in-charge
Ms. Ho Shyan Yan
(Since financial year ended 30 April 2015)

PRINCIPAL BANKERS

DBS Bank Ltd.
12 Marina Boulevard, Level 43, DBS Asia Central
@ Marina Bay Financial Centre Tower 3,
Singapore 018982

United Overseas Bank Limited
80 Raffles Place,
#11-00 UOB Plaza 1,
Singapore 048624

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay,
#07-01 HSBC Building,
Singapore 049320

Standard Chartered Bank
8 Marina Boulevard, Level 29
@ Marina Bay Financial Centre Tower 1,
Singapore 018981

INVESTOR RELATIONS CONSULTANT

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

CORPORATE GOVERNANCE
REPORT

The Board of Directors ("**Board**" or "**Directors**") of XMH Holdings Ltd. ("**Company**") is committed to the highest standard of corporate governance throughout the Company and its subsidiaries ("**Group**") and has always recognised the importance of good governance to enhance corporate performance, accountability, shareholders' value and protection of stakeholders' interests as well as financial performance of the Group. Throughout the financial year ended 30 April 2019 ("**FY2019**"), the Company has complied substantially with the principles and guidelines of the Code of Corporate Governance 2012 ("**Code**").

This report sets out the Company's corporate governance practices and structures that were in place throughout and/or during the financial year or which will be implemented and where appropriate, we have provided explanations for deviations from the Code. The new code of Code of Corporate Governance 2018 was issued on 6 August 2018 ("**Revised Code**"), and will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code will not affect the Company's latest financial year ended 30 April 2019, and accordingly, the Group will only make reference to the Code in reviewing and implementing its corporate governance structures and practices.

The Board confirms that the Group has complied substantially with the principles and guidelines of the Code for FY2019. Where there are deviations from the Code, appropriate explanations have been provided.

(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 oversees the business and corporate affairs of the Group. The principle functions of the Board are:

- protecting and enhancing long-term value and return to shareholders of the Company ("**Shareholders**") and other stakeholders;
- providing leadership and guidance on corporate strategy, business directions, risk management policy and implementation of corporate objectives, as well as taking into consideration sustainability issues;
- establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
- ensuring the effectiveness and integrity of Management;
- setting the Group's values and standards;
- identifying key stakeholder groups and recognising that their perceptions affect the Group's reputation;
- monitoring Management's achievement of the Group's 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;
- overseeing the long-term succession planning for senior Management;

CORPORATE GOVERNANCE **REPORT**

- ensuring the Group's compliance with all relevant and applicable laws, regulations, policies, directives and guidelines; and

- assuming responsibility for the corporate governance of the Group.

The Board objectively discharges its 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**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, "**Board Committees**"). Further information and details on each of the Board Committees are set out below. 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 still 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 and effectiveness.

Formal Board meetings are held at least four (4) times a year to approve the quarterly and full year results announcements and to oversee the business affairs of the Group. Board meetings are planned in advance on a yearly basis. This enables the Board to meet on a regular basis without interfering with the Company's operations. The Board may request for further clarification and information from Management on all matters within its purview. Ad-hoc meetings are convened as and when circumstances require. The Company's Constitution provides for meetings of the Board to be conducted by way of telephone conference or other methods of simultaneous communications by electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The table below sets out the number of Board and Board Committee meetings held during FY2019 and the attendance of each Director at these meetings:

	Board		AC		NC		RC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr. Tan Tin Yeow	4	4	4	4*	2	2	2	2*
Ms. Tan Guat Lian	4	4	4	4*	2	2*	2	2*
Mr. Hong Pian Tee	4	4	4	4	2	2	2	2
Mr. Chan Heng Toong	4	4	4	4	2	2	2	2
Mr. Ng Sey Ming	4	4	4	4	2	2	2	2
Mr. Khoo Song Koon#	1	1*	1	1*	1	1*	1	1*

* By invitation
# Mr. Khoo Song Koon was appointed as Independent Director of the Company on 26 June 2019.

Directors who are unable to attend a Board meeting are provided with the briefing materials and can discuss issues relating to the matters to be discussed at the Board Meeting with the Chairman or the Managing Director ("**MD**") (defined below).

CORPORATE GOVERNANCE
REPORT

The Board had adopted a set of internal guidelines setting forth matters that require the Board's approval. Matters which are specifically reserved for the full Board's decision and approval, include, amongst others, matters which involve a conflict of interest of a substantial Shareholder or a Director or persons connected to such Shareholder or 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 on changes to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") listing rules ("**Listing Rules**"), risk management, corporate governance, insider trading and key changes in the relevant regulatory requirements, financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as members of the Board or the Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are regularly circulated to the Board. The Company Secretary regularly informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

A formal letter of appointment will be furnished to every newly-appointed Director upon their appointment explaining, amongst others, their roles, obligations, duties and responsibilities as a member of the Board. Newly-appointed Directors receive appropriate training in areas such as accounting, legal and industry-specific training, if required. Appropriate briefings and orientations will be arranged for newly-appointed Directors to acquaint them with background information on the Group's history, mission and values, its business operations, strategic directions, corporate governance practices, key business risks, as well as their duties and responsibilities as a Director. 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 Board values ongoing professional development and recognizes that it is important that all Directors receive regular training so as to be able to serve effectively on, and contribute to, the Board. The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their 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 also 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 the discharge of their duties. The Directors also receive, on a regular basis, reading materials on topical matters or subjects and regulatory updates and their implications.

The Management also regularly updates the Directors on the business activities of the Company and the Group during Board meetings.

CORPORATE GOVERNANCE
REPORT

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, four (4) of whom are Independent Directors (including the Chairman of the various Board Committees) and they are able to exercise objective judgment on corporate affairs independently from the Management. As at the date of this report, the composition of the Board and the Board Committees are as follows:

Name of Directors	Board	AC	NC	RC
Mr. Tan Tin Yeow	Chairman and MD	–	Member	–
Ms. Tan Guat Lian	Executive Director	–	–	–
Mr. Hong Pian Tee	Lead Independent Non-Executive Director	Chairman	Member	Member
Mr. Chan Heng Toong	Independent Non-Executive Director	Member	Chairman	Member
Mr. Ng Sey Ming	Independent Non-Executive Director	Member	Member	Chairman
Mr. Khoo Song Koon#	Independent Non-Executive Director	–	–	–

Mr. Khoo Song Koon was appointed as Independent Director of the Company on 26 June 2019.

There is presently a strong and independent element on the Board. As the Chairman and MD is not an independent director, the Company has four (4) Independent Directors and is in compliance with the Guideline 2.2 of the Code that at least half of the Board should be made up of Independent Directors.

Independent Directors

The NC considers an "independent" Director as one who has no relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgment in carrying out the functions as an independent director with a view to the best interests of the Company. The criterion of independence is based on the definition set out in the Code. The NC may obtain confirmation from the Independent Directors that he/she is not involved in any of the relationships and/or circumstances as provided for in Guideline 2.3 of the Code.

The independence of a Director will be reviewed at least once annually and the NC has reviewed, determined and confirmed the independence of each of the Independent Directors.

As at the end of the financial year, FY2019, there is no Independent Director who has served on the board beyond nine (9) years from the date of his first appointment. The Company is cognisant of the need to progressively refresh the Board and will take this into consideration in its review of Board composition.

The NC reviews the size of the Board on an annual basis to ensure that it has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. In respect of FY2019, the NC considers the present Board size to be appropriate for the current scope and nature of the Group's operations and the requirements of the business. As Independent Directors make up more than half of the Board, no individual group is able to dominate the Board's decision-making process.

CORPORATE GOVERNANCE
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A description of the background of each Director, including directorships they presently hold and those held over the preceding three (3) years in other listed companies and other principal commitments, is presented on pages 28 to 29 of this Annual Report. Each Director has been appointed on the strength of his calibre, experience and stature. Each Director is expected to bring valuable range of experience and expertise to contribute to the development of the Group's strategy and the performance of its business. 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, all of which are relevant to the Group.

Independent Directors do not exercise any 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 the 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, in reviewing the performance of Management in meeting agreed goals and objectives, and in monitoring the reporting of performance. The NC considers its Independent Directors to be of sufficient calibre and their views to be of sufficient weight such that no individual or small group of individuals is able to dominate the Board's decision-making process. The Board has also appointed Mr. Hong Pian Tee as its Lead Independent Director.

Chairman and Managing Director

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 MD. He was re-designated from Chairman and Chief Executive Officer ("**CEO**") to Chairman and MD with effect from 8 September 2016. There is no change in Mr. Tan Tin Yeow's duties and responsibilities in the Group. The Group believes that a single leadership structure will facilitate the decision-making process in relation to business opportunities and operational matters. The Board is of the opinion that it is not necessary to separate the two (2) roles after taking into consideration the size and capabilities of the Board, and the size and operations of the Group.

The Chairman and MD 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 MD ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Directors. The Chairman and MD 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 MD also ensures that the management staff 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. The Chairman and MD promotes active engagement and an open dialogue amongst the Directors as well as between the Board and Management. He also encourages constructive relations between Board and Management, and between the Executive and Independent Directors. At the Annual General Meeting ("**AGM**") and other shareholders' meetings, the Chairman and MD ensures constructive dialogue between Shareholders, the Board and Management. The Chairman and MD takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretary and Management.

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 as the Lead Independent Director. Mr. Hong Pian Tee is available to Shareholders where they have concerns and in circumstances where contact through the normal channel of the Chairman and MD or the Chief Financial Officer ("**CFO**") has failed to resolve their concerns or for which such contact is inappropriate.

CORPORATE GOVERNANCE **REPORT**

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:

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

The NC comprises four (4) directors, a majority of whom are Independent Directors. The Chairman of the NC is an Independent Director who is neither a substantial shareholder of the Company, nor directly associated with a substantial shareholder of the Company.

The NC is scheduled to meet at least once a year and at such other times as may be necessary. In respect of FY2019, two (2) NC meetings were held. The purpose of the meeting was primarily for the review of the overall performance of the Board, Board Committees and the assessment of individual Directors in terms of their role and responsibilities and to confirm matters regarding the re-election of Directors at the forthcoming AGM.

The terms of reference set out clearly the principal responsibilities of the NC which include, amongst others:

- 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 Constitution of the Company;
- determining the independence of Directors annually;
- procuring that at least half of the Board shall comprise Independent Directors;
- reviewing training and professional development programmes for the Board; 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 members 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 for 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 the NC in the search process. Interviews will be set up with potential candidates for NC members to assess them before a decision is reached. Other important issues considered in the NC's nomination and selection process for new Directors include composition and progressive renewal of the Board.

In its deliberations on the re-election and re-appointment of existing Directors, the NC takes into consideration the relevant Director's competency, commitment, contribution and performance (including, if applicable, his/her 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 input and 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. Other important issues considered in the NC's deliberations on the re-election and re-appointment of existing Directors include composition of and progressive renewal of the Board.

CORPORATE GOVERNANCE REPORT

Based on its review, 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 Code recommends that all Directors should be required to submit themselves for re-nomination and re-election at regular intervals. In this regards, the Constitution provides as follows:-

Regulation 89 provides that at each AGM, one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to but not less than one-third (1/3), shall retire from office by rotation, provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three (3) years.

With effect from 1 January 2019, Listing Rule 720(5) of the SGX-ST requires all directors of an issuer to submit themselves for re-nomination and re-appointment at least once every three years. In this respect, Mr. Tan Tin Yeow, the Managing Director of the Company shall retire at the forthcoming AGM pursuant to the Listing Rule 720(5) of the SGX-ST.

On 26 June 2019, Mr. Khoo Song Koon was appointed as an Independent Director of the Company. Pursuant to Regulation 88, any person so appointed by the Directors shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Mr. Khoo Song Koon and Mr. Tan Tin Yeow have consented for re-appointment following their retirement at the forthcoming AGM. Mr. Chan Heng Toong has informed the Board that he will be retiring as a director at the forthcoming AGM and will not be seeking re-appointment. The Board has, with regret, accepted Mr. Chan Heng Toong's decision and records its appreciation to Mr. Chan Heng Toong for his efforts and contributions during his tenure as a Director of the Company.

The NC has reviewed and is satisfied that Mr. Khoo Song Koon and Mr. Tan Tin Yeow, being the Directors who are retiring at the forthcoming AGM, are properly qualified for re-appointment by virtue of their skills, experience and contributions. The NC has recommended to the Board that Mr. Khoo Song Koon and Mr. Tan Tin Yeow be nominated for re-election at the forthcoming AGM pursuant to Regulation 88 and Regulation 89 of the Constitution of the Company respectively. The Board has accepted the NC's recommendation. Details of the Directors seeking re-election are found in Table A set out on pages 44 to 45 of this Annual Report.

Mr. Tan Tin Yeow and Mr. Chan Heng Toong, being the member and chairman of the NC respectively, have abstained from deliberation on the matter regarding their individual retirement and re-election as a Director at the NC meeting.

Save for Mr. Tan Tin Yeow as disclosed in this Annual Report, the Directors due for re-election at the forthcoming AGM have no relationship (including immediate family relationship) with the other Directors, the Company or its substantial shareholders.

The NC has considered and taken the view that it would not be appropriate at this juncture to set a limit on the number of listed directorships that a Director may hold. This is because the organisations in which they hold appointments and the Board Committees on which they serve are of different complexities and nature. The NC determines annually whether each Director with multiple board representations and principal commitments outside of the Group is able to and has been adequately carrying out his or her duties as a Director. The NC also takes into account the attendance of the Directors at Board or Board Committee meetings, results of the assessment of the effectiveness of the Board as a whole, the Board Committees, and the respective Director's actual conduct on the Board and its Board Committees, in making its determination.

CORPORATE GOVERNANCE
REPORT

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. As such, the NC is of the view that there is no present need to implement internal guidelines to address competing time commitments. This matter is also reviewed by the NC on an annual basis.

There is no alternate director being appointed to the Board.

The key information regarding Directors such as their academic and professional qualifications, Board Committees they have served on, directorships or chairmanships both present and past held over the preceding three (3) years in other listed companies and other major appointments, whether the appointment is executive or non-executive, is set out below. Information on the shareholdings of the Directors in the Company and its subsidiaries can be found on pages 46 to 51 of this Annual Report.

Mr. Tan Tin Yeow
Chairman and Managing Director

Mr. Tan was appointed as Chairman and CEO on 29 October 2010. Mr. Tan's date of last re-election was 28 August 2015. He was re-designated as Chairman and MD on 8 September 2016. He serves as Chairman of the Board and as a member of the NC.

Mr. Tan's highest academic qualification is the Singapore Cambridge General Certificate of Education Ordinary Level Examination. Mr. Tan has not held any directorships or chairmanships in other listed companies in the preceding three (3) years.

Ms. Tan Guat Lian
Executive Director

Ms. Tan was appointed as an Executive Director on 29 October 2010 and is in charge of the Human Resource & Administration function. She was last re-elected as a director on 25 August 2017.

Ms. Tan has a diploma in Human Resource Management from PSB Academy. Ms. Tan has not held any directorships or chairmanships in the preceding three (3) years in other listed companies.

Mr. Hong Pian Tee
Lead Independent Director

Mr. Hong was appointed as an Independent Director on 29 October 2010 and was last re-elected as a director on 23 August 2018. Mr. Hong serves as the Chairman of the AC and as a member of the Board, NC and RC.

Mr. Hong was a partner of PriceWaterhouseCoopers LLP from 1985 to 1999. Mr. Hong is currently an independent director of Sinarmas Land Limited and Yanlord Land Group Limited, which are listed on the Mainboard of the Official List of the SGX-ST. He is a Director of Pei Hwa Foundation Ltd. Within the past three (3) years, Mr. Hong previously held directorships in Golden Agri-Resources Ltd and Memstar Technology Ltd, both Mainboard listed companies and AsiaPhos Limited, a company listed on the Catalist Board of SGX-ST.

Mr. Chan Heng Toong
Independent Director

Mr. Chan was appointed as an Independent Director on 29 October 2010 and was last re-elected as a director on 23 August 2018. Mr. Chan serves as the Chairman of the NC and as a member of the Board, AC and RC. Mr. Chan is not seeking re-election at the forthcoming AGM, and will retire as a director at the conclusion of the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Mr. Chan obtained a Bachelor of Engineering (Honours) from the University of Singapore and MBA (Finance & Transportation) from the University of British Columbia (Vancouver, BC). Mr. Chan is currently an independent director of Singapore O&G Ltd. which is listed on the Catalist Board of SGX-ST. Within the past three (3) years, Mr. Chan previously held a directorship in the Catalist Board listed company, Ayondo Ltd.

Mr. Ng Sey Ming
Independent Director

Mr. Ng was appointed as an Independent Director on 29 October 2010 and was last re-elected as a director on 25 August 2017. Mr. Ng serves as the Chairman of the RC and as a member of the Board, AC and NC.

Mr. Ng was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 2000 and, 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. Mr. Ng is currently an independent director of Hong Leong Asia Ltd., a company listed on the Mainboard of the SGX-ST. Within the past three (3) years, Mr. Ng previously held directorships with Mainboard listed company, Gaylin Holdings Limited and a Catalist listed company, Hiap Tong Corporation Ltd.

Mr. Khoo Song Koon
Independent Director

Mr. Khoo was appointed as an Independent Director on 26 June 2019. He serves as a member of the Board.

Mr. Khoo is a member of the Institute of Singapore Chartered Accountants, Certified Public Accountants of Australia and an Associate of the Singapore Institute of Directors. He obtained a Bachelor of Accountancy Degree from Nanyang Technological University in Singapore. Mr. Khoo is currently an independent director of Nippecraft Limited and Resources Prima Group Limited, which are listed on the Catalist Board of SGX-ST. He did not hold any past directorships in the preceding three (3) years in other listed companies.

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;
- effectiveness of its Board Committees; and
- the performance and contributions by each Director to the effectiveness of the Board.

The assessment of the Board and its Board Committees is conducted through a confidential questionnaire, covering areas such as the effectiveness of the Board in its monitoring role, and the effectiveness of the Board Committees, which is completed by each Director individually. Such performance criteria are approved by the Board and they address, amongst others, how the Board has enhanced long-term shareholders' value. The performance criteria does not change unless circumstances deem it necessary, and a decision to change the criteria would have to 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.

CORPORATE GOVERNANCE
REPORT

The evaluation of individual Directors is done through self-assessment, and 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 MD acts 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 a Director.

The assessments of the Board, Board Committees and the Directors are 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/her performance or re-nomination as a Director.

The NC, having reviewed the overall performance of the Board, Board Committees and the assessment of the individual Director in terms of its role and responsibilities and the conduct of its affairs as a whole for FY2019, is of the view that the performance of the Board as a whole, Board Committees and contributions by each Director has been satisfactory. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. No external facilitator was used in the evaluation process.

Access to Information

Principle 6: In order to fulfil 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.

The Company recognises the significance of ensuring that there is complete, adequate and timely flow of information to the Directors from time to time to enable them to make informed decisions and to discharge their duties and responsibilities.

To ensure that the Directors have sufficient time to prepare for the relevant meetings, all Directors receive a set of Board papers prior to such 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, and includes financial, business and corporate matters of the Group, so as to enable the Directors to be prepared for the meetings of the Board and Board Committees.

As part of good corporate governance, decision-making on key matters are reserved for resolution at Board meetings rather than simply circulating reports on those matters, in order 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. Additional information or material requested by the Directors, if any, is also promptly furnished. Any material variance between the projections and actual results are also disclosed and explained to the Board.

The Directors have separate and independent access to the Company Secretary, senior management, including the Chairman and MD, the CFO 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 will be circulated to all Board members for their information.

CORPORATE GOVERNANCE **REPORT**

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary or his 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 or his representative(s) also attends all meetings of the Board and Board Committees where necessary and is responsible primarily for the proper maintenance of the secretarial records. Under the direction of the Chairman, the Company Secretary assists in ensuring good information flow within the Board and its Board Committees and between senior management and the Independent Directors, as well as facilitating orientation and assisting with professional development as required.

Under the Constitution 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 RC comprises three (3) directors, all of whom are Independent Directors.

In respect of FY2019, two (2) RC meetings were held. The purpose of the meeting was to review, inter alia, the Directors' fees payable for the financial year in review and to consider matters regarding the remuneration policies of the Company.

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

- Reviewing and recommending to the Board for endorsement, a comprehensive remuneration policy framework for the computation of Directors' fees, 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).

- 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.

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- Administration of the XMH Share Option Scheme ("**Scheme**").

  The Scheme provides a framework for eligible participant(s), with an opportunity to participate in the equity of the Company, to motivate them towards better performance through increased dedication and loyalty. Further information on the Scheme can be found on pages 96 to 98 of this Annual Report.

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

  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 service agreements of Executive Directors and key management personnel of the Company in the event of termination 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.

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.

Although the RC does not currently engage any professional advisers in relation to the remuneration of the Directors, 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.

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. More information on the remuneration for the Executive Directors and certain key management personnel can be found below.

The remuneration package also includes share-based incentive following the adoption of the Scheme in 2010. The Executive Directors, Independent Directors and key management personnel are eligible to participate in the Scheme in accordance with the rules for the Scheme.

The Independent Directors receive Directors' fees appropriate to the level of 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 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 other share-based compensation schemes in place for Independent Directors save for the Scheme.

As at the date of this Annual Report, 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 of remedies against the Executive Directors in the event of such breach of fiduciary duties.

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Disclosure on Remuneration

Principle 9: Every 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.

Taking into account the confidentiality and sensitivity as well as the competitive pressures in the talent market, the Board has decided to disclose the remuneration of the Directors and key management personnel, in bands with a breakdown of the components in percentage set out in the tables below.

The remuneration paid to or accrued to each individual Director and the MD for FY2019 is as follows:

Remuneration Band and Name of Directors	Salaries(1) %	Bonus %	Directors' Fees %	Share Options %	Benefits -In-Kind(2) %	Total %
Above S$500,000 but below S$750,000						
Mr. Tan Tin Yeow(3)	86	7	–	4	3	100
Above S$250,000 but below S$500,000						
Ms. Tan Guat Lian(3)	78	19	–	3	–	100
Below S$250,000						
Mr. Hong Pian Tee(3)	–	–	100	–	–	100
Mr. Ng Sey Ming(3)	–	–	100	–	–	100
Mr. Chan Heng Toong(3)	–	–	100	–	–	100
Mr. Khoo Song Koon(4)	–	–	–	–	–	–

Notes:
(1) Salaries also include Central Provident Fund ("**CPF**") contributions, transport allowance and unconsumed leave.
(2) Benefits-in-kind comprises vehicle benefits.
(3) Details of share options granted to the Directors can be found in the "Directors' Statement" section of the Annual Report on pages 46 to 51.
(4) Mr. Khoo Song Koon was appointed as Independent Director of the Company on 26 June 2019.

