



ASIAN MICRO HOLDINGS LIMITED

PROPOSED CAPITALISATION OF DEBTS BY THE ISSUE OF SHARES IN ASIAN MICRO HOLDINGS LIMITED

The Directors of Asian Micro Holdings Ltd ("**AMHL**" or the "**Company**") wish to announce that the Company had on 20 July 2009 entered into agreements (the "**Agreements**") with Mr. Lim Kee Liew @ Victor Lim ("**Mr. Lim**") and Ms Leong Lai Heng ("**Ms Leong**") to capitalize the debts owing to each of them by the Company and/or its subsidiaries (which debts are set out below) by the issue of new ordinary shares of S\$0.027 each in the capital of the Company (the "**Proposed Transactions**").

| Subscriber | Amount of Debt |
|------------|----------------|
| Mr. Lim | S\$75,000.00 |
| Ms Leong | S\$75,000.00 |
| Total: | S\$150,000.00 |

Mr. Lim and Ms Leong (together referred to as the "**Majority Shareholders**") who are husband and wife are the directors and substantial shareholders of the Company holding a total of 45.94% of the issued and paid-up share capital of the Company. As such, the Proposed Transactions constitutes interested person transactions under Chapter 9 of the Listing Manual. The value of the Proposed Transactions, when completed, is of a value lower than 3% of the Group's latest audited net tangible assets.

Pursuant to the Agreement, the issue price of S\$0.027 of the new shares was calculated based on the average market closing price per share as traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") over the prior five trading days from 20 July 2009, being the date of the acceptance of the Company's offer and that if trading in the Company's shares was not available for a full market day, the closing market price was based on the trades done on the preceding market day.

The Proposed Transactions are conditional upon the receipt of in-principle approval from its Sponsor to the issue and allotment, and the listing and quotation of the new shares.

The Company will submit the Additional Listing Application to its Sponsor for approval shortly.

Rationale For Proposed Transactions

The Proposed Transactions would be in the interests of and beneficial to the Company for the following reasons:

- (a) it would strengthen the Group's balance sheet and improve the Group's debt-equity position;
- (b) it would enable funds, which otherwise have to be used to repay the Debts, to be used to fund its working capital requirements;

Audit Committee's Statement

The Audit Committee of the Company had reviewed the Proposed Transactions and is satisfied that these transactions are on normal commercial terms and the terms are not prejudicial to the interests of the Company and its minority shareholders.

Waiver of Rule 812(1)

Rule 812(1) of the Listing Manual provides that an issue of shares for cash under Part IV of Chapter 8 of the Listing Manual must not be placed to, inter alia:

- (a) the issuer's directors and substantial shareholders; and

The Company had by a letter dated 2 July 2009 written to its Sponsor to seek a waiver of Rule 812(1) of the Listing Manual and the requirement to seek shareholders approval. The Singapore Exchange had on 17 July 2009 informed the Sponsor that it has no objection to granting the Company a waiver from compliance with Rule 812, subject to the Company making an announcement of the waiver and the reasons for seeking the waiver, which are contained in this announcement.

The Board of Directors also confirms that they are not aware of any other material information in respect of the Company and the debt capitalization which was not formally disclosed to shareholders.

On behalf of the Board
Victor Lim
Group Managing Director

22 July 2009