



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

ANNOUNCEMENT OF UNAUDITED FULL YEAR RESULTS ENDED 30 APRIL 2021

– RESPONSES TO QUERIES FROM SGX-ST

The Board of Directors (“**Board**”) of XMH Holdings Ltd. (“**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on its unaudited Full Year Financial Statements for the financial year ended 30 April 2021 (“**Results Announcement**”) released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 25 June 2021 (Announcement Reference: SG210625OTHR11AU).

The Company wishes to provide its responses to the SGX-ST’s queries as follows:

Query 1:

Please disclose:

- (i) a breakdown of the Group’s trade and other receivables;*
- (ii) the aging of the Group’s trade receivables;*
- (iii) details of the Group’s underlying transactions of its other receivables and terms of the transactions;*
and
- (iv) the Company’s plans to recover the trade and other receivables.*

Company’s Response to Query 1:

	Group		Company	
	2021	2020	2021	2020
	\$’000	\$’000	\$’000	\$’000
Trade receivables	16,181	5,338	-	-
Retention sum	9	76	-	-
GST receivables	864	389	-	-
Allowance for trade receivables	(571)	(262)	-	-
Total trade receivables	16,483	5,541	-	-
Other receivables				
Amount due from subsidiary corporations	-	-	1,596	276
Deposits	2,226	3,424	24	35
Other receivables	1,160	1,619	352	700
Advances to staff	34	26	-	-
Allowance for other receivables	-	(138)	-	(138)
Total other receivables	3,420	4,931	1,972	873
Total trade and other receivables	19,903	10,472	1,972	873

(ii)

	Not past due	≤ 30 days	31-60 days	61-90 days	> 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	7,547	2,743	458	4,908	525	16,181

(iii)

Deposits amounting to S\$2.226m (2020: \$3.424m) relate to deposits placed to procure inventories in the ordinary course of business. These inventories were delivered after the year end. Other receivables amounting to \$1.160m (2020: \$1.619m) are mainly rental and government grants.

(iv) For the increased in trade receivables, it was mainly due to timing difference arising from increased billings shortly before the financial year end. These billings arose from the completion and delivery of generators to customers based on customers' schedule. Subsequent to the financial year end we have collected approximately \$15.3m of these trade receivables.

As explained in section (iii) above, the other receivables are mainly rental and government grants which are not subject to material collectability assessment. The inventories in respect of the deposits paid were delivered after the financial year end. We continue to take the necessary steps to recover the remaining trade receivables.

Query 2:

Please provide information on the Group's inventory turnover days

Company's Response to Query 2:

	Group	
	2021	2020
	\$'000	\$'000
Inventories	22,179	29,651
Cost of sales	48,393	41,509
Inventories turnover days	167 days	261 days

Query 3:

Please disclose a breakdown of trade and other payables/other payables amounting to \$13.1 million as at 30 April 2021. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's Response to Query 3:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade payables	6,134	7,739	-	-
Accrued operating expenses	2,644	2,580	855	703
Advance deposits	2,990	4,189	-	-
Amount due to subsidiary corporations	-	-	6,984	7,855
Other payables	1,330	1,340	576	694
GST payables	81	109	81	89
Total trade and other payables	13,179	15,957	8,496	9,341

Breakdown of other payables (ageing and details)

	Not past due	< 30 days	31-60 days	61-90 days	> 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Advance payment from customers	700	-	-	-	-	700
Tenancy deposits	321	-	-	-	-	321
Other creditors	96	28	10	-	20	154
CPF payables	92	-	-	-	-	92
Deferred income	36	-	-	-	-	36
Deferred rental income	18	-	-	-	-	18
Other deposits	9	-	-	-	-	9
Other payables	1,272	28	10	-	20	1,330

Query 4:

It is noted that the Company has a net cash outflow from operating activities of \$4.3 million and a net profit of \$271,000 for the financial year ended 30 April 2021. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial year.

Company's Response to Query 4:

As set out in our response 1(iv) above, the cash outflow arose mainly from the cash classified as working capital and specifically from the increase in trade receivables. The cashflow position has improved after the collection of \$15.3m after the financial year.

Query 5:

Given the Group's significant liabilities of \$78.6 million and cash and bank balance of only \$7.6 million, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short-term liabilities of \$31.6 million, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Company's Response to Query 5:

Subsequent to the financial year end, the Group has collected \$15.3m due from customers. In addition, as at 30 April 2021, the Group has unutilized banking facilities of \$15.3m. Consequently, the Company is of the view that it is able to meet its short-term liabilities and the Group is on track to fulfil its payment obligations within the next 12 months based on the contractual undiscounted repayment obligations set out below:

Group	One year or less
	\$'000
Financial assets:	
Trade and other receivables	19,039
Cash and short-term deposits	7,661
Other financial assets	-
Total undiscounted financial assets	26,700
Financial liabilities:	
Trade and other payables	10,094
Loans and borrowings	16,929
Lease liabilities	38
Total undiscounted financial liabilities	27,061
Total net undiscounted financial liabilities	(361)

BY ORDER OF THE BOARD

Tan Tin Yeow
Chairman and Managing Director
12 August 2021