For FY2019, the Company only identified three (3) key management personnel, and the remuneration paid to or accrued to the key management personnel (who are not Directors or the MD) is as follows:

Name of Key Management Personnel	Salaries(1) %	Bonus %	Share Options %	Benefits -In-Kind(2) %	Total %
Above S$250,000 but below S$500,000					
Mr. Phua Tiang Soon	83	14	3	–	100
Mr. Tan Leong Kim	86	12	2	–(3)	100
Below S$250,000					
Ms. Ong Siok Ling	85	9	6	–	100

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Notes:
(1) Salaries also include CPF contributions, transport allowance and unconsumed leave.
(2) Benefits-in-kind comprises annual subscription fees.
(3) Percentage is less than 1%.

The fees of Independent Directors are subject to the approval of Shareholders at the forthcoming AGM.

For FY2019, the aggregate total remuneration paid/payable to the abovenamed key management personnel (who are not Directors or the MD) amounted to S$757,000.

Immediate Family Member of Directors or Substantial Shareholders

Mr. Tan Tin Yeow, the Chairman and MD and Ms. Tan Guat Lian, the Executive Director (Human Resource and Administration), are siblings. Mr. Tan Fuyuan is the nephew of Mr. Tan Tin Yeow and Ms. Tan Guat Lian and whose remuneration exceeds S$50,000 in FY2019.

Details of remuneration paid to the immediate family member of Directors or substantial shareholders for FY2019 are set out below:

Name of Immediate Family Member	Salaries(1) %	Bonus %	Share Options %	Total %
Above S$100,000 but below S$150,000				
Mr. Tan Fuyuan	86	11	3	100

Note:
(1) Salaries also include Central Provident Fund contributions, transport allowance and unconsumed leave.

There are no termination, retirement or post-employment benefits granted to the Directors, MD and/or key management personnel.

The remuneration received by the Executive Directors and certain key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable components. The fixed component is in the form of salary, bonus, share options under the Scheme and others. 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 management personnel. In determining the actual quantum of variable component of remuneration, the RC had taken into account the extent to which the performance conditions have been met.

The Board is aware of the requirement in the Code on the disclosure of remuneration in absolute amounts and noted the requirements under Listing Rule 1207(12) to make disclosure as recommended in the Code. After weighing the pros and cons, the Board is of the view that full disclosure of the total remuneration paid would not be in the best interests of the Group as such information is confidential and sensitive in nature and would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool. The Board believes that the disclosure in bands provides a sufficient overview of the remuneration received by the Directors and the top three (3) key management personnel of the Group, while maintaining the confidentiality of their remuneration matters.

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(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). Financial results are reviewed by the AC before it is recommended for adoption by the Board. The financial results announcements are reviewed carefully by the Board and the AC before being released on the SGXNet. If required, the Group's external auditors' views will be sought.

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 quarterly 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 CFO have provided assurance to the Board on the integrity of the Group's financial statements.

The Management also 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.

The Board is also updated on changes in legislation and regulatory compliance by Management, the Company Secretary and external auditors to ensure that the Group complies with the relevant regulatory requirements.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that 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 ("**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 FY2019, the Risk Committee comprises the following members:

Mr. Tan Tin Yeow (Chairman)
Mr. Tan Leong Kim
Mr. Phua Tiang Soon
Ms. Tan Guat Lian

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Mr. Tan Tin Yeow, the Chairman and MD, is the only person authorised to trade under the terms of the FCI Policy. All trades relating to foreign currency investments shall be presented to the Risk Committee on a monthly basis and reported to the AC on a quarterly basis.

Risk Management

The AC, through the Risk Committee, assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies of the Group. 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 auditors' annual review on 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 based on the recommendations made by the internal and external auditors (as part of the statutory audit) in this respect.

During FY2019, the AC reviewed the adequacy and effectiveness of the Group's internal control procedures and was satisfied that the Group's processes and internal controls are adequate and effective to meet the needs of the Group in its current business environment.

Adequacy of internal controls

The Board is committed to maintain a robust and effective system of internal controls to safeguard Shareholders' interests and investments, and the Group's assets. The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board acknowledges its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis. Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls and the Board oversees the Management in such design, implementation and monitoring. The Board 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 judgement in decision making, human error, losses, fraud or other irregularities.

The internal auditors, Nexia TS Risk Advisory Pte. Ltd., have performed audit procedures to assist the AC and the Board in the evaluation of the internal controls, financial and accounting matters, compliance and information technology controls, business and financial risk management.

Based on the work of the internal auditors, and the management systems in place, nothing material has come to the attention of the Board to suggest that the internal controls of the Group were not adequate or effective in safeguarding the Group's assets and ensuring the integrity of the Group's financial statements for FY2019. Where significant weaknesses have been identified, the Board upon the recommendation of the AC, has taken steps to ensure that the Management adopts appropriate actions to address and rectify these weaknesses. The Board, together with the Management, then subsequently reviews the outcomes of such actions.

The MD and the CFO have also provided assurance to the Board that:

- the financial records have been properly maintained and the financial statements for FY2019 reflect a true and fair view in all material respects, of the Group's operations and finances; and

- the Group's risk management and internal control systems are operating effectively in all material respects given its current business environment.

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Based on the reports submitted by the internal auditors and the various management controls put in place, the Board, with the concurrence of the AC, is of the opinion that the risk management systems and system of internal controls addressing financial, operational, compliance and information technology risks of the Group during the year are adequate and effective to safeguard its assets and ensure the integrity of its financial statements for FY2019.

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, including the Chairman of the AC, are Independent Directors of the Company. Most of 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, having the necessary accounting or related financial management expertise or experience, to discharge the duties and responsibilities of the AC.

The AC held four (4) meetings in FY2019. At the invitation of the AC, the Chairman and MD and the CFO 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 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 has the co-operation of the Management as well as the external auditors and internal auditors.

For FY2019, 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 SGX-ST Listing Rules 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 internal auditors' review and evaluation of the system of internal accounting controls and external auditors' management letter recommendations;

- reviewing the effectiveness and adequacy of the internal audit function (including a review of the internal accounting and control procedures) and ensuring co-ordination between the external auditors and the Management, reviewing the assistance given by the Management to the auditors, and discussing 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;

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- reviewing any interested person transactions and potential conflicts of interest (within the definition of the SGX-ST 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 between the maintenance of objectivity and obtaining services that are value for money;

- reviewing all whistle-blowing incidents reported and investigated, including ensuring 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;

- undertaking such other reviews and projects as may be requested by the Board, and reporting 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 SGX-ST Listing Rules, and by amendments made thereto from time to time.

The AC has full access to and the 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.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work" performed by external auditors which aims to facilitate the AC in evaluating the external auditors. The AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the said Guidance.

The AC makes recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and on the approval of the remuneration and terms of engagement of the external auditors. The AC has recommended to the Board that Messrs Ernst & Young LLP ("**EY**"), be nominated for the re-appointment as external auditors of the Company at the forthcoming AGM. The AC has assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of EY and their audit engagement partner(s) and audit team assigned to the Group's audit.

In appointing auditing firms for the Group, the AC and the Board are satisfied that the appointment of different auditing firms for its overseas subsidiaries will not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Rules in relation to the engagement of its auditor.

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.

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The AC will meet with the external auditors and internal auditors without the presence of the Management, as and when necessary, to review the adequacy of audit engagement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. For FY2019, the AC met once with the external auditors, and once with the internal auditors, without the presence of Management.

Annually, the AC also conducts a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2019. A breakdown of the audit and non-audit fees paid to the Company's auditors is disclosed on page 92 of this Annual Report. The AC remains satisfied that the nature and extent of such non-audit services would not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees paid or payable by the Group to the external auditors for FY2019 amounted to S$243,000 for audit services and S$4,000 for non-audit services respectively.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements of the Group, the AC members are encouraged to participate in relevant training courses, seminars and workshops from time to time. The AC is also 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.

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 has put in place arrangements by which staff of the Group or third parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Whistle-blowing concerns may be reported in person or in writing via electronic mail. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. The objective of the whistle-blowing policy 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.

No whistle-blowing concerns were reported for FY2019.

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 Company has engaged Nexia TS Risk Advisory Pte. Ltd. as its internal auditor, after approval from the AC was sought. The internal auditor of the Company is a member of the Institute of Internal Auditors Singapore ("**IIA**"), a professional association for internal auditors which has its headquarters in the United States. The audit work carried out by the internal auditors 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 when performing the internal audit.

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. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the AC Chairman on audit matters and to the Chairman and MD on administrative matters, and has full access to the documents, records, properties and personnel (including the AC) of the Group. The internal auditors assist the Board in monitoring the risk exposure and internal controls of the Group and the audit plan is submitted to the AC for approval prior to commencement of the internal audit.

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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.

The AC has reviewed with the internal auditors their audit plans, their evaluation of the Group's system of internal controls, audit findings and Management's responses to those findings and the effectiveness of material internal controls (including financial, operational and compliance controls and overall risk management of the Group). In respect of FY2019, the AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group.

In respect of FY2019, the AC is satisfied that the internal audit function is staffed with suitably qualified and experienced professionals with the relevant experience.

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

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, 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 strives to share pertinent information with the investment community in a timely manner to keep them apprised on the latest developments through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

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. Such notices will contain the relevant rules and procedures governing the general meetings. All Shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. Shareholders are also informed of the voting procedures at the general meetings. If any Shareholder is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two (2) proxies to attend, speak and vote at the AGM.

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Communication with Shareholders

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 its 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's investor relation policy is that all Shareholders should be equally informed of all major developments impacting the Group's business and operations in a timely manner. 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 Group has outsourced its investor relations ("**IR**") function to IR service provider, Financial PR Pte Ltd, who focuses on facilitating communication 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 and the public apprised of the Group's corporate developments and financial performance. The contact details of the IR personnel are set out in the "Corporate Information" section of this Annual Report on page 20. The IR personnel have procedures in place for responding to investors' queries as soon as applicable.

The investor relations service provider also acts as a liaison point for the media, public, institutional investors and public Shareholders on corporate information. The Company does not practice selective disclosure. Material and price-sensitive 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 Companies Act, Chapter 50 of Singapore, the Listing Manual of the SGX-ST and the Singapore Financial Reporting Standards;

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period; and

- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGM**"). The notices of AGMs and EGMs are also advertised in a national newspaper.

Shareholders are strongly encouraged to participate at general meetings, which provide a major platform for shareholders to engage in dialogue with the Company directly. To promote better understanding of Shareholders' views, the Board encourages Shareholders to express their views and ask the Board or the Management questions regarding the Group during the Company's general meetings. At these meetings, Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. All Directors, key management staff, the Company's external auditors and lawyers (if necessary) attend the general meetings. General meetings provide excellent opportunities for the Company to understand the views of its Shareholders and address any concerns that they may have.

The Group does not have a 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.

The Board does not recommend any payment of dividends as the Group has not been profitable for FY2019. The Board wishes to conserve cash so as to ensure sufficiency of funds for its daily business and operational needs as well as to capitalise on any potential business growth and expansion opportunities that might arise in the near future.

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Conduct of Shareholder Meetings

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.

Shareholders of the Company 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. Notices of general meetings are despatched to Shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 or 21 clear calendar days before the meeting depending on the nature of the resolutions proposed. Such notices will also be announced through SGXNet and published in a national newspaper. The Board welcomes questions from Shareholders who wish to raise issues, either informally or formally, before or during the general meetings.

A proxy form will also be despatched with each notice of general meeting to all Shareholders. If any Shareholder is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. Pursuant to the Companies (Amendment) Act 2014, a Shareholder who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two (2) proxies to attend, speak and vote at the AGM. As the authentication of Shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

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

All Directors, key management staff, the Company's external auditors and lawyers (if necessary) attend the general meetings. The respective Chairman of the AC, NC and RC are usually present at such general meetings to address questions relating to the work of their respective Board Committees at general meetings while the external auditors are usually present as well to assist the Board in addressing any relevant queries raised by the Shareholders.

The Company will make available minutes of general meetings, prepared by the Company Secretary, to Shareholders that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, upon their request.

The Company acknowledges that voting by poll on resolutions tabled at general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the SGX-ST Listing Rules and the Code, all resolutions at the Company's general meetings held on or after 1 August 2015, if any, are put to vote by poll. The Company adopts electronic polling for the resolutions voted upon at its general meetings. The detailed results of each resolution are announced via SGXNet after the general meetings.

(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.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and the period commencing one (1) month before the announcement of the Company's full-year financial results, ending on the date of the announcement of the relevant results.

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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 S$100,000 for FY2019.

(G) MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of any Director or controlling shareholder for FY2019.

CORPORATE GOVERNANCE **REPORT**

TABLE A

The key information relating to the directors seeking re-election at the forthcoming AGM are as follows:-

Name of Director	Mr. Tan Tin Yeow	Mr. Khoo Song Koon
Age	57	48
Country of principal residence	Singapore	Singapore
Date of first appointment as director	29 October 2010	26 June 2019
Date of re-designated as Chairman and Managing Director	8 September 2016	Not Applicable
Date of last re-election as director	28 August 2015 Retiring and proposed for re-election at the forthcoming AGM to be held on 27 August 2019.	Not Applicable Appointed by the Board and will retire and proposed for re-election at the forthcoming AGM to be held on 27 August 2019.
The Board's comments on the Appointment	The Board of Directors of the Company has accepted and approved the NC's recommendation, having reviewed and considered Mr. Tan's contribution and performance as the Chairman and Managing Director of the Company.	The Board of Directors of the Company has accepted and approved the NC's recommendation, having reviewed and considered Mr. Khoo's credentials.
Job Title	Chairman and Managing Director, and a member of Nominating Committee	Independent Director
Professional qualifications	Singapore Cambridge General Certificate of Education Ordinary Level Examination	A member of the Institute of Singapore Chartered Accountants (ISCA) Certified Public Accountants of Australia An Associate of the Singapore Institute of Directors (SID)
Shareholding in the Company and the Subsidiaries of the Company (as at 18 July 2019)	The Company Direct Interest : (i) 45,060,000 ordinary shares (ii) 1,098,500 share options Subsidiaries of the Group: PT Xin Ming Hua Engine - 1,000 ordinary shares	The Company Direct Interest: Nil Subsidiaries of the Group: Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Tan and Ms. Tan Guat Lian, the Executive Director (Human Resource and Administration), are siblings and children of Mr. Tan Tum Beng, a substantial shareholders. Mr. Tan Fuyuan, the Senior Manager of Parts Sales is the nephew of Mr. Tan and Ms. Tan Guat Lian.	None

CORPORATE GOVERNANCE
REPORT

Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.4.1) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships	**Past (for the last 5 years)** *Directorships* Nil *Other Principal Commitments* Nil **Present** *Directorships* XMH Engineering Pte. Ltd. Z-Power Automation Pte. Ltd. Midori Shipping Investment Co Pte. Ltd. Hinoki Shipping Investment Co Pte. Ltd. Xin Ming Hua Pte Ltd PT Xin Ming Hua Engine Vivo Power Myanmar Company Limited *Other Principal Commitments* Nil	**Past (for the last 5 years)** *Directorship* Workforce Advancement Federation Limited PT KRAM *Other Principal Commitments* Treasurer, Workforce Advancement Federation Limited **Present** *Directorships* Nippecraft Limited Resources Prima Group Limited JKhoo Consultancy Pte. Ltd. Questcor International Pte Ltd Gadera Pte Ltd Cassville Pte. Ltd. Amarilla Investments Pte. Ltd. Faerma Pte Ltd Toptoo Industrial Limited (BVI) Tricania International Trading Limited (BVI) Great Divine Investments Limited (BVI) Great Vanguard International Limited (BVI) Zicap Limited (BVI) *Other Principal Committees* Nil

Note:
The above Directors who are seeking re-election had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual of the SGX-ST.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of XMH Holdings Ltd. (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position of the Company for the financial year ended 30 April 2019.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2019 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) 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.

Directors

The directors of the Company in office at the date of this statement are:

Tan Tin Yeow
Tan Guat Lian
Hong Pian Tee
Chan Heng Toong
Ng Sey Ming
Khoo Song Koon (Appointed on 26 June 2019)

Arrangements to enable directors to acquire shares and debentures

Except as described below, 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 or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiary corporations) as stated below:

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

Name of director and corporation in which interests are held	Direct interest: At the beginning of the financial year	Direct interest: At the end of the financial year	Direct interest: At 21 May 2019	Deemed interest: At the beginning of the financial year	Deemed interest: At the end of the financial year	Deemed interest: At 21 May 2019
The Company						
Tan Tin Yeow						
- ordinary shares	44,857,500	45,060,000	45,060,000	–	–	–
- options to subscribe for ordinary shares at:						
- $1.292 per share between 5 September 2015 and 4 September 2018	237,500	–	–	–	–	–
- $0.992 per share between 12 September 2016 and 11 September 2019	350,000	350,000	350,000	–	–	–
- $0.520 per share between 10 September 2017 and 9 September 2020	250,000	250,000	250,000	–	–	–
- $0.310 per share between 7 September 2018 and 6 September 2021	248,500	248,500	248,500	–	–	–
- $0.220 per share between 30 August 2019 and 29 August 2022	250,000	250,000	250,000	–	–	–
Tan Guat Lian						
- ordinary shares	6,569,744	6,569,744	6,569,744	22,500	22,500	22,500
- options to subscribe for ordinary shares at:						
- $1.292 per share between 5 September 2015 and 4 September 2018	162,500	–	–	–	–	–
- $0.992 per share between 12 September 2016 and 11 September 2019	162,500	162,500	162,500	–	–	–
- $0.520 per share between 10 September 2017 and 9 September 2020	162,500	162,500	162,500	–	–	–
- $0.310 per share between 7 September 2018 and 6 September 2021	162,500	162,500	162,500	–	–	–
- $0.220 per share between 30 August 2019 and 29 August 2022	162,500	162,500	162,500	–	–	–

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

	Direct interest		
Name of director and corporation in which interests are held	**At the beginning of the financial year**	**At the end of the financial year**	**At 21 May 2019**
The Company (cont'd)			
Hong Pian Tee			
- ordinary shares	651,750	651,750	651,750
- options to subscribe for ordinary shares at:			
- $1.292 per share between 5 September 2015 and 4 September 2018	30,000	–	–
- $0.992 per share between 12 September 2016 and 11 September 2019	25,000	25,000	25,000
Chan Heng Toong			
- ordinary shares	125,000	125,000	125,000
- options to subscribe for ordinary shares at:			
- $1.292 per share between 5 September 2015 and 4 September 2018	30,000	–	–
- $0.992 per share between 12 September 2016 and 11 September 2019	25,000	25,000	25,000
Ng Sey Ming			
- ordinary shares	125,000	125,000	125,000
- options to subscribe for ordinary shares at:			
- $1.292 per share between 5 September 2015 and 4 September 2018	30,000	–	–
- $0.992 per share between 12 September 2016 and 11 September 2019	25,000	25,000	25,000

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr. Tan Tin Yeow is deemed to have an interest in the shares of all the subsidiary corporations to the extent held by the Company.

Except as disclosed in this statement, 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 subsidiary corporations), either at the beginning or at the end of the financial year.

Share options

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

DIRECTORS' STATEMENT

Share options (cont'd)

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 Singapore Exchange Securities Trading Limited ("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 2019 are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 May 2018	Options cancelled/ lapsed	Options outstanding as at 30 April 2019	Exercise period
05/9/2013	$1.292	908,750	(908,750)	–	From 05/9/2015 to 04/9/2018
12/9/2014	$0.992	1,097,500	(50,000)	1,047,500	From 12/9/2016 to 11/9/2019
10/9/2015	$0.520	945,750	(62,500)	883,250	From 10/9/2017 to 09/9/2020
07/9/2016	$0.310	1,111,750	(50,000)	1,061,750	From 07/9/2018 to 06/9/2021
30/8/2017	$0.220	1,270,250	(37,500)	1,232,750	From 30/8/2019 to 29/8/2022
		5,334,000	**(1,108,750)**	**4,225,250**	

There were 10,246,000 (2018: 10,246,000) options granted to the directors and employees of the Company and its subsidiary corporations from the commencement of the Scheme until the end of the financial year under review.

During the financial year:

(a) No options have been granted by the Company to the Group's employees;

(b) No options have been granted by the Company to its directors; and

(c) No options have been granted by the Company to its controlling shareholders and his associates.

DIRECTORS' STATEMENT

Share options (cont'd)

Except as disclosed above, there were no unissued shares of the Company or its subsidiary corporations 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 2018	Options cancelled/ lapsed	Aggregate options outstanding as at 30 April 2019
Tan Tin Yeow	1,336,000	(237,500)	1,098,500
Tan Guat Lian	812,500	(162,500)	650,000
Hong Pian Tee	55,000	(30,000)	25,000
Chan Heng Toong	55,000	(30,000)	25,000
Ng Sey Ming	55,000	(30,000)	25,000

Except for Mr. Tan Tin Yeow and Ms. Tan Guat Lian, 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 1,999,600 (2018: nil) 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 EGM of the Company held on 23 August 2018.

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), independent director
- Chan Heng Toong, independent director
- Ng Sey Ming, independent director

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' statement. 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 the internal auditor's evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

Audit Committee (cont'd)

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, Ernst & Young 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 subsidiary corporations, Rules 712 and 715 of the SGX-ST Listing Manual have been complied with.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Tan Tin Yeow
Director

Tan Guat Lian
Director

Singapore
23 July 2019

INDEPENDENT AUDITOR'S **REPORT**

For the financial year ended 30 April 2019
To the Members of XMH Holdings Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of XMH Holdings Ltd. (the "Company") and its subsidiary corporations (collectively, the "Group") set out on pages 57 to 140, which comprise the statements of financial position of the Group and the Company as at 30 April 2019, the statement of changes in equity of the Group and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 April 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for projects – revenue recognition

Contract revenue arising from projects is significant to the Group's results for the year as revenue from projects represents 42% of the Group's total revenue. Project revenue is recognised over time when performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date. As at 30 April 2019, the Group has recognised contract assets of $15,389,000, representing the Group's right to consideration for work completed but not yet billed, and contract liabilities of $240,000, representing the Group's obligation to transfer goods or services to customers for which advances have been received.

INDEPENDENT AUDITOR'S **REPORT**

For the financial year ended 30 April 2019
To the Members of XMH Holdings Ltd.

Key audit matters (cont'd)

Accounting for projects – revenue recognition (cont'd)

In determining progress for revenue recognition over time, the cost-based input method is determined to provide a faithful depiction of the Group's performance in transferring control of the project to customers as it reflects the Group's efforts incurred up to 30 April 2019 relative to the total inputs expected to be incurred for the satisfaction of the performance obligation. The input method involves the use of significant management estimates covering total estimated project costs and incurred costs to date. Accordingly, we have determined this to be a key audit matter.

Our audit procedures included, amongst others, obtaining an understanding of the internal financial controls with respect to the Group's project budgeting, monitoring and approval process. We reviewed the contract terms and conditions for selected significant projects and agreed the estimated project costs to the management approved budgets. We also assessed management's assumptions used and assessed the reasonableness of key inputs in determining the total estimated project costs by performing computation checks and tracing actual costs incurred to the underlying supporting documents.

In addition, we reviewed the contracts for any penalty and liquidated damages clauses and discussed with management regarding any major delay in meeting the expected completion dates and cost overruns which might result in contracts becoming loss-making. We also reviewed the disclosures related to contract revenue and contract asset arising from projects in Note 2.22(b) Project revenue, Note 3.1 Judgements made in applying accounting policies and Note 4(c) Contract assets and contract liabilities.

Impairment testing for goodwill and cost of investment in subsidiary corporations

The Group's goodwill arose from the acquisition of Mech-Power Generator Group ("MPG Group") cash generating unit ("CGU") in financial year 2014. As at 30 April 2019, the carrying amount of goodwill amounted to $9,393,000, representing 6% of the Group's total assets. The Company also has cost of investment in subsidiary corporations amounting to $18,701,000 as at 30 April 2019. During the year, cost of investment in one of the loss making subsidiary has been impaired by $7,639,000.

Management prepares value-in-use calculations to determine the recoverable amount of the CGU for its goodwill and cost of investment impairment testing. Any shortfall of the recoverable value against the carrying amounts of these assets will be recognised as impairment losses. Value-in-use calculations are based on cash flow forecasts of the CGU, which requires management to make significant judgement and estimates relating to budgeted gross margin, revenue, terminal growth rate and discount rate of the CGU. Thus, we have determined this to be a key audit matter.

Our audit procedures included, amongst others, evaluating management's assumptions applied in the cash flow forecasts taking into consideration our knowledge of the CGU's operations, performance and industry benchmarks. We also obtained an understanding of management's planned strategies on revenue growth and cost initiatives for the CGU. Given the complexity of the valuation, we involved our internal valuation specialists to assist us in reviewing the discount rates and terminal growth rates used by management. We also compared the actual revenues and net profits or losses recorded by the CGU against the forecasts prepared in the previous year to evaluate the robustness of management's budgetary process. In addition, we reviewed management's analysis of the sensitivity of the recoverable amounts to changes in the key assumptions.

We reviewed the disclosures related to impairment of goodwill in Note 2.8(b)(i) Goodwill, Note 3.2(b) Impairment of goodwill and cost of investment in subsidiary corporations, Note 12 Investment in subsidiary corporations and Note 14 Intangible assets to the financial statements.

INDEPENDENT AUDITOR'S
REPORT

For the financial year ended 30 April 2019
To the Members of XMH Holdings Ltd.

Key audit matters (cont'd)

Valuation of inventories

The Group records its inventories at the lower of cost and net realisable value. Where necessary, allowance for inventory obsolescence are provided and write-down are made for damaged, obsolete and slow-moving items to adjust the carrying amount of the inventories to their net realisable values. As at 30 April 2019, the Group's inventories amounted to $27,496,000 with allowance for inventories of $44,000 and provision for onerous contract of $355,000.

The Group has procedures in place to assess allowance for inventories by making reference to the inventory ageing profile and have considered the reusability of the spare parts and raw materials for future productions. Significant management judgement and estimation is involved in assessing the obsolescence of the inventories and estimating the amount of allowance or amount of write-down required. Hence, we have identified the valuation of inventories as a key audit matter.

In addressing this area of focus, we have performed, amongst others, the procedure of testing the amount of allowance for inventory obsolescence by reviewing the nature of the selected inventory and discussing with management their basis for the assessment on the adequacy of allowance for inventory obsolescence. We assessed the reasonableness and the consistency of management's basis and tested the accuracy of the inventory ageing report used to derive the amount of required allowance and write-down. We also tested the net realisable value for selected inventories by comparing the carrying amount to the sale price of comparable products. We further reviewed the disclosures related to inventories in Note 2.15 Inventories, and Note 16 Inventories to the financial statements.

Expected credit losses for receivables and contract assets

Receivables and contract assets balances were significant to the Group as they represent 20% of the total assets of the consolidated statement of financial position. Receivables and contract assets amounted to $14,570,000 and $15,389,000 respectively as at 30 April 2019, against which impairment of $1,299,000 was made. Impairment losses for receivables and contract assets are determined based on the expected credit loss ("ECL") model under SFRS(I) 9.

As receivables and contract assets contribute a significant part of the Group's working capital, management assesses the collectability and impairment of debtors on an ongoing basis. The Group determines ECL based on its historical credit loss experience, adjusted for forward-looking information specific to the debtors or group of debtors and economic environment. Specifically, the Group determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors and using provision matrix method for the remaining group of debtors. Given the significant management judgement and estimations involved in the impairment assessment, we determined this to be a key audit matter.

Our procedures included, but are not limited to, the following procedures. We obtained an understanding of the management's processes and controls relating to the monitoring of receivables and contract assets. We discussed with management the identified collection issues and repayment plans and history for long overdue receivables and reviewed correspondences with the debtors, where available. We also evaluated management's assumptions and inputs used in establishing the provision matrix through analysis of receivables ageing and contract assets, review of historical credit loss experiences and consideration of data and information used by management in determining the forward-looking adjustments. We requested, on a sample basis, trade receivable confirmations and evidence of receipts from the customers subsequent to statement of financial position date. We assessed the adequacy of the relevant notes disclosure included in Note 2.2 SFRS(I) 9 Financial Instruments, Note 3.2(a) Expected credit losses of trade and other receivables and contract assets and Note 17 Trade and other receivables to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 April 2019
To the Members of XMH Holdings Ltd.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and SFRS(I), 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S **REPORT**

For the financial year ended 30 April 2019
To the Members of XMH Holdings Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

23 July 2019

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 30 April 2019

	Note	2019 $'000	2018 $'000 (Restated)
Revenue	4	**77,695**	72,833
Cost of sales		**(60,655)**	(55,072)
Gross profit		**17,040**	17,761
Other income	5	**3,656**	3,101
Distribution expenses		**(5,762)**	(5,865)
Administrative expenses		**(18,094)**	(18,226)
Results from operating activities		**(3,160)**	(3,229)
Finance income		**846**	292
Finance costs		**(1,723)**	(1,640)
Net finance costs	6	**(877)**	(1,348)
Loss before share of results of an associate		**(4,037)**	(4,577)
Share of results of an associate		**–**	(11)
Loss before tax	7	**(4,037)**	(4,588)
Income tax (expense)/credit	8	**(199)**	591
Loss for the year, net of tax		**(4,236)**	(3,997)
Other comprehensive income/(expenses)			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of the financial statements of the subsidiary corporations		**11**	(918)
Net changes in the fair value of equity securities		**(45)**	42
Deferred tax arising from fair value change of equity securities		**10**	(7)
Other comprehensive expenses for the year, net of tax		**(24)**	(883)
Total comprehensive expenses for the year		**(4,260)**	(4,880)
Loss for the year attributable to:			
Owners of the Company		**(3,338)**	(3,511)
Non-controlling interests		**(898)**	(486)
		(4,236)	(3,997)
Total comprehensive expenses attributable to:			
Owners of the Company		**(3,353)**	(4,394)
Non-controlling interests		**(907)**	(486)
		(4,260)	(4,880)
Loss per share			
- Basic (cents)	9	**(3.04)**	(3.16)
- Diluted (cents)	9	**(3.04)**	(3.15)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
FINANCIAL POSITION

As at 30 April 2019

	Note	Group 30.4.2019 $'000	Group 30.4.2018 $'000 (Restated)	Group 1.5.2017 $'000 (Restated)	Company 30.4.2019 $'000	Company 30.4.2018 $'000	Company 1.5.2017 $'000
ASSETS							
Non-current assets							
Property, plant and equipment	11	**59,534**	64,142	68,707	**54,741**	58,210	61,826
Investment in subsidiary corporations	12	**–**	–	–	**18,701**	25,540	29,140
Trade receivables	17	**–**	382	2,037	**–**	–	–
Intangible assets	14	**10,351**	11,094	11,833	**–**	–	–
Other financial assets	15	**662**	752	717	**–**	–	–
Club memberships		**206**	206	213	**–**	–	–
Deferred tax assets	8	**37**	304	20	**–**	–	–
		70,790	76,880	83,527	**73,442**	83,750	90,966
Current assets							
Inventories	16	**27,496**	25,488	23,825	**–**	–	–
Trade and other receivables	17	**14,570**	14,069	22,906	**1,912**	3,222	12,583
Prepayment		**416**	318	312	**38**	47	34
Contract assets	4	**15,389**	15,075	10,979	**–**	–	–
Cash and short-term deposits	18	**23,552**	24,001	25,618	**792**	365	799
Tax recoverable		**32**	105	12	**–**	–	–
		81,455	79,056	83,652	**2,742**	3,634	13,416
Total assets		**152,245**	155,936	167,179	**76,184**	87,384	104,382
EQUITY AND LIABILITIES							
Current liabilities							
Trade and other payables	19	**23,078**	18,808	23,751	**8,843**	9,559	22,707
Contract liabilities	4	**240**	11	273	**–**	–	–
Loans and borrowings	26	**23,267**	34,348	34,821	**1,929**	2,340	2,463
Current tax payables		**183**	–	60	**52**	–	26
		46,768	53,167	58,905	**10,824**	11,899	25,196
Net current assets/(liabilities)		**34,687**	25,889	24,747	**(8,082)**	(8,265)	(11,780)
Non-current liabilities							
Other payables	19	**251**	142	260	**562**	453	572
Loans and borrowings	26	**47,250**	39,504	39,228	**37,160**	38,619	38,490
Deferred tax liabilities	8	**241**	383	748	**–**	–	172
		47,742	40,029	40,236	**37,722**	39,072	39,234
Total liabilities		**94,510**	93,196	99,141	**48,546**	50,971	64,430

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
FINANCIAL POSITION

As at 30 April 2019

	Note	Group 30.4.2019 $'000	Group 30.4.2018 $'000 (Restated)	Group 1.5.2017 $'000 (Restated)	Company 30.4.2019 $'000	Company 30.4.2018 $'000	Company 1.5.2017 $'000
Equity attributable to owners of the Company							
Share capital	20	**39,780**	39,780	39,780	**39,780**	39,780	39,780
Reserve for own shares	21	**(3,292)**	(2,791)	(2,791)	**(3,292)**	(2,791)	(2,791)
Other reserves	22	**(6,909)**	(6,987)	(6,242)	**2,268**	2,175	2,037
Accumulated profits/(losses)	23	**27,510**	31,436	35,503	**(11,118)**	(2,751)	926
		57,089	61,438	66,250	**27,638**	36,413	39,952
Non-controlling interests		**646**	1,302	1,788	**–**	–	–
Total equity		**57,735**	62,740	68,038	**27,638**	36,413	39,952
Total equity and liabilities		**152,245**	155,936	167,179	**76,184**	87,384	104,382

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the financial year ended 30 April 2019

	Attributable to owners of the Company								
	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	Non-controlling interests $'000	Total equity $'000
At 1 May 2018	39,780	(2,791)	2,175	35	(9,197)	31,608	61,610	1,345	62,955
Effects on adoption of SFRS(I) 15	–	–	–	–	–	(172)	(172)	(43)	(215)
Effects on adoption of SFRS(I) 9	–	–	–	–	–	(588)	(588)	(51)	(639)
As at 1 May 2018 (Restated)	39,780	(2,791)	2,175	35	(9,197)	30,848	60,850	1,251	62,101
Loss for the year	–	–	–	–	–	(3,338)	(3,338)	(898)	(4,236)
Other comprehensive income/(expenses):									
Exchange differences arising from translation of the financial statements of the subsidiary corporations	–	–	–	–	20	–	20	(9)	11
Net changes in the fair value of equity securities	–	–	–	(45)	–	–	(45)	–	(45)
Deferred tax arising from fair value change of equity securities	–	–	–	10	–	–	10	–	10
Other comprehensive income/(expenses) for the year, net of tax	–	–	–	(35)	20	–	(15)	(9)	(24)
Total comprehensive income/ (expenses) for the year	–	–	–	(35)	20	(3,338)	(3,353)	(907)	(4,260)
Changes in ownership interest in subsidiary corporations									
Subscription of shares of subsidiary corporations	–	–	–	–	–	–	–	302	302
Contributions by and distributions to owners									
Share-based payment transactions	–	–	93	–	–	–	93	–	93
Purchase of treasury shares	–	(501)	–	–	–	–	(501)	–	(501)
Total transactions with owners in their capacity as owners	–	(501)	93	–	–	–	(408)	–	(408)
At 30 April 2019	39,780	(3,292)	2,268	–	(9,177)	27,510	57,089	646	57,735

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the financial year ended 30 April 2019

	Attributable to owners of the Company								
	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	Non-controlling interests $'000	Total equity $'000
At 1 May 2017	39,780	(2,791)	2,037	–	(8,279)	35,633	66,380	1,820	68,200
Effect on adoption of SFRS(I) 15	–	–	–	–	–	(130)	(130)	(32)	(162)
As at 1 May 2017 (Restated)	39,780	(2,791)	2,037	–	(8,279)	35,503	66,250	1,788	68,038
Loss for the year	–	–	–	–	–	(3,511)	(3,511)	(486)	(3,997)
Other comprehensive income/(expenses):									
Exchange differences arising from translation of the financial statements of the subsidiary corporations	–	–	–	–	(918)	–	(918)	–	(918)
Net changes in the fair value of available-for-sale financial assets	–	–	–	42	–	–	42	–	42
Deferred tax arising from fair value change of available-for-sale financial assets	–	–	–	(7)	–	–	(7)	–	(7)
Other comprehensive income/(expenses) for the year, net of tax	–	–	–	35	(918)	–	(883)	–	(883)
Total comprehensive income/(expenses) for the year	–	–	–	35	(918)	(3,511)	(4,394)	(486)	(4,880)
Contributions by and distributions to owners									
Dividends paid on ordinary shares (Note 24)	–	–	–	–	–	(556)	(556)	–	(556)
Share-based payment transactions	–	–	138	–	–	–	138	–	138
Total transactions with owners in their capacity as owners	–	–	138	–	–	(556)	(418)	–	(418)
At 30 April 2018	39,780	(2,791)	2,175	35	(9,197)	31,436	61,438	1,302	62,740

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

For the financial year ended 30 April 2019

	Note	2019 $'000	2018 $'000 (Restated)
Cash flows from operating activities			
Loss before tax		**(4,037)**	(4,588)
Adjustments for:			
Amortisation of intangible assets	14	**892**	899
Depreciation of property, plant and equipment	11	**4,859**	5,316
Share-based payment expenses	7	**93**	138
Interest income	6	**(308)**	(278)
Interest expense	6	**1,723**	1,385
Dividend income from quoted equity security	5,6	**(25)**	(14)
Bad debts written-off	7	**18**	53
Write-back of allowance for trade and other receivables	17	**(377)**	(76)
Impairment loss on receivables and contract assets	17	**352**	626
Fair value losses on quoted equity securities	7	**56**	–
Share of results of an associate	13	**–**	11
Provision for onerous contract	7,16	**355**	–
Inventories written-off	16	**276**	235
Gain on disposal of property, plant and equipment	5	**(62)**	(24)
Fixed assets written-off		**–**	2
Net unrealised foreign exchange loss/(gain)		**70**	(1,573)
Operating cash flows before changes in working capital		**3,885**	2,112
Changes in working capital:			
- Increase in inventories		**(2,639)**	(1,898)
- (Increase)/decrease in trade and other receivables		**(595)**	9,890
- Increase in prepayment		**(98)**	(6)
- Increase in contract assets		**(470)**	(4,096)
- Increase/(decrease) in trade and other payables		**4,322**	(5,061)
- Increase/(decrease) in contract liabilities		**229**	(262)
Cash generated from operations		**4,634**	679
Tax refund/(paid), net		**242**	(225)
Net cash generated from operating activities		**4,876**	454

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

For the financial year ended 30 April 2019

	Note	2019 $'000	2018 $'000 (Restated)
Cash flows from investing activities			
Interest received		**308**	278
Dividends received		**25**	14
Proceeds from sale of property, plant and equipment		**62**	25
Acquisition of property, plant and equipment	11	**(283)**	(670)
Purchase of intangible assets	14	**(149)**	(169)
Placement of structured deposits	18	**(8,167)**	–
Net cash used in investing activities		**(8,204)**	(522)
Cash flows from financing activities			
Proceeds from trust receipts		**40,046**	42,376
Proceeds from revolving credit facility		**15,765**	16,562
Proceeds from borrowings		**10,500**	2,749
Dividends paid	24	**–**	(556)
Interest paid		**(1,723)**	(1,385)
Repayment of trust receipts		**(40,025)**	(43,736)
Repayment of revolving credit facility		**(27,069)**	(14,052)
Repayment of borrowings		**(2,580)**	(2,560)
Repayment of finance lease liabilities		**(106)**	(99)
Purchase of treasury shares		**(501)**	–
Capital injection from non-controlling interests		**302**	–
Net cash used in financing activities		**(5,391)**	(701)
Net decrease in cash and cash equivalents		**(8,719)**	(769)
Cash and cash equivalents at 1 May		**23,959**	24,587
Effect of exchange rate fluctuations on cash and cash equivalents		**105**	141
Cash and cash equivalents at 30 April	18	**15,345**	23,959

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

1. Corporate information

XMH Holdings Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's registered office and principal place of business is located at 55 Tuas Crescent, #07-01 Singapore 638743.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 30 April 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 30 April 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 First-time adoption of SFRS(I)

These financial statements for the year ended 30 April 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 30 April 2019, together with the comparative period data for the year ended 30 April 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 May 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 May 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 May 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

New accounting standards effective on 1 May 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 May 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 May 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 May 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

The effect of adopting SFRS(I) 9 as at 1 May 2018 are as follows:

	Reference	Decrease $'000
Assets		
Trade and other receivables	(b)	(544)
Contract assets	(b)	(95)
Total assets		(639)
Total adjustment on equity:		
Retained earnings	(a),(b)	(588)
Non-controlling interests	(a)	(51)

The nature of the adjustments are described below:

(a) Classification and measurement

SFRS(I) 9 require the Group to record expected credit losses on all its receivables and contract assets, either on a 12-month or lifetime basis. The Group has applied the simplified approach and recorded lifetime expected credit loss on all its receivables and contract assets. As a result, receivables and contract assets and accumulated profits as at 1 May 2018 were adjusted.

The assessment of the Group's business model was made as of the date of initial application, 1 May 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

***SFRS(I) 9 Financial Instruments* (cont'd)**

(a) Classification and measurement (cont'd)

The classification and measurement requirements of SFRS(I) 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under FRS 39. The following are the changes in the classification and measurement of the Group's financial assets:

- Trade and other receivables classified as loans and receivables as at 30 April 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 May 2018.

- Quoted equity securities classified as available-for-sale (AFS) financial assets as at 30 April 2018 were classified and measured as financial assets at FVPL beginning 1 May 2018. The Group did not transfer the fair value adjustment reserve to retained earnings as at 1 May 2018 for the change in measurement of the Group's quoted equity securities previously measured at FVOCI to FVPL as the effect is not material.

The Group has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of SFRS(I) 9, the Group had the following required or elected reclassifications as at 1 May 2018:

		SFRS(I) 9 measurement category	
	Total	FVPL	Amortised cost
	$'000	$'000	$'000
FRS 39 measurement category			
Loans and receivables			
Trade receivables	13,097	–	13,097
Other receivables	810	–	810
Available-for-sale			
Quoted equity securities	752	752	–
	14,659	752	13,907

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

***SFRS(I) 9 Financial Instruments** (cont'd)*

(a) Classification and measurement (cont'd)

The Group has assessed which business model apply to the financial assets held by the Group at 1 May 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects, before tax impact are as follows:

Financial assets:		**Group**	
	FRS 39 carrying amount on 30.4.2018	**Reclassifications**	**SFRS(I) 9 carrying amount on 1.5.2018**
Measurement category	**$'000**	**$'000**	**$'000**
FVOCI balances	752	(752)	–
FVOCI reclassified to FVPL, FVPL balances	–	752	752

(b) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all its receivables and contract assets, either on a 12-month or lifetime basis. The Group has applied the simplified approach and recorded lifetime expected credit loss on all its receivables and contract assets. As a result, receivables and contract assets and accumulated profits as at 1 May 2018 were adjusted.

Upon adoption of SFRS(I) 9, the Group recognised additional impairment on the Group's receivables and contract assets of $544,000 and $95,000, respectively.

The additional impairment recognised arising from adoption of SFRS(I) 9 above resulted in a corresponding decrease in retained earnings of $639,000 as at 1 May 2018.

The reconciliation for loss allowances for the Group are as follow:

		Group	
	Trade and other receivables	**Contract assets**	**Total**
	$'000	**$'000**	**$'000**
Opening loss allowance at 1 May 2018	1,075	–	1,075
Amount restated through opening retained earnings	544	95	639
Adjusted loss allowance	1,619	95	1,714

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

The Group adopted SFRS(I) 15 which is effective for annual period beginning on or after 1 May 2018.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 30 April 2018 and 1 May 2018 to the statement of financial position of the Group and Company.

	Group				
	30.4.2018 (FRS) $'000	SFRS(I) 15 adjustments $'000	30.4.2018 SFRS(I) 15 $'000	SFRS(I) 9 adjustments $'000	1.5.2018 SFRS(I) $'000
ASSETS					
Non-current assets					
Trade receivables	382	–	382	–	382
Other non-current assets	76,498	–	76,498	–	76,498
	76,880	–	76,880	–	76,880
Current assets					
Inventories	33,270	(7,782)	25,488	–	25,488
Contract work-in-progress	7,293	(7,293)	–	–	–
Contract assets	–	15,075	15,075	(95)	14,980
Trade receivables	13,470	(215)	13,255	(540)	12,715
Other receivables	814	–	814	(4)	810
Other current assets	24,424	–	24,424	–	24,424
	79,271	(215)	79,056	(639)	78,417
Total assets	156,151	(215)	155,936	(639)	155,297
EQUITY AND LIABILITIES					
Current liabilities	53,167	–	53,167	–	53,167
Non-current liabilities	40,029	–	40,029	–	40,029
Total liabilities	93,196	–	93,196	–	93,196
Equity attributable to owners of the Company					
Share capital	39,780	–	39,780	–	39,780
Reserve for own shares	(2,791)	–	(2,791)	–	(2,791)
Other reserves	(6,987)	–	(6,987)	–	(6,987)
Accumulated profits	31,608	(172)	31,436	(588)	30,848
	61,610	(172)	61,438	(588)	60,850
Non-controlling interests	1,345	(43)	1,302	(51)	1,251
Total equity	62,955	(215)	62,740	(639)	62,101
Total equity and liabilities	156,151	(215)	155,936	(639)	155,297

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

	Company				
	30.4.2018 (FRS)	SFRS(I) 15 adjustments	30.4.2018 SFRS(I) 15	SFRS(I) 9 adjustments	1.5.2018 SFRS(I)
	$'000	$'000	$'000	$'000	$'000
ASSETS					
Non-current assets	83,750	–	83,750	–	83,750
Current assets					
Trade and other receivables	3,222	–	3,222	(4)	3,218
Other current assets	412	–	412	–	412
	3,634	–	3,634	(4)	3,630
Total assets	87,384	–	87,384	(4)	87,380
EQUITY AND LIABILITIES					
Current liabilities	11,899	–	11,899	–	11,899
Non-current liabilities	39,072	–	39,072	–	39,072
Total liabilities	50,971	–	50,971	–	50,971
Equity attributable to owners of the Company					
Share capital	39,780	–	39,780	–	39,780
Reserve for own shares	(2,791)	–	(2,791)	–	(2,791)
Other reserves	2,175	–	2,175	–	2,175
Accumulated losses	(2,751)	–	(2,751)	(4)	(2,755)
Total equity	36,413	–	36,413	(4)	36,409
Total equity and liabilities	87,384	–	87,384	(4)	87,380

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 May 2017;

- For the comparative year ended 30 April 2018, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) 15 including application of the new accounting standards on 1 May 2017 to the statement of financial position of the Group.

	Group		
	1.5.2017 (FRS 18)	**SFRS(I) 15 adjustments**	**1.5.2017 SFRS(I) 15**
	$'000	**$'000**	**$'000**
ASSETS			
Non-current assets	83,527	–	83,527
Current assets			
Inventories	30,550	(6,725)	23,825
Contract work-in-progress	4,254	(4,254)	–
Contract assets	–	10,979	10,979
Trade and other receivables	23,068	(162)	22,906
Other current assets	25,942	–	25,942
	83,814	(162)	83,652
Total assets	167,341	(162)	167,179
EQUITY AND LIABILITIES			
Current liabilities	58,905	–	58,905
Non-current liabilities	40,236	–	40,236
Total liabilities	99,141	–	99,141
Equity attributable to owners of the Company			
Share capital	39,780	–	39,780
Reserve for own shares	(2,791)	–	(2,791)
Other reserves	(6,242)	–	(6,242)
Accumulated profits	35,633	(130)	35,503
	66,380	(130)	66,250
Non-controlling interests	1,820	(32)	1,788
Total equity	68,200	(162)	68,038
Total equity and liabilities	167,341	(162)	167,179

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

***SFRS(I) 15 Revenue from Contracts with Customers* (cont'd)**

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) 15 and application of the new accounting standards to the comprehensive income of the Group for the year ended 30 April 2018.

	Group		
	30.4.2018 (FRS 18) $'000	**SFRS(I) 15 adjustments $'000**	**30.4.2018 SFRS(I) 15 $'000**
Revenue	72,886	(53)	72,833
Loss after tax	(3,944)	(53)	(3,997)
Loss attributable to:			
Owners of the Company	(3,469)	(42)	(3,511)
Non-controlling interests	(475)	(11)	(486)
	(3,944)	(53)	(3,997)
Total comprehensive expenses attributable to:			
Owners of the Company	(4,352)	(42)	(4,394)
Non-controlling interests	(475)	(11)	(486)
	(4,827)	(53)	(4,880)
Loss per share			
- Basic (cents)	(3.12)	(0.04)	(3.16)
- Diluted (cents)	(3.11)	(0.04)	(3.15)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on statements of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening earnings at the date of initial application, 1 May 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 May 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 May 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 May 2019; and

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019. The Group expects that the adoption of SFRS(I) 16 will increase its total assets and liabilities, EBITDA and gearing ratio. The operating cash flows will increase and financing cash flow will decrease as repayment of the principal portion of the lease liabilities will be reclassified as cash flows from financing activities.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary corporations as at the end of the reporting period. The financial statements of the subsidiary corporations used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary corporations are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary corporation are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interests in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The CGUs to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of CGU (or group of CGUs) to which the goodwill relates.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in a subsidiary corporation not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary corporation that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary corporation. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Functional and foreign currency

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary corporations and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of subsidiaries denominated in other currencies are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment and buildings are measured at cost less accumulated depreciation and any accumulated impairment loss.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land use rights	-	30 years
Building	-	30 to $33^1/_3$ years
Plant and machinery	-	3 to 10 years
Furniture and fittings and renovations	-	3 to 10 years
Office equipment	-	1 to 10 years
Motor vehicles	-	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

(a) Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

(i) Order backlogs and customer relationships

In accordance with SFRS(I) 3, order backlogs and customer relationships meet the definition of intangible asset as they are separable. Order backlogs and customer relationships are measured at cost less accumulated amortisation and accumulated impairment loss. The cost of order backlogs and customer relationships are amortised to profit or loss using the straight-line method over the estimated useful life of 2 to 2.5 years and 5 years respectively.

(ii) Intellectual property rights

Intellectual property rights relate to the products and process of certain power generating sets and auxiliary components. It is measured initially at cost and is amortised on a straight-line basis over the estimated useful life of 5 to 10 years.

Amortisation shall begin when the assets are available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(iii) Software licence

Acquired software licence are initially capitalised at cost which include the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of the software beyond its specifications and which can be reliably measured is added to the original cost of the software licence.

Subsequent to initial recognition, software licence is carried at cost less accumulated amortisation and accumulated impairment loss. The cost of software licence is amortised to profit or loss using the straight-line method over the estimated useful life of 3 years.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets (cont'd)

(b) Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. Such intangible assets are not amortised. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated impairment loss. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiary corporations represents the excess of the fair value of the consideration transferred in the business combination over the net fair value of the acquiree's identifiable assets and liabilities. Impairment losses are reviewed at the end of each reporting period and adjusted if appropriate.

(ii) Club membership

Club membership was acquired separately. Impairment losses are reviewed at the end of each reporting period and adjusted if appropriate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.10 Subsidiary corporations

A subsidiary corporation is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiary corporations are accounted for at cost less accumulated impairment loss.

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investment in an associate using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, bank deposits and short-term highly liquid investments that are readily convertible to known amount of cash which are subjected to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and contracts assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade and other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Spare parts and raw materials: purchase costs on a weighted average basis.
- Raw materials (Engine): purchase costs on a specific identification basis.
- Finished goods (Engine): costs of direct materials, labour and an atributable portion of overheads, determined on a specific identification basis.
- Finished goods (Generator set) and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss under "Other income".

2.18 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured higher of the amount of expected credit loss determined in accordance with the policy set in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Employee benefits

(a) Defined contribution plan

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund ("CPF") in Singapore and Employees Provident Fund ("EPF") in Malaysia. CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

(c) 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.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.22 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised when the goods are delivered and all criteria for acceptance has been satisfied. An estimated transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised goods and services.

(b) Project revenue

Revenue is recognised when the control over the work completed has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the performance over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

For contracts where the performance completed has no alternative use to the Group due to contractual restriction and the Group has enforceable rights to payment arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the performance. The measurement of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Management has determined that input method provides a faithful depiction of the Group's performance in transferring control over the performance to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the performance.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue from projects are also adjusted with variations to the contracts claimable from customers, as well as liquidated damages due to delays or other causes, payable to customers.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

(b) Project revenue (cont'd)

Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The customer is invoiced on a progressive work certification basis. If the value of the progress work transferred by the Group exceed the billings to customers, a contract asset is recognised. If the billings to customers exceed the value of the goods transferred, a contract liability is recognised.

Revenue from short-term projects and maintenance services is recognised at a point in time when the services are rendered.

(c) Service fee

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

(d) Finance income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(e) Dividend income

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 equity securities is normally the ex-dividend date.

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiary corporations and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiary corporations and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2. Summary of significant accounting policies (cont'd)

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary corporations. In determining the functional currencies of entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Revenue recognition for project revenue

The Group has ongoing contracts at each reporting date with customers for performance obligation.

Project revenue is recognised over time by reference to the Group's progress towards completing the performance. The measurement of progress is determined based on the proportion of contract costs incurred to-date to the estimated total contract costs ("input method"). When it is probable that total contract costs will exceed total revenue, a provision for onerous contract is recognised in the profit or loss immediately. Revenue recognised on these contracts but unbilled to customers are presented as contract assets on the statements of financial position.

Under the input method, estimated total contract costs on each project is a key input that is subject to significant estimation uncertainty. At every reporting date, management re-evaluates, inter alia, the estimated total contract costs by updating the estimated contract costs to be incurred from the reporting date to the completion date of the projects ("costs-to-complete").

In making estimation of the total costs-to-complete, management has applied its past experience of completing similar projects, as well as quotations from and contracts with suppliers and sub-contractors.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Expected credit losses of trade and other receivables and contract assets

The Group uses a provision matrix to calculate ECLs for receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions and hence, ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables and contract assets is disclosed in Note 17.

The carrying amount of trade and other receivables and contract assets as at 30 April 2019 are $14,570,000 (30 April 2018: $14,451,000, 1 May 2017: $24,943,000) and $15,389,000 (30 April 2018: $15,075,000, 1 May 2017: $10,979,000) respectively.

(b) Impairment of goodwill and cost of investment in subsidiary corporations

The Group's goodwill and the Company's cost of investment in subsidiary corporations are subjected to impairment assessment for the financial year ended 30 April 2019. Management assesses goodwill impairment annually. For cost of investment in subsidiary corporations, management performs an assessment to ascertain whether indicators of impairment are present. For impairment assessments, management uses a discounted cash flow model which involves significant judgement in estimating the recoverable values of these assets. The recoverable amount is most sensitive to the projected revenue, gross margins, terminal growth rate and discount rate used for the discounted cash flow model. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Notes 14 and 12 to the financial statements. The carrying amount of the Group's goodwill and the Company's cost of investment in subsidiary corporations as at 30 April 2019 are $9,393,000 (2018: $9,393,000) and $18,701,000 (2018: $25,540,000) respectively.

(c) Impairment of inventories

The Group assesses at the end of each reporting period whether there is any objective evidence that its inventories are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the inventory ageing profile.

Where there is objective evidence of impairment, significant judgement and estimation is involved as the condition of the inventory may not be fully attributable to the age of the inventory. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 16 to the financial statements.

NOTES TO
THE FINANCIAL STATEMENTS
For the financial year ended 30 April 2019

4. Revenue

(a) Disaggregation of revenue

	Distribution		After-sales		Projects		Total revenue	
Segments	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Primary geographical markets								
Singapore	**158**	1,940	**2,489**	3,142	**38,097**	34,944	**40,744**	40,026
Indonesia	**22,755**	12,607	**2,984**	2,876	**830**	8	**26,569**	15,491
Vietnam	**3,352**	8,480	**321**	257	**–**	2	**3,673**	8,739
Other countries	**937**	1,299	**1,612**	1,056	**4,160**	6,222	**6,709**	8,577
	27,202	24,326	**7,406**	7,331	**43,087**	41,176	**77,695**	72,833
Timing of transfer of goods and services								
At a point in time	**27,202**	24,326	**7,406**	7,331	**10,550**	13,343	**45,158**	45,000
Over time	**–**	–	**–**	–	**32,537**	27,833	**32,537**	27,833
	27,202	24,326	**7,406**	7,331	**43,087**	41,176	**77,695**	72,833

(b) Judgement and methods used in estimating revenue

(i) Recognition of revenue from projects over time

For the sale of projects where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the projects to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar projects.

(ii) Determining transaction price and amounts allocated to sale and commissioning

For the bundled packages of sale and commissioning, the Group allocates the transaction price to the sale of equipment and commissioning service based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on estimated costs plus margin.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

4. Revenue (cont'd)

(c) Contract assets and contract liabilities

Information about trade receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	30.4.2019	**30.4.2018**	**1.5.2017**
	$'000	**$'000**	**$'000**
Trade receivables (Note 17)	**11,991**	11,982	22,996
Contract assets	**15,389**	15,075	10,979
Contract liabilities	**(240)**	(11)	(273)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for project work. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for project work.

Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Contract assets reclassified to receivables	**(10,607)**	(7,558)
Changes in estimate of transaction price	**(123)**	528
Impairment loss on contract assets	**(61)**	–

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**11**	273

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

4. Revenue (cont'd)

(d) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied performance obligations as at 30 April 2018 is $5,043,000. The Group expects to recognise $875,000 as revenue in FY2019 and $4,168,000 in FY2020. This amount has not included the performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration for one year or less, or

- The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

5. Other income

	Group	
	2019	**2018**
	$'000	**$'000**
		(Restated)
One-off charge from a customer	**460**	–
Dividend income on quoted equity security	**25**	–
Forfeited deposits from customers	**700**	890
Gain on disposal of property, plant and equipment	**62**	24
Grants and rebates	**248**	126
Insurance claims	**17**	1
Write-back of liabilities no longer required	**57**	16
Rental income	**1,343**	1,641
Commission income	**–**	55
Recovery of transportation expense from customers	**279**	122
Write-back of allowance for trade and other receivables	**377**	76
Scrap sales	**65**	18
Others	**23**	132
	3,656	3,101

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

6. Finance costs

	Group	
	2019	**2018**
	$'000	**$'000**
Net foreign exchange gain	**538**	–
Dividend income on quoted equity security (reclassified to other income)	**–**	14
Interest income on bank deposits	**308**	278
Finance income	**846**	292
Net foreign exchange loss	**–**	(255)
Interest expense on loans and borrowings	**(1,723)**	(1,385)
Finance costs	**(1,723)**	(1,640)
Net finance costs recognised in profit or loss	**(877)**	(1,348)

7. Loss before tax

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

	Group	
	2019	**2018**
	$'000	**$'000**
Audit fees paid/payable to:		
- auditor of the Company	**230**	205
- affiliate of auditor of the Company	**13**	15
- other auditors	**7**	7
Non-audit fees paid/payable to:		
- affiliate of auditor of the Company	**4**	5
Staff costs	**13,623**	13,149
Contribution to defined contribution plans included in staff costs	**1,056**	998
Directors' fees	**171**	171
Depreciation of property, plant and equipment	**4,859**	5,316
Provision for onerous contract	**355**	–
Inventories written-off	**276**	235
Impairment loss on financial assets:		
- trade and other receivables	**291**	626
- contract assets	**61**	–
Fair value losses on quoted equity securities	**56**	–
Share-based payment expenses	**93**	138
Operating lease expenses	**199**	201
Amortisation of intangible assets	**892**	899
Bad debts written-off	**18**	53

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

8. Income tax expense/(credit)

(a) Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 30 April 2019 and 2018 are:

	Group	
	2019	**2018**
	$'000	**$'000**
Current income tax		
Current year	**145**	42
(Over)/under provision in respect of previous years	**(71)**	16
Deferred income tax		
Origination and reversal of temporary difference	**(158)**	(149)
Under/(over) provision in respect of previous years	**283**	(500)
Income tax expense/(credit) recognised in profit or loss	**199**	(591)

(b) Relationship between tax expense/(credit) and accounting loss

A reconciliation between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 30 April 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
		(Restated)
Loss before tax	**(4,037)**	(4,588)
Tax at applicable corporate tax rate of 17% (2018: 17%)	**(686)**	(780)
Adjustments:		
- Effect of different tax rate in a foreign jurisdiction	**11**	(20)
- Non-deductible expenses	**633**	502
- Income not subject to tax	**(114)**	(78)
- Tax incentives and reliefs	**(310)**	(38)
- Benefits from previously unrecognised tax losses	**(126)**	(77)
- Under/(over) provision in respect of previous years	**212**	(484)
- Deferred tax asset not recognised	**567**	432
- Others	**12**	(48)
Income tax expense/(credit) recognised in profit or loss	**199**	(591)

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

8. Income tax expense/(credit) (cont'd)

(b) Relationship between tax expense/(credit) and accounting loss (cont'd)

As at 30 April 2019, the Group has unutilised capital allowances and unabsorbed tax losses of approximately $1,437,000 (2018: $2,589,000, 2017: $12,000) and $8,434,000 (2018: $4,706,000, 2017: $4,348,000) respectively that are available for offset against future taxable profits of the companies to which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of unutilised capital allowances and tax losses is subject to agreement of the tax authorities and compliance with certain provisions of tax regulation in Singapore.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 24) for the financial years ended 30 April 2019 and 2018.

(c) Deferred tax assets/(liabilities)

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

	At 1.5.2018	Recognised in profit or loss	At 30.4.2019
	$'000	$'000	$'000
Deferred tax assets, net			
Provisions	7	14	21
Unutilised capital allowances and tax losses	285	(281)	4
Differences in depreciation for tax purposes	12	–	12
Total	304	(267)	37
Deferred tax liabilities, net			
Provisions	28	17	45
Differences in depreciation for tax purposes	(81)	(3)	(84)
Fair value adjustments on acquisition of subsidiary corporations			
- Loans and borrowings	(109)	8	(101)
- Intangible assets	(221)	120	(101)
	(330)	128	(202)
Total	(383)	142	(241)

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

8. Income tax expense/(credit) (cont'd)

(c) Deferred tax assets/(liabilities) (cont'd)

	At 1.5.2017	Recognised in profit or loss	At 30.4.2018
	$'000	$'000	$'000
Deferred tax assets, net			
Provisions	20	(13)	7
Unutilised capital allowances and tax losses	621	(336)	285
Differences in depreciation for tax purposes	(621)	633	12
Total	20	284	304
Deferred tax liabilities, net			
Revaluations to fair value on available-for-sale financial assets	7	(7)	–
Provisions	–	28	28
Differences in depreciation for tax purposes	(328)	247	(81)
Fair value adjustments on acquisition of subsidiary corporations			
- Loans and borrowings	(86)	(23)	(109)
- Intangible assets	(341)	120	(221)
	(427)	97	(330)
Total	(748)	365	(383)

9. Loss per share

Basic loss per share amounts are calculated by dividing the results from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares).

Diluted loss per share amounts are calculated by dividing the results from operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

9. Loss per share (cont'd)

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 30 April:

	Group	
	2019	**2018**
	$'000	**$'000**
		(Restated)
Loss for the year attributable to owners of the Company	**(3,338)**	(3,511)

	No. of shares	
	2019	**2018**
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**109,765,278**	111,281,821
Effect of the potential shares to be issued under the XMH share option scheme	**–**	165,614
Weighted average number of ordinary shares (diluted) outstanding during the year	**109,765,278**	111,447,435

4,225,250 (2018: 4,063,750) share options granted to employees under the share option scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the previous financial year, no employees of the Group exercised the options to acquire ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date.

10. 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 independent directors of the Company and full-time employees of the Group (the "Participants").

On 12 September 2014, the Company granted 6,850,000 share options (Tranche 4) to eligible Participants under the Scheme. These share options can be exercised between 12 September 2016 and 11 September 2019 (inclusive) at the exercise price of $0.248 per share, which is determined at approximately 20% discount of the Market Price of the Company's shares on the date of grant. After share consolidation of 4 into 1 on 22 February 2016, the modified number of share options granted is 1,712,500 and the modified exercise price is $0.992 per share.

On 10 September 2015, the Company granted 5,142,000 share options (Tranche 5) to eligible Participants under the Scheme. These share options can be exercised between 10 September 2017 and 9 September 2020 (inclusive) at the exercise price of $0.130 per share, which is determined at approximately 20% discount of the Market Price of the Company's shares on the date of grant. After share consolidation of 4 into 1 on 22 February 2016, the modified number of share option granted is 1,285,500 and the modified exercise price is $0.520 per share.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

10. Share-based payments (cont'd)

On 7 September 2016, the Company granted 1,284,250 share options (Tranche 6) to eligible Participants under the Scheme. These share options can be exercised between 7 September 2018 and 6 September 2021 (inclusive) at the exercise price of $0.310 per share, which is determined at approximately 20% discount of the Market Price of the Company's share on the date of grant.

On 30 August 2017, the Company granted 1,420,250 share options (Tranche 7) to eligible Participants under the Scheme. These share options can be exercised between 30 August 2019 and 29 August 2022 (inclusive) at the exercise price of $0.220 per share, which is determined at approximately 20% discount of the Market Price of the Company's share 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 a Market Price 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.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these awards.

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

10. Share-based payments (cont'd)

Disclosure of the Scheme

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

Group	Weighted average exercise price 2019 $	Number of options 2019 '000	Weighted average exercise price 2018 $	Number of options 2018 '000
At 1 May	**0.633**	**5,334**	0.748	4,373
Lapsed/cancelled during the year	**1.154**	**(1,109)**	0.450	(459)
Granted during the year	**–**	**–**	0.220	1,420
Options outstanding at 30 April	**0.497**	**4,225**	0.633	5,334
Options exercisable at 30 April		**2,993**		2,952

Inputs for measurement of grant date fair values

The grant date fair value of the Scheme was measured based on a Binomial 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.

During the financial year ended 30 April 2019, the Group recognised share-based payment expenses of $93,000 (2018: $138,000) relating to the share options granted under the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

11. Property, plant and equipment

Group	Freehold land $'000	Building $'000	Leasehold land $'000	Plant and machinery $'000	Furniture and fittings and renovations $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost:								
At 1 May 2017	797	51,123	7,174	5,416	12,333	1,775	1,662	80,280
Additions	–	106	–	336	58	79	91	670
Disposals	–	–	–	(85)	(43)	(112)	(167)	(407)
Written-off	–	–	–	–	(4)	(3)	–	(7)
Currency translation differences	43	124	–	(55)	6	(20)	(12)	86
At 30 April 2018 and 1 May 2018	**840**	**51,353**	**7,174**	**5,612**	**12,350**	**1,719**	**1,574**	**80,622**
Additions	**–**	**2**	**–**	**8**	**27**	**182**	**107**	**326**
Disposals	**–**	**–**	**–**	**–**	**(2)**	**(23)**	**(330)**	**(355)**
Written-off	**–**	**–**	**–**	**–**	**(1)**	**(5)**	**–**	**(6)**
Currency translation differences	**(22)**	**(65)**	**–**	**(17)**	**(5)**	**7**	**1**	**(101)**
At 30 April 2019	**818**	**51,290**	**7,174**	**5,603**	**12,369**	**1,880**	**1,352**	**80,486**
Accumulated depreciation:								
At 1 May 2017	–	3,605	180	2,756	2,535	1,478	1,019	11,573
Depreciation for the year	–	1,826	270	1,213	1,673	134	200	5,316
Disposals	–	–	–	(85)	(42)	(112)	(167)	(406)
Written-off	–	–	–	–	(2)	(3)	–	(5)
Currency translation differences	–	21	–	(1)	8	(18)	(8)	2
At 30 April 2018 and 1 May 2018	**–**	**5,452**	**450**	**3,883**	**4,172**	**1,479**	**1,044**	**16,480**
Depreciation for the year	**–**	**1,829**	**270**	**950**	**1,497**	**123**	**190**	**4,859**
Disposals	**–**	**–**	**–**	**–**	**(2)**	**(20)**	**(330)**	**(352)**
Written-off	**–**	**–**	**–**	**–**	**(1)**	**(5)**	**–**	**(6)**
Currency translation differences	**–**	**(11)**	**–**	**(20)**	**(5)**	**7**	**–**	**(29)**
At 30 April 2019	**–**	**7,270**	**720**	**4,813**	**5,661**	**1,584**	**904**	**20,952**
Net carrying amount:								
At 1 May 2017	797	47,518	6,994	2,660	9,798	297	643	68,707
At 30 April 2018	840	45,901	6,724	1,729	8,178	240	530	64,142
At 30 April 2019	**818**	**44,020**	**6,454**	**790**	**6,708**	**296**	**448**	**59,534**

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For the financial year ended 30 April 2019

11. Property, plant and equipment (cont'd)

Company	Building	Leasehold land	Furniture and fittings and renovations	Office equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 May 2017	46,106	7,174	10,440	154	402	64,276
Additions	28	–	14	–	–	42
At 30 April 2018 and 1 May 2018	**46,134**	**7,174**	**10,454**	**154**	**402**	**64,318**
Additions	**–**	**–**	**21**	**2**	**–**	**23**
Disposals	**–**	**–**	**(1)**	**–**	**–**	**(1)**
At 30 April 2019	**46,134**	**7,174**	**10,474**	**156**	**402**	**64,340**
Accumulated depreciation:						
At 1 May 2017	1,062	180	1,027	134	47	2,450
Depreciation for the year	1,756	270	1,540	12	80	3,658
At 30 April 2018 and 1 May 2018	**2,818**	**450**	**2,567**	**146**	**127**	**6,108**
Depreciation for the year	**1,758**	**270**	**1,376**	**8**	**80**	**3,492**
Disposals	**–**	**–**	**(1)**	**–**	**–**	**(1)**
At 30 April 2019	**4,576**	**720**	**3,942**	**154**	**207**	**9,599**
Net carrying amount:						
At 1 May 2017	45,044	6,994	9,413	20	355	61,826
At 30 April 2018	43,316	6,724	7,887	8	275	58,210
At 30 April 2019	**41,558**	**6,454**	**6,532**	**2**	**195**	**54,741**

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For the financial year ended 30 April 2019

11. Property, plant and equipment (cont'd)

The Group has land use rights over 55 Tuas Crescent, Singapore 638743 where the Group's office reside. The land use rights are not transferable and have a remaining tenure of 24 years (30 April 2018: 25 years, 1 May 2017: 26 years).

	30.4.2019	30.4.2018	1.5.2017
	$'000	$'000	$'000
Land use rights			
Net carrying amount			
Amount to be amortised:			
- Not later than one year	**270**	270	270
- Later than one year but not later than five years	**1,080**	1,080	1,080
- Later than five years	**5,104**	5,374	5,644
	6,454	6,724	6,994

During the financial year, the Group acquired motor vehicle with aggregate cost of $43,000 (2018: nil) by means of finance leases. The cash outflow of property, plant and equipment amounted to $283,000 (2018: $670,000).

Assets pledged as securities

In addition to assets held under finance lease, the Group's land and building with a carrying amount at $51,292,000 (2018: $53,465,000, 2017: $55,309,000) are mortgaged to secure the Group's bank loans (Note 26).

The carrying amount of motor vehicles held under finance leases is $277,000 (2018: $336,000, 2017: $473,000) at the date of the statement of financial position including motor vehicle held in trust by the Director of the Company with net book value of $195,000 (2018: $275,000, 2017: $355,000).

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For the financial year ended 30 April 2019

12. Investment in subsidiary corporations

	Company		
	2019	**2018**	**2017**
	$'000	**$'000**	**$'000**
Unquoted equity investment, at cost	**31,801**	31,801	31,801
Capital injection	**800**	–	–
Accumulated impairment loss	**(13,900)**	(6,261)	(2,661)
	18,701	25,540	29,140

Movements in accumulated impairment loss are as follows:

	Company	
	2019	**2018**
	$'000	**$'000**
At 1 May	**6,261**	2,661
Impairment for the year	**7,639**	3,600
At 30 April	**13,900**	6,261

During the financial year, the Company recognised an impairment loss of $7,639,000 (2018: $3,600,000) in the profit or loss statement due to the underperformance of a subsidiary. The impairment loss recognised is estimated based on the shortfall of the carrying amount to its recoverable amount derived from the discounted cash flow projections over a period of 5 years. The discount rate applied to the cash flow projections and the forecasted revenue growth rates used to extrapolate cash flows projections beyond the 5 year period are as follows:

	Revenue growth rate*	**Discount rate**		**Terminal growth rate**	
	FY2021-FY2024	**2019**	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**	**%**
Key assumptions	**5**	**11**	11	**1**	1

* FY2020 (2018: FY2019) revenue was forecasted based on the secured orders and potential orders estimated from order books as at year end.

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

12. Investment in subsidiary corporations (cont'd)

(a) Composition of the Group

The details of the subsidiary corporations are as follows:

	Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group 30.4.2019 %	30.4.2018 %	1.5.2017 %
	Held by the Company				
(1)	Xin Ming Hua Pte Ltd ("XMHPL") (Singapore)	Supply of engines, general machinery and machinery equipment for marine, agriculture, construction and industrial use including spare parts and after sales-services	**100**	100	100
(1)	XMH Engineering Pte. Ltd. (Singapore)	Manufacturing and repairing of machinery for mining, quarrying and construction	**100**	100	100
(3)	PT Xin Ming Hua Engine (Indonesia)	Trading of machinery, spare parts and equipment	**100**	100	100
(1)	Mech-Power Generator Pte Ltd (Singapore)	Assembly, sales of generators and related accessories and investment holding	**100**	100	100
(1)	Z-Power Automation Pte. Ltd. ("ZPA") (Singapore)	Manufacturing of marine equipment and repair services	**80**	80	80
*	AceGen Pte. Ltd. (Singapore)	Assembly works or subcontract works for power generating sets	**–**	–	100
	Held through Mech-Power Generator Pte Ltd				
(2)	Mech Power Generator Sdn. Bhd. (Malaysia)	Manufacturers, importers, exporters of generating sets, spare parts, general engineering and other related products	**100**	100	100
	Held through XMH Engineering Pte. Ltd.				
(4)	Vivo Power Myanmar Company Limited (Myanmar)	Manufacture and/or assemble of transformers, generator sets, power solution products and after sales maintenance services	**50**	50	–

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

12. Investment in subsidiary corporations (cont'd)

(a) Composition of the Group (cont'd)

[(1)] Audited by Ernst & Young LLP, Singapore.
[(2)] Audited by Ernst & Young, Malaysia.
[(3)] Audited by Johan Malonda Mustika & Rekan, Indonesia.
[(4)] Audited by Thein Htay & Associates Audit Firm, Myanmar.
* Struck off in February 2018.

(b) Interest in a subsidiary corporation with material non-controlling interests ("NCI")

The Group has the following subsidiary corporation that has NCI that is material to the Group:

Name of company	Principal place of business	Proportion of ownership held by NCI	Loss allocated to NCI during the reporting period	Accumulated NCI at the end of the reporting period
		%	$'000	$'000
30 April 2019:				
Z-Power Automation Pte. Ltd.	**Singapore**	**20**	**(880)**	**571**
30 April 2018:				
Z-Power Automation Pte. Ltd. (Restated)	Singapore	20	(486)	1,302

(c) Summarised financial information about a subsidiary corporation with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of a subsidiary corporation with material non-controlling interests are as follows:

Summarised statement of financial position

	30.4.2019	30.4.2018	1.5.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Current			
Assets	**8,873**	10,814	11,189
Liabilities	**(6,392)**	(6,300)	(6,694)
Net current assets	**2,481**	4,514	4,495
Non-current			
Assets	**947**	2,249	4,858
Liabilities	**(574)**	(253)	(418)
Net non-current assets	**373**	1,996	4,440
Net assets	**2,854**	6,510	8,935

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

12. Investment in subsidiary corporations (cont'd)

(c) Summarised financial information about a subsidiary corporation with material NCI (cont'd)

Summarised statement of comprehensive income

	2019 $'000	2018 $'000 (Restated)
Revenue	**10,724**	13,520
Loss before tax	**(3,835)**	(1,859)
Income tax credit	**21**	21
	(3,814)	(1,838)
Less: Amortisation of fair value uplift, net of tax	**(588)**	(588)
Net loss after tax, representing total comprehensive expenses	**(4,402)**	(2,426)

13. Investment in an associate

Movements in investment in an associate are as follows:

		Group	
	2019 $'000	2018 $'000	2017 $'000
At 1 May	**–**	–	207
Share of results of an associate	**–**	–	(207)
At 30 April	**–**	–	–

The share of results of an associate recorded in profit or loss statement of $11,000 in FY2018 relates to the expenses incurred in connection with its disposal.

The details of the associate are as follows:

	Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group		
			30.4.2019 %	30.4.2018 %	1.5.2017 %
	Held through Z-Power Automation Pte. Ltd.				
(1)	Z-Power Automation (Vietnam) Co., Ltd. * (Vietnam)	Manufacturing of industrial electrical equipment	**–**	–	50

(1) Audited by Vietnam Auditing and Evaluation Company Limited.

* The investment in the associate was disposed of in February 2018 at consideration of $1.00.

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

13. Investment in an associate (cont'd)

The summarised financial information in respect of the associate and a reconciliation with the carrying amount of the investment in the consolidated financial statement are as follows:

Summarised statement of financial position

	2017 **$'000**
Assets	209
Liabilities	(216)
Net liabilities	(7)
Proportion of Group's ownership	50%
Group's share of net liabilities	(4)
Other adjustments	4
Carrying amount of the investment	–

Summarised statement of comprehensive income

	2017 **$'000**
Revenue	794
Loss after tax, representing total comprehensive expenses	(458)

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14. Intangible assets

Group	Goodwill	Order backlogs	Customer relation-ships	Intellectual property rights	Software licence	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 May 2017	11,754	2,401	3,539	378	417	18,489
Additions	–	–	–	–	169	169
Disposal	–	–	–	–	(117)	(117)
Currency translation differences	–	–	–	(12)	–	(12)
At 30 April 2018 and 1 May 2018	**11,754**	**2,401**	**3,539**	**366**	**469**	**18,529**
Additions	**–**	**–**	**–**	**122**	**27**	**149**
At 30 April 2019	**11,754**	**2,401**	**3,539**	**488**	**496**	**18,678**
Accumulated amortisation and impairment loss:						
At 1 May 2017	2,361	2,401	1,534	117	243	6,656
Amortisation for the year	–	–	708	47	144	899
Disposal	–	–	–	–	(117)	(117)
Currency translation differences	–	–	–	(3)	–	(3)
At 30 April 2018 and 1 May 2018	**2,361**	**2,401**	**2,242**	**161**	**270**	**7,435**
Amortisation for the year	**–**	**–**	**708**	**52**	**132**	**892**
At 30 April 2019	**2,361**	**2,401**	**2,950**	**213**	**402**	**8,327**
Net carrying amount:						
At 1 May 2017	9,393	–	2,005	261	174	11,833
At 30 April 2018	9,393	–	1,297	205	199	11,094
At 30 April 2019	**9,393**	**–**	**589**	**275**	**94**	**10,351**

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For the financial year ended 30 April 2019

14. Intangible assets (cont'd)

	Customer relation-ships	Intellectual property rights	Software licence
Remaining useful life as at 30 April 2019 (years)	**0.9**	**4 to 5**	**1 to 3**
Remaining useful life as at 30 April 2018 (years)	1.8	4 to 5	1 to 3

The Group acquired the entire equity interest of MPG Group on 7 September 2013 and ZPA on 4 March 2015. Intangible assets including goodwill, order backlogs and customer relationships were acquired upon the acquisition of the MPG Group and ZPA in prior years. In FY2017, goodwill attributable to ZPA was fully impaired.

Customer relationships relate to ZPA's customer relationship with its existing customers that resulted in repeat purchase and customer loyalty. The remaining amortisation period is 10 months (2018: 1 year and 10 months).

The amortisation of intangible assets is included in the "Administrative expenses" line item in profit or loss.

Impairment assessment for CGU containing goodwill

The carrying amount of goodwill of $9,393,000 is attributable to the MPG Group.

The recoverable amount of the MPG Group was determined based on its value in use. The value in use were 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. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5 year period are as follows:

	Revenue growth rate*	Discount rate			Terminal growth rate		
	FY2021-FY2024	2019	2018	2017	2019	2018	2017
	%	%	%	%	%	%	%
Key assumptions	**5**	**10**	10	10	**1**	1	1

* FY2020 (2018: FY2019) revenue was forecasted based on the secured orders and potential orders estimated from order books as at year end.

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

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14. Intangible assets (cont'd)

Sensitivity to changes in assumption

With regards to the assessment of value in use for the MPG Group, management believes that no reasonably possible changes in any of the key assumption would cause the carrying value of the unit to materially exceed its recoverable amount.

The carrying amounts of goodwill and intangible assets attributable to each CGU are as follows:

	MPG Group			ZPA			XMHPL		
	30.4.2019	30.4.2018	1.5.2017	30.4.2019	30.4.2018	1.5.2017	30.4.2019	30.4.2018	1.5.2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill	**9,393**	9,393	9,393	**–**	–	–	**–**	–	–
Customer relationships	**–**	–	–	**589**	1,297	2,005	**–**	–	–
Software licence	**–**	–	–	**94**	199	174	**–**	–	–
Intellectual property rights	**–**	–	–	**–**	–	–	**275**	205	261
	9,393	9,393	9,393	**683**	1,496	2,179	**275**	205	261

15. Other financial assets

	Group
	30.4.2019
	$'000
Non-current financial assets	
Fair value through profit or loss	
Equity securities (quoted)	**662**

	Group	
	30.4.2018	1.5.2017
	$'000	$'000
Non-current financial assets		
Available-for-sale financial assets		
Equity securities (quoted)	752	717

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16. Inventories

	Group		
	30.4.2019	**30.4.2018**	**1.5.2017**
	$'000	**$'000**	**$'000**
Statement of financial position:			
Spare parts (at cost)	**6,829**	5,305	5,247
Raw materials (at cost)	**3,190**	2,729	2,772
Work-in-progress (at cost or net realisable value)	**1,944**	1,950	3,071
Finished goods (at cost or net realisable value)			
- Engines	**15,513**	15,425	12,235
- Generator sets	**20**	79	500
	27,496	25,488	23,825

	Group	
	2019	**2018**
	$'000	**$'000**
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	**60,655**	55,072
Inclusive of the following charge:		
Inventories written-off	**276**	235
Provision for onerous contract	**355**	–

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17. Trade and other receivables

	Group			Company		
	30.4.2019 $'000	**30.4.2018 $'000 (Restated)**	**1.5.2017 $'000 (Restated)**	**30.4.2019 $'000**	**30.4.2018 $'000**	**1.5.2017 $'000**
Trade receivables	**13,048**	12,935	23,538	**–**	–	–
Unbilled receivables	**–**	901	604	**–**	–	–
Retention sum	**79**	153	600	**–**	–	–
GST receivables	**886**	601	194	**–**	–	–
Amounts due from an associate	**–**	–	64	**–**	–	–
Allowance for trade receivables	**(1,057)**	(953)	(542)	**–**	–	–
	12,956	13,637	24,458	**–**	–	–
Amounts due from subsidiary corporations	**–**	–	–	**503**	1,169	8,263
Deposits	**599**	257	113	**45**	35	–
Dividends receivable	**–**	–	–	**1,222**	1,950	4,000
Other receivables	**1,069**	596	324	**228**	190	320
Advances to staff	**32**	83	48	**–**	–	–
Allowance for other receivables	**(86)**	(122)	–	**(86)**	(122)	–
Total trade and other receivables	**14,570**	14,451	24,943	**1,912**	3,222	12,583
Add: Cash and short-term deposits	**23,552**	24,001	25,618	**792**	365	799
Less: GST receivables	**(886)**	(601)	(194)	**–**	–	–
Total financial assets carried at amortised cost	**37,236**	37,851	50,367	**2,704**	3,587	13,382
Non-current	**–**	382	2,037	**–**	–	–
Current	**14,570**	14,069	22,906	**1,912**	3,222	12,583
	14,570	14,451	24,943	**1,912**	3,222	12,583

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables are amounts under a 3-year and a 7-month non-interest bearing instalment repayment plans for a customer with balance of $648,000 and $nil (2018: $1,772,000 and $624,000), respectively, as at 30 April 2019.

Amounts due from an associate are trade-related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

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17. Trade and other receivables (cont'd)

Amounts due from subsidiary corporations are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

The advances to staff are unsecured and non-interest bearing, and are repayable on demand.

Trade receivables that are past due but not impaired

In 2018, the Group has trade receivables amounting to $5,170,000 (1.5.2017: $10,455,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period are as follows:

	Group	
	30.4.2018	**1.5.2017**
	$'000	**$'000**
Trade receivables past due but not impaired:		
- Past due 0 to 30 days	3,354	1,215
- Past due 31 to 60 days	221	660
- Past due more than 60 days	1,595	8,580
	5,170	10,455

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Trade receivables – nominal amounts	1,292	542
Less: Allowance for impairment	(953)	(542)
	339	–
<u>Movement in allowance accounts:</u>		
At 1 May	542	414
Charge for the year	626	293
Utilisation of allowance for trade receivables	(139)	(140)
Bad debt recovery	–	(3)
Write-back of allowance for trade receivables	(76)	(22)
At 30 April	953	542

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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17. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of receivables and contract assets computed based on lifetime ECL are as follows:

	Group		
	Trade and other receivables 2019 $'000	Contract assets 2019 $'000	Total 2019 $'000
Movement in allowance accounts:			
At 1 May	**1,619**	**95**	**1,714**
Charge for the year	**291**	**61**	**352**
Write-back of allowance	**(377)**	**–**	**(377)**
Utilisation of allowance	**(176)**	**–**	**(176)**
Write-off of allowance	**(214)**	**–**	**(214)**
At 30 April	**1,143**	**156**	**1,299**

18. Cash and short-term deposits

	Group			Company		
	30.4.2019 $'000	30.4.2018 $'000	1.5.2017 $'000	30.4.2019 $'000	30.4.2018 $'000	1.5.2017 $'000
Cash at banks and on hand	**15,345**	13,908	18,561	**792**	365	799
Short-term deposits	**8,207**	10,093	7,057	**–**	–	–
	23,552	24,001	25,618	**792**	365	799
Less:						
Fixed deposits pledged	**(19)**	(19)	–	**–**	–	–
Fixed deposits	**(21)**	(20)	(37)	**–**	–	–
Structured deposits	**(8,167)**	–	–	**–**	–	–
Bank overdrafts (Note 26)	**–**	(3)	(994)	**–**	–	–
Cash and cash equivalents in the consolidated statement of cash flows	**15,345**	23,959	24,587	**792**	365	799

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month and one year depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. Interest earned at rates ranging from 0.40% to 5.96% (30.4.2018: 0.4% to 3.5%;1.5.2017: 0.4% to 5.0%) per annum. Fixed deposits with maturity more than 3 months are excluded from cash and cash equivalents.

The fixed deposits with licensed banks are pledged to bank for bank guarantee facility granted to the Group.

Structured deposits are maintained with a bank are due to mature within the next 2 months with interest rate of approximately 3.0% per annum. These structured deposits have currency-linked features which offer variable returns. These structured deposits are subject to an insignificant risk of changes in value.

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19. Trade and other payables

	Group			Company		
	30.4.2019	30.4.2018	1.5.2017	30.4.2019	30.4.2018	1.5.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	**15,578**	11,027	9,038	**–**	–	70
Accrued operating expenses	**3,309**	3,034	8,129	**705**	595	3,835
Advance deposits	**2,437**	3,766	5,624	**–**	–	–
Amount due to a subsidiary corporation	**–**	–	–	**8,010**	8,739	18,709
Provision for warranty	**45**	54	202	**–**	–	–
Other payables	**1,877**	933	795	**607**	583	602
GST payables	**83**	136	223	**83**	95	63
Total trade and other payables	**23,329**	18,950	24,011	**9,405**	10,012	23,279
Add: Loans and borrowings	**70,517**	73,852	74,049	**39,089**	40,959	40,953
Less: GST payables	**(83)**	(136)	(223)	**(83)**	(95)	(63)
Total financial liabilities carried at amortised cost	**93,763**	92,666	97,837	**48,411**	50,876	64,169
Non-current	**251**	142	260	**562**	453	572
Current	**23,078**	18,808	23,751	**8,843**	9,559	22,707
	23,329	18,950	24,011	**9,405**	10,012	23,279

Amount due to a subsidiary corporation is unsecured, non-interest bearing and repayable on demand and are to be settled in cash.

Provision for warranty

The Group gives warranties ranging from 1 to 2 years on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the end of the reporting period for expected warranty claims based on the management's estimation of the level of repairs and returns.

Movements in provision for warranty are as follows:

	Group		
	2019	2018	2017
	$'000	$'000	$'000
At 1 May	**54**	202	241
Provision made	**22**	60	73
Provision utilised	**–**	–	(4)
Unused amounts reversed	**(31)**	(208)	(108)
At 30 April	**45**	54	202

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For the financial year ended 30 April 2019

20. Share capital

	Group and Company			
	2019 Number of shares	2019 $'000	2018 Number of shares	2018 $'000
Issued and fully paid ordinary shares:				
At 1 May and 30 April	**114,512,571**	**39,780**	114,512,571	39,780

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

21. Reserve for own shares

Reserve for the Company's own shares comprises the cost of the Company's shares held by the Company.

	Group and Company			
	2019 Number of shares	2019 $'000	2018 Number of shares	2018 $'000
At 1 May	**3,230,750**	**2,791**	3,230,750	2,791
Purchase of treasury shares	**1,999,600**	**501**	–	–
At 30 April	**5,230,350**	**3,292**	3,230,750	2,791

22. Other reserves

	Group			Company		
	30.4.2019 $'000	30.4.2018 $'000	1.5.2017 $'000	30.4.2019 $'000	30.4.2018 $'000	1.5.2017 $'000
Share option reserve	**2,268**	2,175	2,037	**2,268**	2,175	2,037
Fair value reserve	**–**	35	–	**–**	–	–
Foreign currency translation reserve	**(9,177)**	(9,197)	(8,279)	**–**	–	–
	(6,909)	(6,987)	(6,242)	**2,268**	2,175	2,037

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.

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

22. Other reserves (cont'd)

Fair value reserve

In prior year, the fair value reserve comprises the cumulative net change, net of tax, in the fair value of available-for-sale financial assets until the investments are de-recognised 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 subsidiary corporations whose functional currencies are different from that of the Group's presentation currency.

23. Accumulated profits/(losses)

	Company
	$'000
At 1 May 2017	926
Loss for the year, representing total comprehensive expense for the year	(3,121)
Dividends on ordinary shares	(556)
Total transactions with owners in their capacity as owners	(556)
At 30 April 2018	**(2,751)**
Effect on adoption of SFRS(I) 9	**(4)**
At 1 May 2018	**(2,755)**
Loss for the year, representing total comprehensive expense for the year	**(8,363)**
At 30 April 2019	**(11,118)**

24. Dividends

	Group	
	2019	**2018**
	$'000	**$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares		
- Final exempt (one-tier) dividends for 2018: nil cents per share (2017: 0.5 cents per share)	–	556

There is no proposed dividends on ordinary shares in 2019 and 2018.

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For the financial year ended 30 April 2019

25. Commitments

Operating lease commitments - where the Group is a lessor

The Group has entered into commercial property leases on its building. These non-cancellable operating leases have remaining lease terms of between one to three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	30.4.2019	**30.4.2018**	**1.5.2017**
	$'000	**$'000**	**$'000**
Within one year	**1,430**	1,172	1,619
Between one and five years	**961**	1,011	1,890
	2,391	2,183	3,509

Operating lease commitments - where the Group is a lessee

The future minimum lease payables under non-cancellable operating leases in respect of rental of dormitory and equipment contracted for at the statement of financial position date but not recognised as liabilities, are analysed as follows:

	Group		
	30.4.2019	**30.4.2018**	**1.5.2017**
	$'000	**$'000**	**$'000**
Within one year	**109**	118	49
Between one and five years	**57**	86	129
	166	204	178

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 April 2019 amounted to $199,000 (30.4.2018: $201,000; 1.5.2017: $230,000).

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For the financial year ended 30 April 2019

25. Commitments (cont'd)

Finance lease commitments

The Group has finance leases for certain items of motor vehicles.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group					
	Future minimum lease payments 30.4.2019 $'000	**Present value of minimum lease payments 30.4.2019 $'000**	**Future minimum lease payments 30.4.2018 $'000**	**Present value of minimum lease payments 30.4.2018 $'000**	**Future minimum lease payments 1.5.2017 $'000**	**Present value of minimum lease payments 1.5.2017 $'000**
Within one year	**89**	**78**	117	105	117	103
Between one and five years	**98**	**85**	129	114	247	215
Later than five years	**6**	**6**	12	12	12	12
Total minimum lease payments	**193**	**169**	258	231	376	330
Less: Amounts representing finance charges	**(24)**	**–**	(27)	–	(46)	–
Present value of minimum lease payments	**169**	**169**	231	231	330	330

	Company					
	Future minimum lease payments 30.4.2019 $'000	**Present value of minimum lease payments 30.4.2019 $'000**	**Future minimum lease payments 30.4.2018 $'000**	**Present value of minimum lease payments 30.4.2018 $'000**	**Future minimum lease payments 1.5.2017 $'000**	**Present value of minimum lease payments 1.5.2017 $'000**
Within one year	**36**	**36**	72	68	72	67
Between one and five years	**–**	**–**	36	36	108	100
Total minimum lease payments	**36**	**36**	108	104	180	167
Less: Amounts representing finance charges	**–**	**–**	(4)	–	(13)	–
Present value of minimum lease payments	**36**	**36**	104	104	167	167

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

26. Loans and borrowings

	Group			Company		
	30.4.2019	30.4.2018	1.5.2017	30.4.2019	30.4.2018	1.5.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current liabilities						
Term loans	**47,159**	39,378	39,001	**37,160**	38,583	38,390
Finance lease liabilities	**91**	126	227	**–**	36	100
	47,250	39,504	39,228	**37,160**	38,619	38,490
Current liabilities						
Bank overdrafts (Note 18)	**–**	3	994	**–**	–	–
Trust receipts	**10,378**	10,352	11,771	**–**	–	–
Revolving credit facility	**10,330**	21,510	19,457	**–**	–	–
Term loans	**2,481**	2,378	2,496	**1,893**	2,272	2,396
Finance lease liabilities	**78**	105	103	**36**	68	67
	23,267	34,348	34,821	**1,929**	2,340	2,463
Total loans and borrowings	**70,517**	73,852	74,049	**39,089**	40,959	40,953

Certain banking facilities of the Group are secured by the mortgage of the Group's land and building with carrying value of $51,292,000 (30.4.2018: $53,465,000; 1.5.2017: $55,309,000) and corporate guarantees provided by the Company.

During the financial year, one of the subsidiaries breached a covenant of a bank loan. Subsequent to financial year end, the management obtained letter of waiver dated in June 2019 stating the bank has provided consent to waive the requirement with retrospective effect from 30 April 2019. The outstanding balance was fully settled in June 2019.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes		
Group	**30.4.2018**	**Net cash flows**	**Foreign exchange movement**	**Other**	**30.4.2019**
	$'000	$'000	$'000	$'000	$'000
Trust receipts	10,352	21	5	–	10,378
Revolving credit facility	21,510	(11,304)	124	–	10,330
Term loans					
- current	2,378	(2,580)	(2)	2,685	2,481
- non-current	39,378	10,500	(34)	(2,685)	47,159
Finance lease liabilities					
- current	105	(106)	–	79	78
- non-current	126	44	–	(79)	91
Total	**73,849**	**(3,425)**	**93**	**–**	**70,517**

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

26. Loans and borrowings (cont'd)

Group	1.5.2017	Net cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Other	30.4.2018
	$'000	$'000	$'000	$'000	$'000
Trust receipts	11,771	(1,360)	(59)	–	10,352
Revolving credit facility	19,457	2,510	(457)	–	21,510
Term loans					
- current	2,496	(2,560)	5	2,437	2,378
- non-current	39,001	2,749	65	(2,437)	39,378
Finance lease liabilities					
- current	103	(99)	–	101	105
- non-current	227	–	–	(101)	126
Total	73,055	1,240	(446)	–	73,849

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	Group Carrying amount	Company Carrying amount
		%		$'000	$'000
30.4.2019					
Revolving credit facility	**SGD**	**2.99 – 3.45**	**2019**	**8,613**	**–**
Revolving credit facility	**JPY**	**1.00**	**2019**	**1,717**	**–**
Trust receipts	**EUR**	**1.15 – 1.25**	**2019**	**6,005**	**–**
Trust receipts	**SGD**	**2.93 – 3.23**	**2019**	**1,655**	**–**
Trust receipts	**JPY**	**1.15 – 1.25**	**2019**	**2,349**	**–**
Trust receipts	**USD**	**3.71 – 4.10**	**2019**	**369**	**–**
Term loans	**SGD**	**2.73 – 2.84**	**2035**	**48,832**	**39,053**
Term loans	**MYR**	**5.75**	**2026-2028**	**808**	**–**
Finance lease liabilities	**SGD**	**2.78 – 2.99**	**2019-2026**	**169**	**36**
				70,517	**39,089**

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

26. Loans and borrowings (cont'd)

	Currency	Nominal interest rate	Financial year of final maturity	Group Carrying amount	Company Carrying amount
		%		$'000	$'000
30.4.2018					
Bank overdrafts	SGD	5.50	2018	3	–
Revolving credit facility	SGD	2.28 – 2.92	2018	5,352	–
Revolving credit facility	JPY	1.00 – 1.50	2018	16,158	–
Trust receipts	AUD	3.13	2018	23	–
Trust receipts	EUR	0.89 – 2.24	2018	5,929	–
Trust receipts	SGD	1.15 – 2.79	2018	1,069	–
Trust receipts	JPY	1.00 – 1.50	2018	3,331	–
Term loans	SGD	1.75	2021-2035	40,855	40,855
Term loans	MYR	5.75	2026-2028	901	–
Finance lease liabilities	SGD	2.78 – 2.99	2019-2023	231	104
				73,852	40,959
1.5.2017					
Bank overdrafts	SGD	5.50	2017	994	–
Revolving credit facility	SGD	2.25 – 2.60	2017	7,353	–
Revolving credit facility	JPY	1.00 – 1.45	2017	12,104	–
Trust receipts	USD	1.47 – 2.52	2017	1,114	–
Trust receipts	EUR	1.15 – 1.50	2017	2,091	–
Trust receipts	SGD	1.25 – 2.80	2017	4,482	–
Trust receipts	JPY	0.74 – 1.00	2017	4,038	–
Trust receipts	NOK	2.43	2017	46	–
Term loans	SGD	1.67	2021-2035	40,786	40,786
Term loans	MYR	5.50	2026-2028	711	–
Finance lease liabilities	SGD	2.78 – 2.99	2019-2023	330	167
				74,049	40,953

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

26. Loans and borrowings (cont'd)

The weighted average interest rates of loans and borrowings at the end of the reporting period are as follows:

	Group			Company		
	30.4.2019	**30.4.2018**	**1.5.2017**	**30.4.2019**	**30.4.2018**	**1.5.2017**
	%	**%**	**%**	**%**	**%**	**%**
Bank overdrafts	**–**	5.50	5.50	**–**	–	–
Trust receipts	**1.56**	1.23	1.55	**–**	–	–
Revolving credit facility	**2.80**	1.68	1.71	**–**	–	–
Term loans	**2.89**	1.88	1.72	**2.84**	1.75	1.67
Finance lease liabilities	**2.91**	2.85	2.84	**2.78**	2.78	2.78

27. Related party disclosures

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.

Compensation of key management personnel

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:

	Group	
	2019	**2018**
	$'000	**$'000**
Short-term employee benefits	**1,788**	1,571
Defined contribution plans	**75**	74
Share-based payment	**59**	78
	1,922	1,723
Comprise amounts paid to:		
Directors of the Company	**1,165**	1,011
Other key management personnel	**757**	712
	1,922	1,723

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27. Related party disclosures (cont'd)

Directors' interests in employee share option plan

During the financial year:

- No (2018: 412,500 at an exercise price of $0.22 each) share options were granted to nil (2018: 2) of the Company's executive directors under the Scheme (Note 10).

- No options were exercised by the directors in 2019 and 2018.

At the end of the reporting period, the total number of outstanding share options granted by the Company to the directors under the Scheme amounted to 1,823,500 (2018: 2,313,500). No share options have been granted to the Company's directors during the financial year.

28. Segment information

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has three 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 Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

The Group is organised into three reportable segments, namely:

(a) Distribution: Relates to distribution of propulsion engines;

(b) After-sales: Relates to after-sales services provided which includes services/jobs, sales of spare parts and other trading; and

(c) Projects: Relates to manufacturing, sales and commission of power generator sets and the manufacturing of marine equipment and related repair services.

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 Managing Director. 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.

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For the financial year ended 30 April 2019

28. Segment information (cont'd)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment information provided to the Group's Chairman and Managing Director for the reportable segments for the year ended 30 April 2019 is as follows:

	Distribution	After-sales	Projects	Segments total	Others	Elimination	Total	Note
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	
30.4.2019								
External revenue	27,202	7,406	43,087	77,695	–	–	77,695	
Inter-segment revenue	3,358	1,822	423	5,603	2,179	(7,782)	–	A
Total revenue	30,560	9,228	43,510	83,298	2,179	(7,782)	77,695	
Interest income	1	1	52	54	260	(6)	308	B
Dividend income	–	–	–	–	1,247	(1,222)	25	
Gain on disposal of property, plant and equipment	–	3	62	65	–	(3)	62	
Interest expense	(43)	(58)	(368)	(469)	(1,214)	(40)	(1,723)	C
Depreciation	(85)	(160)	(484)	(729)	(4,135)	5	(4,859)	
Impairment loss on cost of investment	–	–	–	–	(7,639)	7,639	–	
Other non-cash expenses	(60)	(13)	(910)	(983)	(149)	–	(1,132)	D
Reportable segment profit/(loss) before tax	5,877	543	(2,794)	3,626	(13,296)	5,633	(4,037)	E
Income tax expense							(199)	
Loss for the year							(4,236)	
Reportable segment assets	17,977	9,567	50,664	78,208	90,340	(16,303)	152,245	F
Capital expenditure	136	39	209	384	94	(3)	475	
Reportable segment liabilities	13,359	6,845	28,092	48,296	62,570	(16,356)	94,510	G

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

28. Segment information (cont'd)

	Distribution $'000	After-sales $'000	Projects $'000	Segments total $'000	Others $'000	Elimination $'000	Total $'000	Note
30.4.2018 (Restated)								
External revenue	24,326	7,331	41,176	72,833	–	–	72,833	
Inter-segment revenue	766	2,215	–	2,981	2,360	(5,341)	–	A
Total revenue	25,092	9,546	41,176	75,814	2,360	(5,341)	72,833	
Interest income	3	7	91	101	186	(9)	278	B
Dividend income	–	–	–	–	1,964	(1,950)	14	
Gain on disposal of property, plant and equipment	–	–	24	24	–	–	24	
Interest expense	(46)	(66)	(347)	(459)	(899)	(27)	(1,385)	C
Depreciation	(132)	(278)	(553)	(963)	(4,353)	–	(5,316)	
Impairment loss on cost of investment	–	–	–	–	3,600	(3,600)	–	
Share of results of an associate	–	–	(11)	(11)	–	–	(11)	
Other non-cash expenses	(318)	–	(421)	(739)	(260)	–	(999)	D
Reportable segment profit/(loss) before tax	4,681	(596)	(1,631)	2,454	(7,800)	758	(4,588)	E
Income tax credit							591	
Loss for the year							(3,997)	
Reportable segment assets	18,937	6,530	47,587	73,054	98,804	(15,922)	155,936	F
Capital expenditure	–	167	630	797	42	–	839	
Reportable segment liabilities	9,685	3,958	20,696	34,339	74,939	(16,082)	93,196	G
1.5.2017 (Restated)								
Reportable segment assets	15,913	6,419	58,736	81,068	120,627	(34,516)	167,179	F
Capital expenditure	–	56	364	420	518	–	938	
Reportable segment liabilities	9,584	1,987	27,109	38,680	95,565	(35,104)	99,141	G

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

28. Segment information (cont'd)

Note **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

A Inter-segments revenue are eliminated on consolidation.

B Inter-segments interest income are eliminated on consolidation.

C Inter-segments interest expenses are eliminated on consolidation and amortisation of fair value adjustment.

D Other non-cash expenses consist of fair value losses on quoted equity securities, share-based payments, provision for onerous contract, inventories written-off and impairment loss on financial assets as presented in the respective notes to the financial statements.

E The following items are added to/(deducted from) segment profit/(loss) to arrive at "loss before tax" presented in the consolidated income statement.

	Group	
	2019	**2018**
	$'000	**$'000**
Unrealised loss/(profit) from unsold stocks	**75**	(203)
Dividend income	**(1,222)**	(1,950)
Amortisation of intangible assets	**(708)**	(708)
Impairment loss on cost of investment	**7,639**	3,600
Interest expense	**(40)**	(27)
Interest income	**(6)**	(9)
Unrealised foreign exchange difference	**–**	(51)
Elimination of intercompany transactions	**(105)**	106
	5,633	758

F Items relating to inter-segment assets are deducted to arrive at total assets reported in the consolidated statement of financial position.

G The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

		Group	
	30.4.2019	**30.4.2018**	**1.5.2017**
	$'000	**$'000**	**$'000**
Inter-segment liabilities	**16,305**	16,029	35,051
Accrual	**53**	53	53
	16,358	16,082	35,104

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28. Segment information (cont'd)

Geographical information

	Group 2019 $'000	Group 2018 $'000 (Restated)
Revenue from external customers		
Singapore	**40,744**	40,026
Indonesia	**26,569**	15,491
Vietnam	**3,673**	8,739
Other countries	**6,709**	8,577
	77,695	72,833

	30.4.2019 $'000	30.4.2018 $'000	1.5.2017 $'000
Non-current assets			
Property, plant and equipment and intangible assets			
Singapore	**66,303**	71,503	76,948
Malaysia	**3,442**	3,637	3,533
Indonesia	**122**	96	59
Myanmar	**18**	–	–
	69,885	75,236	80,540

Non-current assets information presented above consist of property, plant and equipment, intangible assets as presented in the consolidated statement of financial position.

Major customers

During the financial year, 2 major customers of the Group's Project segment amounted to approximately $17,601,000, representing approximately 23% of the Group's revenue.

In the prior year, no customer generated revenue of 10% or more of the Group's revenue.

29. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations. The key financial risks are credit risk, liquidity risk, foreign currency risk and interest rate risk. The management reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risk and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

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29. Financial risk management objectives and policies (cont'd)

Risk management framework

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

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, 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 and the Company'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 quoted equity securities.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment. The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower; or
- A breach of contract, such as a default or past due event; or
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	There is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
30 April 2019						
Trade receivables	17	Note 1	Lifetime ECL (simplified)	**13,048**	**(1,057)**	**11,991**
Other receivables	17	I	12-month ECL	**1,069**	**(86)**	**983**
Contract assets	4	I	Lifetime ECL (simplified)	**15,545**	**(156)**	**15,389**
					(1,299)	
1 May 2018						
Trade receivables	17	Note 1	Lifetime ECL (simplified)	12,935	(1,497)	11,438
Other receivables	17	I	12-month ECL	596	(122)	474
Contract assets	4	I	Lifetime ECL (simplified)	15,075	(95)	14,980
					(1,714)	

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade and other receivables (Note 1)

For receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted or appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Contract assets	Trade and other receivables					
			Days past due				
	Not past due	Not past due	< 30 days	31-60 days	61-90 days	> 90 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 April 2019							
Estimated total gross carrying amount at default	**15,545**	**5,768**	**4,104**	**1,361**	**455**	**2,429**	**29,662**
ECL	**(156)**	**(95)**	**(183)**	**(24)**	**(8)**	**(833)**	**(1,299)**

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group					
	30.4.2019	30.4.2019	30.4.2018	30.4.2018	1.5.2017	1.5.2017
	$'000	% of total	$'000	% of total	$'000	% of total
By country:						
Singapore	**9,489**	**73**	9,092	67	19,453	80
Indonesia	**3,171**	**25**	1,820	13	1,441	6
Vietnam	**–**	**–**	812	6	2,969	12
Other countries	**296**	**2**	1,913	14	595	2
	12,956	**100**	13,637	100	24,458	100

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile (cont'd)

At the end of the reporting period, approximately:

- 73.2% (30.4.2018: 67.0%; 1.5.2017: 79.7%) of the Group's trade receivable is attributable to sales transactions with customers domiciled in Singapore; and

- 10.2% (30.4.2018: 6.7%; 1.5.2017: 31.8%) of the Group's trade receivable is attributable to sales transactions with 2 (30.4.2018: 2; 1.5.2017: 2) major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and quoted equity securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

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 upfront 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 acceptable level.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

Loan to the subsidiary corporation

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company 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.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	30.4.2019			
	$'000			
Group	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	**13,684**	**–**	**–**	**13,684**
Cash and short-term deposits	**23,552**	**–**	**–**	**23,552**
Other financial assets	**–**	**662**	**–**	**662**
Total undiscounted financial assets	**37,236**	**662**	**–**	**37,898**
Financial liabilities:				
Trade and other payables	**20,558**	**251**	**–**	**20,809**
Loans and borrowings	**24,691**	**15,673**	**42,446**	**82,810**
Total undiscounted financial liabilities	**45,249**	**15,924**	**42,446**	**103,619**
Total net undiscounted financial liabilities	**(8,013)**	**(15,262)**	**(42,446)**	**(65,721)**

	30.4.2018			
	$'000			
Group	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	13,468	433	–	13,901
Cash and short-term deposits	24,001	–	–	24,001
Other financial assets	–	752	–	752
Total undiscounted financial assets	37,469	1,185	–	38,654
Financial liabilities:				
Trade and other payables	14,906	142	–	15,048
Loans and borrowings	35,196	12,513	33,419	81,128
Total undiscounted financial liabilities	50,102	12,655	33,419	96,176
Total net undiscounted financial liabilities	(12,633)	(11,470)	(33,419)	(57,522)

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

		1.5.2017 $'000		
Group	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	22,712	2,174	–	24,886
Cash and short-term deposits	25,618	–	–	25,618
Other financial assets	–	717	–	717
Total undiscounted financial assets	48,330	2,891	–	51,221
Financial liabilities:				
Trade and other payables	17,904	260	–	18,164
Loans and borrowings	35,553	11,910	33,134	80,597
Total undiscounted financial liabilities	53,457	12,170	33,134	98,761
Total net undiscounted financial liabilities	(5,127)	(9,279)	(33,134)	(47,540)

		30.4.2019 $'000		
Company	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	**1,912**	**–**	**–**	**1,912**
Cash and short-term deposits	**792**	**–**	**–**	**792**
Total undiscounted financial assets	**2,704**	**–**	**–**	**2,704**
Financial liabilities:				
Trade and other payables	**8,760**	**562**	**–**	**9,322**
Loans and borrowings	**3,015**	**11,915**	**34,014**	**48,944**
Total undiscounted financial liabilities	**11,775**	**12,477**	**34,014**	**58,266**
Total net undiscounted financial liabilities	**(9,071)**	**(12,477)**	**(34,014)**	**(55,562)**

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	30.4.2018 $'000			
Company	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	3,222	–	–	3,222
Cash and short-term deposits	365	–	–	365
Total undiscounted financial assets	3,587	–	–	3,587
Financial liabilities:				
Trade and other payables	9,464	453	–	9,917
Loans and borrowings	3,106	11,698	32,997	47,801
Total undiscounted financial liabilities	12,570	12,151	32,997	57,718
Total net undiscounted financial liabilities	(8,983)	(12,151)	(32,997)	(54,131)

	1.5.2017 $'000			
Company	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	12,583	–	–	12,583
Cash and short-term deposits	799	–	–	799
Total undiscounted financial assets	13,382	–	–	13,382
Financial liabilities:				
Trade and other payables	22,644	572	–	23,216
Loans and borrowings	3,114	11,088	32,833	47,035
Total undiscounted financial liabilities	25,758	11,660	32,833	70,251
Total net undiscounted financial liabilities	(12,376)	(11,660)	(32,833)	(56,869)

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The maximum amount of the financial guarantee allocated to the earliest period in which the guarantee would be called.

	30.4.2019 $'000			
Company	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial guarantee	**12,896**	**47**	**–**	**12,943**

	30.4.2018 $'000			
Company	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial guarantee	31,875	45	12	31,932

	1.5.2017 $'000			
Company	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial guarantee	32,231	55	12	32,298

The financial guarantee was provided to the subsidiary corporations for their banking facilities.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Japanese Yen (JPY) and Malaysian Ringgit (MYR). The foreign currencies in which these transactions are denominated are mainly SGD, United States Dollars (USD) and Euro (EUR). The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD. The Company does not have any foreign currency denominated balances at the end of the reporting period.

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Exposure to foreign currency risk

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

	SGD $'000	EUR $'000	USD $'000
2019			
Trade and other receivables	**1,481**	**–**	**199**
Cash and short-term deposits	**1,003**	**2,941**	**10,280**
Loans and borrowings	**(10,437)**	**(6,005)**	**(369)**
Trade and other payables	**(2,735)**	**(96)**	**(388)**
Net exposure	**(10,688)**	**(3,160)**	**9,722**
2018			
Trade and other receivables	1,672	–	811
Cash and short-term deposits	2,204	108	25,607
Loans and borrowings	(1,353)	(5,929)	–
Trade and other payables	(2,785)	(508)	(308)
Net exposure	(262)	(6,329)	26,110

Sensitivity analysis

A 5% strengthening of the foreign currencies, as indicated below, against the functional currency of the respective entities at 30 April would have (decreased)/increased loss before tax 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 period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the financial year 2018:

	(Decrease)/increase in loss before tax	
	2019 **$'000**	**2018** **$'000**
SGD	**(534)**	(13)
EUR	**(158)**	(316)
USD	**486**	1,306

A weakening of the foreign currencies against the functional currency of the respective entities 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.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29. Financial risk management objectives and policies (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's loans and borrowings are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

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

	Carrying amount	
	2019	**2018**
	$'000	**$'000**
Variable rate instruments		
Bank overdrafts	**–**	3
Trust receipts	**10,378**	10,352
Term loans	**49,640**	41,756
Revolving credit facility	**10,330**	21,510
	70,348	73,621
Fixed rate instruments		
Finance lease liabilities	**169**	231

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if SGD interest rates had been 100 (2018: 100) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been $703,480 lower/higher (2018: $736,210 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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.

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THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

30. Fair value of assets and liabilities

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Group	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
2019				
Assets measured at fair value				
Financial assets				
Equity securities at fair value through profit or loss (Note 15)				
- quoted equity securities	**662**	**–**	**–**	**662**
Trade receivables	**–**	**–**	**648**	**648**
2018				
Assets measured at fair value				
Financial assets				
Available-for-sale financial assets				
- quoted equity securities	752	–	–	752
Trade receivables	–	–	1,772	1,772
2017				
Assets measured at fair value				
Financial assets				
Available-for-sale financial assets				
- quoted equity securities	717	–	–	717
Trade receivables	–	–	3,477	3,477

NOTES TO
THE FINANCIAL STATEMENTS
For the financial year ended 30 April 2019

30. Fair value of assets and liabilities (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair value measurements

Determination of Level 3 fair value

The fair value disclosed in the table is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value $'000	Valuation Techniques	Unobservable inputs	Discount Rate
30.4.2019				
Recurring fair value measurements				
Trade receivables	**648**	**Discounted cash flow**	**Credit rating**	**5%**
30.4.2018				
Recurring fair value measurements				
Trade receivables	1,772	Discounted cash flow	Credit rating	5%
1.5.2017				
Recurring fair value measurements				
Trade receivables	3,477	Discounted cash flow	Credit rating	5%

The Group had assessed that any reasonable possible change in the unobservable inputs will not have any material impact to the financial results.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

30. Fair value of assets and liabilities (cont'd)

Fair value hierarchy (cont'd)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying value are not reasonable approximation of fair value

Fair value information is not disclosed for the following financial instruments of the Group and the Company as at 30 April 2019, 2018 and 2017 as the difference between the carrying amounts and their fair values are not significant.

	Group			Company		
	30.4.2019	**30.4.2018**	**1.5.2017**	**30.4.2019**	**30.4.2018**	**1.5.2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Finance lease liabilities	**169**	231	330	**36**	104	167

31. 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.

No changes were made to the objectives, policies or processes for the years ended 30 April 2019 and 2018. Neither the Company nor any of its subsidiary corporations are subject to externally imposed capital requirements.

32. Events occurring after the reporting period

On 17 May 2019, the Group has increased its investment in its 50% owned subsidiary, Vivo Power Myanmar Company Limited ("Vivo Power") by subscribing for 75,000 new ordinary shares at US$1.00 per share for an aggregate amount of US$75,000. Upon completion of the Share Subscription, Vivo Power remains as a 50% owned subsidiary of XMH Engineering Pte. Ltd..

On 8 July 2019, the Group has increased its investment in its 50% owned subsidiary, Vivo Power by subscribing for 100,000 new ordinary shares at US$1.00 per share for an aggregate amount of US$100,000. Upon completion of the Share Subscription, Vivo Power remains as a 50% owned subsidiary of XMH Engineering Pte. Ltd..

33. Authorisation of financial statements for issue

The financial statements for the year ended 30 April 2019 were authorised for issue in accordance with a directors' resolution dated 23 July 2019.

STATISTICS OF ***SHAREHOLDINGS***

As at 19 July 2019

Class of Shares	-	Ordinary share
Number of total issued shares	-	114,512,571
Voting rights	-	One vote per share

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	21	2.31	1,065	0.00
100 - 1,000	166	18.28	108,050	0.10
1,001 - 10,000	439	48.35	1,976,350	1.81
10,001 - 1,000,000	274	30.18	16,723,875	15.30
1,000,001 and above	8	0.88	90,472,881	82.79
Total	908	100.00	109,282,221	100.00

Note:

%: Based on 109,282,221 shares (excluding shares held as treasury shares and subsidiary holdings) as at 19 July 2019

** Treasury Shares as at 19 July 2019 - 5,230,350 shares*

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LTD	45,254,975	41.41
2	CREDENCE CAPITAL FUND II (CAYMAN) LIMITED	20,917,018	19.14
3	TAN TUM BENG	8,714,494	7.97
4	TAN GUAT LIAN	6,569,744	6.01
5	CITIBANK NOMS SINGAPORE PTE LTD	3,128,000	2.86
6	TAN SENG HEE	2,814,250	2.58
7	DBS NOMINEES PTE LTD	1,911,075	1.75
8	LIM YUE HENG	1,163,325	1.06
9	MAYBANK KIM ENG SECS PTE LTD	862,800	0.79
10	ONG POH SENG OR TAN SWEE CHIN	782,300	0.72
11	CIMB SECURITIES (SINGAPORE) PTE LTD	658,825	0.60
12	HONG LEONG FINANCE NOMINEES PRIVATE LIMITED	618,175	0.57
13	HONG PIAN TEE	600,000	0.55
14	YEE CHOON LYE	465,000	0.43
15	YEO SECK KAN	346,750	0.32
16	UNITED OVERSEAS BANK NOMINEES	319,000	0.29
17	KOK MOO YONG	300,000	0.27
18	ALL BIG FROZEN FOOD PTE LTD	255,100	0.23
19	TAN CHIN TUAN HENRY	235,750	0.22
20	OCBC NOMINEES SINGAPORE	232,625	0.21
Total:		**96,149,206**	**87.98**

Note:

%: Based on 109,282,221 shares (excluding shares held as treasury shares and subsidary holdings) as at 19 July 2019

** Treasury Shares as at 19 July 2019 - 5,230,350 shares*

STATISTICS OF SHAREHOLDINGS

As at 19 July 2019

RULE 723 COMPLIANCE

Based on the information available to the Company as at 19 July 2019, approximately 22.22% of the issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company was held by the public and hence it is in compliance with Rule 723 of the Listing Manual of the SGX-ST.

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest No. of shares held	Direct Interest % [3]	Deemed Interest No. of shares held	Deemed Interest % [3]
Tan Tin Yeow [1]	45,060,000	41.23	–	–
Credence Capital Fund II (Cayman) Limited [2]	20,917,018	19.14	–	–
Tan Tum Beng	8,714,494	7.97	–	–
Tan Guat Lian [1]	6,569,744	6.01	22,500	0.02

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 19 July 2019, Mr. Tan Seng Hee has an interest in 2,814,250 Shares in the Company representing approximately 2.58% of the total issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings).

(2) Credence Capital Fund II (Cayman) Limited has subscribed for 9,012,256 new ordinary shares ("**New Shares**") in the Company on 20 May 2013 and exercised its call option to purchase an aggregate total of 11,904,762 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 19 July 2019, Credence Capital Fund II (Cayman) Limited now holds approximately 19.14% of the total issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings).

(3) Based on 109,282,221 shares (excluding treasury shares and subsidiary holdings) as at 19 July 2019.

TREASURY SHARES

As at 19 July 2019, the Company held 5,230,350 treasury shares, representing 4.57% of the total issued ordinary shares.

SUBSIDIARY HOLDINGS

As at 19 July 2019, the number of subsidiary holdings held is nil.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of XMH Holdings Ltd. (the "**Company**") will be held at 55 Tuas Crescent, #07-01, Singapore 638743 on Tuesday, 27 August 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESSES

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 30 April 2019 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$170,600 for the financial year ended 30 April 2019 (2018: S$170,600). **Resolution 2**

3. To re-elect the following Directors of the Company retiring pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and Regulation 88 of the Constitution of the Company:

   a) Mr. Tan Tin Yeow (Listing Rule 720(5))
   [See Explanatory Notes (i)] **Resolution 3**

   b) Mr. Khoo Song Koon (Regulation 88)
   [See Explanatory Notes (ii)] **Resolution 4**

4. To note the retirement of Mr. Chan Heng Toong as a Director of the Company.

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 5**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESSES

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 SGX-ST**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the 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 may 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 pursuant to 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 pursuant to 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 and subsidiary holdings) 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 existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings) 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; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, 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 Constitution 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 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 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 (iii)] **Resolution 6**

8. **Authority to 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 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 XMH Share Option Scheme ("**Scheme**"), whether granted during 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 and subsidiary holdings) 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.

[See Explanatory Note (iv)] **Resolution 7**

NOTICE OF
ANNUAL GENERAL MEETING

9. **Proposed renewal of the Share Buyback Mandate**

That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore ("**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable,

and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the Share Buyback is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the forthcoming AGM is held and the resolution relating to the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

NOTICE OF
ANNUAL GENERAL MEETING

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (v)] **Resolution 8**

By Order of the Board

Seah Hai Yang
Company Secretary
Singapore, 8 August 2019

Explanatory Notes:

(i) Mr. Tan Tin Yeow, if re-elected as a Director of the Company, will remain as the Chairman and Managing Director of the Company. Please refer to Corporate Governance Report on pages 44 to 45 in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) Mr. Khoo Song Koon, if re-elected as a Director of the Company, will remain as an Independent Director and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Corporate Governance Report on pages 44 to 45 in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iii) Resolution 6 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 and subsidiary holdings) 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 and subsidiary holdings) 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.

(iv) 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 in the Company pursuant to the exercise of options granted or to be granted under the Scheme (for the entire duration of the Scheme) provided that the aggregate additional shares to be issued pursuant to the Scheme do not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(v) 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, whichever is the earlier, to buyback ordinary shares of the Company by way of On-Market Share Buy-Back or Off-Market Share Buy-Back of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Clause 2.3.4 of the Addendum. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share BuyBack Mandate on the audited consolidated financial statement of the Group for the financial year ended 30 April 2019 are set out in greater detail in the Addendum on pages 148 to 171 in the Annual Report 2019.

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary* may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).

3. Where a member of the Company appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

4. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743 not less than forty-eight (48) hours before the time appointed for holding the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (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.

ADDENDUM DATED 8 AUGUST 2019

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Addendum is circulated to Shareholders (hereinafter defined) of XMH Holdings Ltd. ("**Company**") together with the Company's annual report for the financial year ended 30 April 2019 ("**Annual Report**"). Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for the renewal of the Share Buyback Mandate (hereinafter defined) to be tabled at the Annual General Meeting to be held at **55 Tuas Crescent, #07-01, Singapore 638743** on **Tuesday, 27 August 2019** at **10.00 a.m.**.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Addendum.

If you are in any doubt as to the contents herein or as to any action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

XMH

XMH HOLDINGS LTD.

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

ADDENDUM TO ANNUAL REPORT

IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

CONTENTS

DEFINITIONS

For the purpose of this Addendum, the following definitions have, where appropriate, been used:

"**2018 EGM**"	:	The extraordinary general meeting of the Company held on 23 August 2018.
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore.
"**Act**" or "**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time.
"**Addendum**"	:	This Addendum to Shareholders dated 8 August 2019.
"**AGM**"	:	The annual general meeting of the Company to be convened on 27 August 2019.
"**Annual Report**"	:	The annual report of the Company for FY2019.
"**Approval Date**"	:	Has the meaning ascribed to it in Section 2.3.1 (*Maximum number of Shares*) of this Addendum.
"**Associate**"	:	(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
"**Average Closing Price**"	:	Has the meaning ascribed to it in Section 2.3.4 (*Maximum Purchase Price*) of this Addendum.
"**Board**" or "**Board of Directors**"	:	The Board of Directors of the Company.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**CEO**"	:	Chief Executive Officer.
"**Companies Regulations**"	:	Companies Regulations (Rg 1, 1990 Rev Ed) of Singapore.
"**Company**"	:	XMH Holdings Ltd.
"**Constitution**"	:	The constitution of the Company, previously known as its memorandum and articles of association of the Company currently in force.

DEFINITIONS

"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company.
"**Directors**"	:	The directors of the Company for the time being.
"**EPS**"	:	Earnings per Share.
"**Executive Director**"	:	A director who is a full-time employee of the Company and who performs an executive function.
"**FY**"	:	Financial year of the Company ending or ended 30 April as the case may be.
"**Group**"	:	The Company and its subsidiaries.
"**Latest Practicable Date**"	:	The latest practicable date prior to the printing of this Addendum, being 25 July 2019.
"**Listing Manual**"	:	The listing rules of the SGX-ST, as amended, supplemented or modified from time to time.
"**Listing Rules**"	:	The listing rules under the Listing Manual.
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities.
"**Market Purchase**"	:	Has the meaning ascribed to it in Section 2.3.3 (*Manner of purchase of Shares*) of this Addendum.
"**Maximum Price**"	:	Has the meaning ascribed to it in Section 2.3.4 (*Maximum Purchase Price*) of this Addendum.
"**MD**"	:	Managing Director.
"**Notice of AGM**"	:	The notice of AGM as enclosed with the Annual Report.
"**NTA**"	:	Net tangible assets.
"**Off-Market Purchase**"	:	Has the meaning ascribed to it in Section 2.3.3 (*Manner of purchase of Shares*) of this Addendum.
"**PDPA**"	:	Personal Data Protection Act 2012.
"**Proxy Form**"	:	The proxy form in respect of the AGM enclosed with the Annual Report.
"**Relevant Period**"	:	The period commencing from the date on which the forthcoming AGM is held and the resolution relating to the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier.

DEFINITIONS

"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Share Buyback**"	:	The buyback of Shares by the Company pursuant to the terms of the Share Buyback Mandate.
"**Share Buyback Mandate**"	:	The mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 2.3 (*Terms of the Share Buyback Mandate*) of this Addendum.
"**Shareholders**"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register.
"**Share(s)**"	:	Ordinary shares in the capital of the Company.
"**Substantial Shareholder**"	:	A Shareholder who has an interest directly or indirectly in not less than 5% of the total voting shares in the Company.
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as the same may be amended or modified from time to time.
"**S$**", "**$**" and "**cents**"	:	Singapore dollars and cents, respectively.
"**%**" or "**per cent**"	:	Per centum or percentage.

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The terms "**treasury shares**" and "**subsidiary**" shall have the meaning ascribed to it in Sections 4 and 5 of the Companies Act respectively.

The term "**subsidiary holdings**" shall have the same meaning ascribed to it in the Listing Manual, as may be amended or modified from time to time.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Addendum to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, SFA or the Listing Manual or any statutory modification thereof and not otherwise defined in this Addendum shall have the same meaning assigned to it under the Companies Act, SFA or the Listing Manual or such statutory modification thereof, as the case may be.

Any reference to a time of day in this Addendum is made by reference to Singapore time unless otherwise stated.

Any discrepancies in tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to "**you**", "**your**" and "**yours**" in this Addendum is, as the context so determines, to Shareholders.

The headings in this Addendum are inserted for convenience only and shall not affect the construction of this Addendum.

ADDENDUM TO ANNUAL REPORT

XMH HOLDINGS LTD.

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

Directors:		**Registered Office:**
Tan Tin Yeow	Chairman and Managing Director	55 Tuas Crescent, #07-01
Tan Guat Lian	Executive Director	Singapore 638743
Hong Pian Tee	Lead Independent Director	
Chan Heng Toong	Independent Director	
Ng Sey Ming	Independent Director	
Khoo Song Koon	Independent Director	

8 August 2019

To: The Shareholders of XMH Holdings Ltd.

Dear Shareholder,

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

1.1 AGM

The Board is convening an AGM to be held on 27 August 2019 to seek the approval of Shareholders for, *amongst others*, the renewal of the Share Buyback Mandate.

1.2 Purpose of Addendum

The purpose of this Addendum is to provide Shareholders with the relevant information pertaining to the matters set out in Section 1.1 (*AGM*) of this Addendum, and to seek Shareholders' approval for the resolutions in respect thereof to be tabled at the AGM, as set out in the Notice of AGM.

This Addendum has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

2. THE RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual, the Constitution and such other laws and regulations as may for the time being be applicable.

The renewal of the Share Buyback Mandate was approved by Shareholders at the 2018 EGM and will, unless renewed, expire on the date of the forthcoming AGM, which is scheduled to be held on 27 August 2019.

ADDENDUM TO ANNUAL REPORT

Accordingly, the Company is seeking Shareholders' approval for a renewal of the Share Buyback Mandate at the AGM on 27 August 2019. If the proposed renewal of the Share Buyback Mandate is approved, the Share Buyback Mandate will take effect from the date of the forthcoming AGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto, the Share Buyback is carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent AGM or EGM of the Company as the case may be.

The Company's share capital presently comprises only one (1) class of shares, namely, the Shares. As at the Latest Practicable Date, the Company has (i) a total issued and paid-up share capital of 114,512,571 Shares, of which 5,230,350 Shares are held as treasury shares, and (ii) a market capitalisation of S$19,100,697.

2.2 Rationale for the renewal of the Share Buyback Mandate

The Share Buyback Mandate will give the Company the flexibility to undertake purchases of its issued Shares at any time, subject to market conditions, during the period in which the Share Buyback Mandate is in force.

The Share Buyback Mandate will accord the Company greater flexibility in managing its capital to achieve a more efficient capital structure, and would also allow the Company to enhance its EPS and return on equity on an ongoing basis. Shares purchased or acquired by the Company pursuant to the Share Buyback Mandate can be held as treasury shares.

Furthermore, short-term speculation may at times cause the market price of the Company's Shares to be depressed below the true value of the Company and the Group. The Share Buyback Mandate will provide the Directors with the means to restore investors' confidence and to protect existing shareholders' investments in the Company in a depressed share-price situation through judicious purchases of Shares to enhance the EPS. Shares purchased or acquired by the Company will also enhance the net asset value per Share if the Share purchases and acquisitions are made at a price below the net asset value per Share.

The Directors will act judiciously and will only purchase or acquire Shares pursuant to the Share Buyback Mandate as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best interests of the Company and the Shareholders.

The Directors do not propose to carry out Share Buybacks to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

2.3 Terms of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the AGM at which the renewal of the Share Buyback Mandate is approved ("**Approval Date**") (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time).

ADDENDUM TO ANNUAL REPORT

For illustrative purposes only, on the basis of 109,282,221 issued and paid-up Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming (a) no further Shares are issued on or prior to the AGM; and (b) no further Shares are purchased or acquired by the Company on or prior to the AGM, exercise in full of the Share Buyback Mandate would result in the purchase or acquisition of 10,928,222 Shares.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the Share Buyback is carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.

2.3.3 Manner of purchase of Shares

Purchases of Shares may be made by way of:

(a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

(a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

  (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

  (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

  (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

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(c) the reasons for the proposed Share Buyback;

(d) the consequences, if any, of Share Buyback by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any Share Buyback made by the Company in the previous 12 months (whether Market Purchase or Off-Market Purchase), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

("**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purpose, "**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period.

2.4 Status of purchased Shares under the Share Buyback Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

2.5 Treasury shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

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In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into a different number of treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employee's share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rules 704(28) of the Listing Manual, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancellation.

2.6 Sources of funds for Share Buyback

The Companies Act permits the Company to purchase its own Shares out of its capital as well as from its distributable profits, provided that:

(a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

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Further, for the purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

(a) the likelihood of the contingency occurring; and

(b) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use mainly internal resources and may from time to time utilise external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buyback Mandate.

2.7 Financial effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *amongst others*, the aggregate number of Shares purchased or acquired, how the Shares are purchased or acquired, the price paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 April 2019 are based on the following principal assumptions:

(a) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 May 2018 for the purpose of computing the financial effects on the EPS of the Group and the Company;

(b) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 May 2018 for the purpose of computing the financial effects on the Shareholders' equity, NTA per Share and gearing of the Group and the Company; and

(c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

2.7.1 Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.7.2 Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued and paid-up capital of the Company is S$39,780,419 comprising 109,282,221 Shares (excluding treasury shares and subsidiary holdings).

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2.7.3 Financial effects

For illustration purposes only, and on the basis of the assumptions set out below, the financial effects of the:

(i) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and held as treasury shares; and

(ii) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 30 April 2019 are set out in the sections below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buyback Mandate by way of purchases made out of capital are set out in this Addendum.

Scenario A: Purchases made entirely out of capital and held as treasury shares

Market Purchase

For illustrative purposes only, in a Market Purchase, assuming that:

(i) the Maximum Price is S$0.175, which is 5% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date; and

(ii) the Company has 109,282,221 Shares as at the date of the AGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares on or prior to the date of the AGM and excluding treasury shares and subsidiary holdings), such that not more than 10,928,222 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 10,928,222 Shares under and during the duration of the Share Buyback Mandate, is approximately S$1,912,439.

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On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2019 is as follows:

	Group		Company	
As at 30 April 2019	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	57,089	55,177	27,638	25,726
NTA (S$'000)	46,738	44,826	27,638	25,726
Treasury Shares (S$'000)	(3,292)	(5,204)	(3,292)	(5,204)
Current Assets (S$'000)	81,455	79,543	2,742	830
Current Liabilities (S$'000)	46,768	46,768	10,824	10,824
Working Capital (S$'000)	34,687	32,775	(8,082)	(9,994)
Loans and Borrowings (S$'000)	70,517	70,517	39,089	39,089
Cash and Short-Term Deposits (1) (S$'000)	23,552	21,640	792	(1,120)
Net Loss attributable to Shareholders (S$'000)	(3,338)	(3,338)	(8,363)	(8,363)
Number of Shares (2)	109,282,221	98,353,999	109,282,221	98,353,999
Treasury Shares	5,230,350	16,158,572	5,230,350	16,158,572
Total Shares	114,512,571	114,512,571	114,512,571	114,512,571
<u>Financial Ratios</u>				
NTA per Share (cents)	42.77	45.58	25.29	26.16
Basic LPS (cents) (3)	(3.04)	(3.39)	(7.65)	(8.50)
Current Ratio (times) (4)	1.74	1.70	0.25	0.08
Gearing Ratio (times) (5)	1.24	1.28	1.41	1.52

Notes:

(1) Assuming that the Share Buyback is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the AGM.

(3) Basic LPS is computed based on FY2019 net loss attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

<u>Off-Market Purchase</u>

For illustrative purposes only, in an Off-Market Purchase, assuming that:

(i) the Maximum Price is S$0.200, which is 20% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date; and

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(ii) the Company has 109,282,221 Shares as at the date of the AGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares prior to the date of the AGM and excluding treasury shares and subsidiary holdings, such that not more than 10,928,222 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 10,928,222 Shares under and during the duration of the Share Buyback Mandate, is approximately S$2,185,644.

On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2019 is as follows:

	Group		Company	
As at 30 April 2019	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	57,089	54,903	27,638	25,452
NTA (S$'000)	46,738	44,552	27,638	25,452
Treasury Shares (S$'000)	(3,292)	(5,478)	(3,292)	(5,478)
Current Assets (S$'000)	81,455	79,269	2,742	556
Current Liabilities (S$'000)	46,768	46,768	10,824	10,824
Working Capital (S$'000)	34,687	32,501	(8,082)	(10,268)
Loans and Borrowings (S$'000)	70,517	70,517	39,089	39,089
Cash and Short-Term Deposits (1) (S$'000)	23,552	21,366	792	(1,394)
Net Loss attributable to Shareholders (S$'000)	(3,338)	(3,338)	(8,363)	(8,363)
Number of Shares (2)	109,282,221	98,353,999	109,282,221	98,353,999
Treasury Shares	5,230,350	16,158,572	5,230,350	16,158,572
Total Shares	114,512,571	114,512,571	114,512,571	114,512,572
Financial Ratios				
NTA per Share (cents)	42.77	45.30	25.29	25.88
Basic LPS (cents) (3)	(3.04)	(3.39)	(7.65)	(8.50)
Current Ratio (times) (4)	1.74	1.69	0.25	0.05
Gearing Ratio (times) (5)	1.24	1.28	1.41	1.54

Notes:

(1) Assuming that the Share Buyback is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the AGM.

(3) Basic LPS is computed based on FY2019 net loss attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

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Scenario B: Purchases made entirely out of capital and cancelled

Market Purchase

For illustrative purposes only, in a Market Purchase, assuming that:

(i) the Maximum Price is S$0.175, which is 5% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded; and

(ii) the Company has 109,282,221 Shares as at the date of the AGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares on or prior to the date of the AGM and excluding treasury shares and subsidiary holdings), such that not more than 10,928,222 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 10,928,222 Shares under and during the duration of the Share Buyback Mandate, is approximately S$1,912,439.

On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2019 is as follows:

	Group		Company	
As at 30 April 2019	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	57,089	55,177	27,638	25,726
NTA (S$'000)	46,738	44,826	27,638	25,726
Current Assets (S$'000)	81,455	79,543	2,742	830
Current Liabilities (S$'000)	46,768	46,768	10,824	10,824
Working Capital (S$'000)	34,687	32,775	(8,082)	(9,994)
Loans and Borrowings (S$'000)	70,517	70,517	39,089	39,089
Cash and Short-Term Deposits (1) (S$'000)	23,552	21,640	792	(1,120)
Net Loss attributable to Shareholders (S$'000)	(3,338)	(3,338)	(8,363)	(8,363)
Number of Shares (2)	109,282,221	98,353,999	109,282,221	98,353,999
Treasury Shares	5,230,350	5,230,350	5,230,350	5,230,350
Total Shares	114,512,571	103,584,349	114,512,571	103,584,349
Financial Ratios				
NTA per Share (cents)	42.77	45.58	25.29	26.16
Basic LPS (cents) (3)	(3.04)	(3.39)	(7.65)	(8.50)
Current Ratio (times) (4)	1.74	1.70	0.25	0.08
Gearing Ratio (times) (5)	1.24	1.28	1.41	1.52

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Notes:

(1) Assuming that the Share Buyback is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the AGM.

(3) Basic LPS is computed based on FY2019 net loss attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, assuming that:

(i) the Maximum Price is S$0.200 which is 20% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded; and

(ii) the Company has 109,282,221 Shares as at the date of the AGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares on or prior to the date of the AGM and excluding treasury shares and subsidiary holdings), such that not more than 10,928,222 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 10,928,222 Shares under and during the duration of the Share Buyback Mandate, is approximately S$2,185,644.

On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2019 is as follows:

	Group		**Company**	
As at 30 April 2019	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	57,089	54,903	27,638	25,452
NTA (S$'000)	46,738	44,552	27,638	25,452
Current Assets (S$'000)	81,455	79,269	2,742	556
Current Liabilities (S$'000)	46,768	46,768	10,824	10,824
Working Capital (S$'000)	34,687	32,501	(8,082)	(10,268)
Loans and Borrowings (S$'000)	70,517	70,517	39,089	39,089
Cash and Short-Term Deposits (1) (S$'000)	23,552	21,366	792	(1,394)
Net Loss attributable to Shareholders (S$'000)	(3,338)	(3,338)	(8,363)	(8,363)
Number of Shares (2)	109,282,221	98,353,999	109,282,221	98,353,999
Treasury Shares	5,230,350	5,230,350	5,230,350	5,230,350
Total Shares	114,512,571	103,584,349	114,512,571	103,584,349
Financial Ratios				
NTA per Share (cents)	42.77	45.30	25.29	25.88
Basic LPS (cents) (3)	(3.04)	(3.39)	(7.65)	(8.50)
Current Ratio (times) (4)	1.74	1.69	0.25	0.05
Gearing Ratio (times) (5)	1.24	1.28	1.41	1.54

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Notes:

(1) Assuming that the Share Buybacks is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the AGM.

(3) Basic LPS is computed based on FY2019 net loss attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 30 April 2019 and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

2.8 Reporting Requirements

2.8.1 SGX-ST

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(i) in the case of a market purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(ii) in the case of an off-market purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement currently requires the inclusion of details of, *amongst others*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable. Such announcement will be made in the form prescribed by the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company, in a timely fashion, the necessary information which will enable the Company to make the notifications to the SGX-ST.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

2.8.2 ACRA

Within 30 days of the passing of a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

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Within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *amongst others*, the details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

2.9 Take-over obligations

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.9.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *amongst others*, be presumed to be acting in concert:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

A company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

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(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of (i) the adviser and persons controlling, controlled by or under the same control as the adviser, and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.9.3 <u>Effect of Rule 14 and Appendix 2 of the Take-over Code</u>

(a) In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a takeover offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% (one per cent) in any period of six (6) months.

(b) Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% (one per cent) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buyback Mandate.

2.9.4 <u>No obligation to make a general offer</u>

(a) Our Chairman and MD, Mr. Tan Tin Yeow and our Executive Director, Ms. Tan Guat Lian, are siblings (hereinafter collectively referred to as the "**Tan Siblings**").

(b) The Tan Siblings together with Mr. Tan Seng Hee are the children of Mr. Tan Tum Beng, the founder of the Group. As at the Latest Practicable Date, Mr. Tan Tum Beng and Mr. Tan Seng Hee are not employed by any Group company.

ADDENDUM TO ANNUAL REPORT

(c) As at the Latest Practicable Date, Mr. Tan Tum Beng, Mr. Tan Seng Hee and the Tan Siblings (collectively, the "**Parties**") as a concert group hold an aggregate of 63,180,988 Shares, constituting 57.81% of the voting rights in the Company.

(d) Assuming that:

(i) the Company undertakes Share Buyback under the Share Buyback Mandate up to the maximum of 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) as permitted by the Share Buyback Mandate;

(ii) there is no change in the Parties' shareholdings in the Company between the Latest Practicable Date and the date of the AGM;

(iii) no new Shares are issued following the Shareholders' approval of the renewal of the Share Buyback Mandate at the AGM; and

(iv) the Parties do not sell or otherwise dispose of their shareholdings in the Company,

the voting rights of the Parties as at the date of the AGM and after Share Buyback of 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) pursuant to the Share Buyback Mandate, are as follows:

	Number of Shares			Voting rights in the Company (%)	
Parties	**Direct Interest**	**Deemed Interest**	**Total Interest**	**Before Share Buyback**	**After Share Buyback**
Tan Tin Yeow	45,060,000	–	45,060,000	41.23	45.81
Tan Guat Lian	6,569,744	22,500	6,592,244	6.03	6.70
Sub-total	**51,629,744**	**22,500**	**51,652,244**	**47.26**	**52.52**
Tan Seng Hee	2,814,250	–	2,814,250	2.58	2.86
Tan Tum Beng	8,714,494	–	8,714,494	7.97	8.86
Total	**63,158,488**	**22,500**	**63,180,988**	**57.81**	**64.24**

As the Parties as a concert group hold an aggregate of 63,180,988 Shares, constituting over 50% of the voting rights in the Company, purchases or acquisition of Shares by the Company pursuant to the Share Buyback Mandate will result in an increase in the aggregate voting rights of the Parties, but will not result in any of the Parties incurring an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code.

In the event the Company undertakes Share Buyback within the Relevant Period of the maximum of 10% of the issued share capital of the Company as permitted by the Share Buyback Mandate, it is not expected that the shareholdings and/or voting rights of any of the other Shareholders will be increased to 30% or more, thereby triggering a requirement for any Shareholder to make a general offer to the other Shareholders under Rule 14 of the Take-over Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

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2.10 Listing Rules

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases and/or Off-Market Purchases during the following periods and at all times in compliance with Rule 1207(19) of the Listing Manual:

(a) one (1) month immediately preceding the announcement of the Company's annual results; and

(b) two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its issued shares excluding treasury shares must be held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, CEO, substantial shareholders or controlling shareholders of the company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 24,282,465 Shares, representing 22.22% of the total number of issued Shares, are in the hands of the public.

As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate, the number of Shares in the hands of the public would be reduced to 13,354,243 Shares, representing 13.58% of the reduced total number of issued Shares of the Company. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST.

The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the CEO of the Company or Substantial Shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

ADDENDUM TO ANNUAL REPORT

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

3.1 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' shareholdings, and the interest of Substantial Shareholder(s), as extracted from the Register of Substantial Shareholders, are as follows:

	Number of Shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Directors				
Tan Tin Yeow (1)	45,060,000	41.23	–	–
Tan Guat Lian (1)	6,569,744	6.01	22,500	0.02
Hong Pian Tee	651,750	0.60	–	–
Chan Heng Toong	125,000	0.11	–	–
Ng Sey Ming	125,000	0.11	–	–
Khoo Song Koon	–	–	–	–
Substantial Shareholder(s) (Other than Directors)				
Tan Tum Beng	8,714,494	7.97	–	–
Credence Capital Fund II (Cayman) Limited	20,917,018	19.14	–	–
Total	**82,163,006**	**75.18**	**22,500**	**0.02**

Note:

(1) The Tan Siblings 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 ("**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. The obligations of the parties to the Deed of Undertaking will continue to apply as long as they remain as shareholders of the Company, unless otherwise agreed to in writing by the parties thereto. As at the Latest Practicable Date, Mr. Tan Seng Hee has an interest in 2,814,250 Shares in the Company representing approximately 2.58% of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings).

Save as disclosed above, none of the Directors and Substantial Shareholders or their respective Associates has any interest, direct or indirect, in the renewal of the Share Buyback Mandate.

ADDENDUM TO ANNUAL REPORT

3.2 Shares purchased by the Company in the 12 months preceding the Latest Practicable Date

The Company has purchased or acquired 1,999,600 Shares by way of Market Purchases during the 12-month period preceding the Latest Practicable Date, pursuant to the Share Buyback Mandate approved by Shareholders at the 2018 EGM. Details of such purchases of Shares are set out below:

Date of Purchase	Total number of Shares purchased or acquired	Lowest price paid per Share S$	Highest price paid per Share S$	Total consideration paid for the Shares (including commission, brokerage and goods and services tax) S$
2 July 2018	159,900	0.220	0.225	35,938.49
3 July 2018	186,100	0.225	0.225	41,957.62
4 July 2018	80,000	0.225	0.230	18,301.02
5 July 2018	100,000	0.230	0.230	23,052.64
9 July 2018	50,000	0.240	0.240	12,047.93
10 July 2018	50,000	0.240	0.240	12,047.93
11 July 2018	200,000	0.240	0.240	48,097.58
16 July 2018	47,000	0.240	0.240	11,327.63
18 July 2018	127,200	0.240	0.240	30,590.06
1 August 2018	85,000	0.250	0.250	21,301.89
2 August 2018	250,000	0.250	0.250	62,627.06
3 August 2018	32,200	0.250	0.250	8,096.24
8 August 2018	48,700	0.260	0.260	12,710.22
13 August 2018	20,000	0.270	0.270	5,445.11
24 August 2018	385,000	0.280	0.280	108,019.16
27 August 2018	100,000	0.280	0.280	28,056.93
28 August 2018	78,500	0.280	0.280	22,032.21
Total	**1,999,600**	**0.250**	**0.250**	**501,649.72**

All Shares purchased or acquired by the Company during the above-stated period were held as treasury shares.

3.3 Limits on shareholdings

The Company does not have any limits on the shareholding of any Shareholder.

3.4 Shareholders' approval

For the reasons set out above, the Company is proposing to seek the approval of Shareholders for the renewal of the Share Buyback Mandate, which will be proposed as an Ordinary Resolution ("**Ordinary Resolution**") at the AGM.

ADDENDUM TO ANNUAL REPORT

4. DIRECTORS' RECOMMENDATIONS

4.1 Proposed renewal of the Share Buyback Mandate

Save that the Tan Siblings have abstained from making any recommendation in respect of the proposed renewal of the Share Buyback Mandate, the Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the Ordinary Resolution.

5. INSPECTION OF DOCUMENTS

A copy of the following documents may be inspected at the registered office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743, during normal business hours from the date of this Addendum up to and including the date of the AGM:

(a) the Annual Report of the Company for the financial year ended 30 April 2019; and

(b) the Constitution.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Addendum) collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the renewal of the Share Buyback Mandate and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading.

Where information in the Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Addendum in its proper form and context.

Yours faithfully
For and on behalf of the Board of Directors of
XMH HOLDINGS LTD.

Mr. Tan Tin Yeow
Chairman and Managing Director

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XMH HOLDINGS LTD.

(Company Registration No. 201010562M)
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ______________________ (Name) ______________________ (NRIC/Passport No./Co. Registration No.)

of ____ (Address)

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

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or* (delete as appropriate)

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her/them*, the Chairman of the Annual General Meeting (the "**Meeting**") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Meeting to be held at 55 Tuas Crescent, #07-01, Singapore 638743 on Tuesday, 27 August 2019 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

No.	**Resolutions relating to:**	**No. of Votes 'For'****	**No. of Votes 'Against'****
Ordinary Businesses			
1	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 30 April 2019		
2	Approval of Directors' fees amounting to S$170,600 for the financial year ended 30 April 2019		
3	Re-election of Mr. Tan Tin Yeow as a Director		
4	Re-election of Mr. Khoo Song Koon as a Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors of the Company to fix their remuneration		
Special Businesses			
6	Authority to allot and issue new shares		
7	Authority to allot and issue shares under the XMH Share Option Scheme		
8	Proposed renewal of the Share Buyback Mandate		

* *Delete where inapplicable*
** *If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ________________ 2019

Total number of Shares held

____

Signature of Shareholder(s)
and / or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. 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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company who is not a Relevant Intermediary* entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member who is not a Relevant Intermediary* appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

4. A member who is a Relevant Intermediary* may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it was an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) 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 an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 August 2019.

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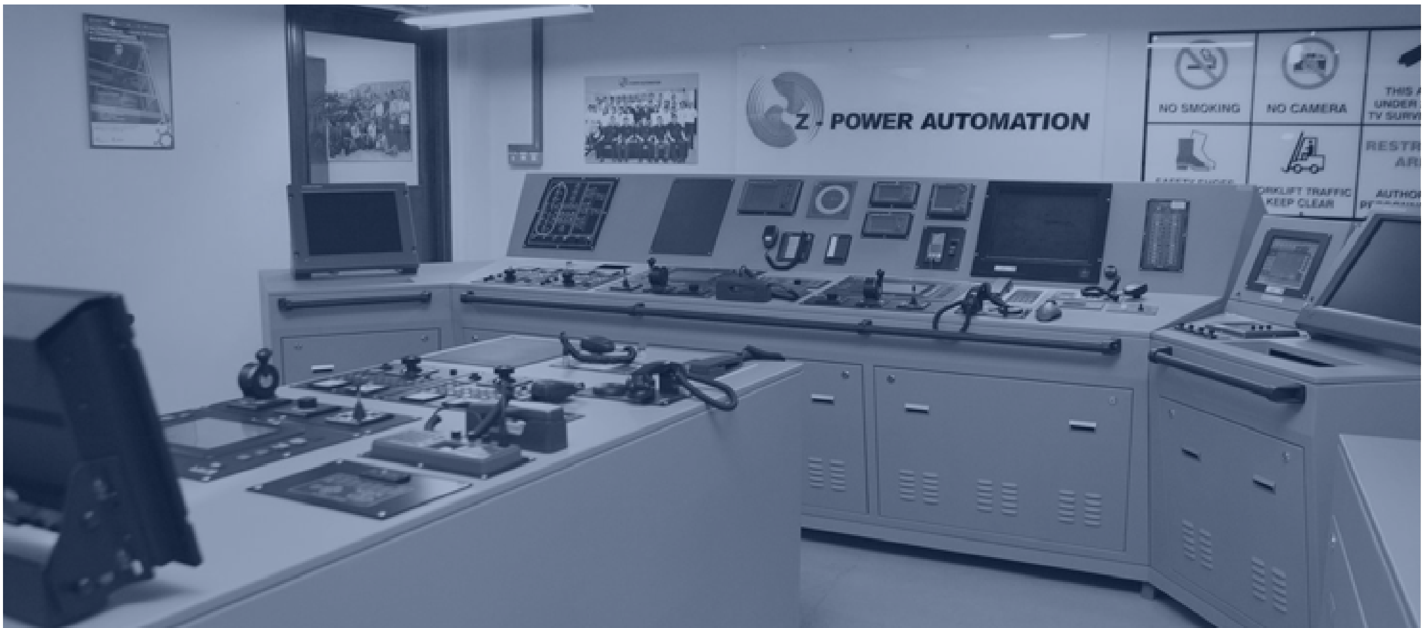

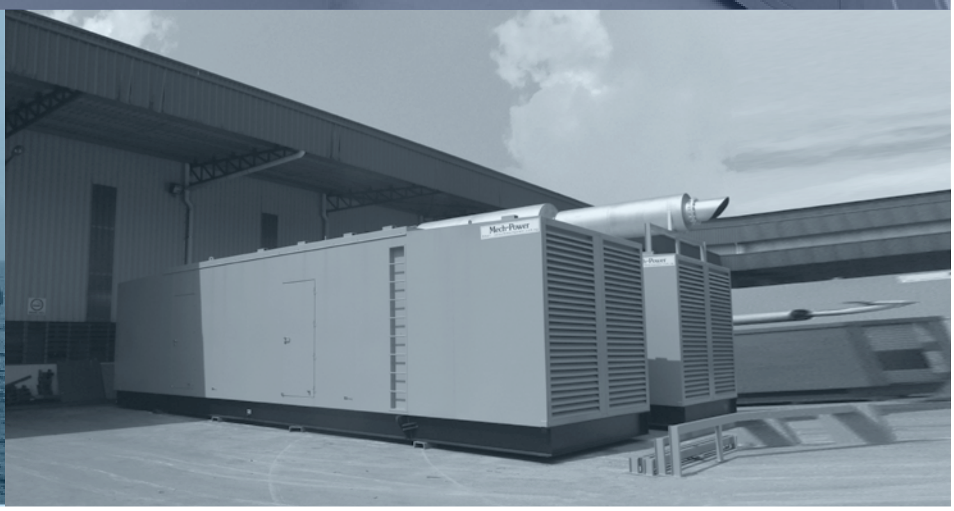

FOR MORE INFORMATION, PLEASE CLICK HERE

XMH

XMH HOLDINGS LTD.
55 Tuas Crescent, #07-01
Singapore 638743