

ASIAN MICRO HOLDINGS LIMITED

(Company Registration No. 199701052K)
(Incorporated in Singapore on 18 February 1997)

PROPOSED PLACEMENT OF 46,153,846 NEW ORDINARY SHARES IN THE CAPITAL OF ASIAN MICRO HOLDINGS LIMITED (*COMPANY*), AT AN ISSUE PRICE OF S\$0.013 FOR EACH NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of Directors (*Directors*) of the Company wishes to announce the proposed placement (*Proposed Placement*) of 46,153,846 new ordinary shares (*Shares*) in the capital of the Company (*Placement Shares*), at an issue price of S\$0.013 (*Issue Price*) for each Placement Share.

Details on the Proposed Placement are provided herein.

2. PROPOSED PLACEMENT

The Company has on 16 October 2012 entered into a placement agreement (*Placement Agreement*) with Chew Choon Beng (*Placee*), pursuant to which the Placee has agreed to subscribe for a total of 46,153,846 Placement Shares at the Issue Price for each Placement Share by way of a private placement.

As at 8 October 2012, an amount of S\$745,270 is owing to Leong Lai Heng and Lim Kee Liew @ Victor Lim (collectively the *Assignors*) by the Company and the subsidiaries of the Company namely, Asian Micro (S) Pte Ltd (Company Registration No. 199201942K) and AM NGV (S) Pte. Ltd. (Company Registration No. 199804841R) (*Subsidiaries*). Out of the S\$745,270, an amount of S\$600,000 (*Debt*) is owing to the Assignors by the Company and its Subsidiaries which comprises:

- (i) a loan (inclusive of interest) of S\$309,000 being the outstanding amount owing by AM NGV (S) Pte. Ltd. to Leong Lai Heng pursuant to a loan agreement dated 5 October 2012;
- (ii) salaries owing to Lim Kee Liew @ Victor Lim (as director of the Company) and Leong Lai Heng (as then-director of the Company) by the Company for the period of October 2010 to August 2011 amounting to S\$249,793; and
- (iii) salaries owing to Lim Kee Liew @ Victor Lim and Leong Lai Heng by Asian Micro (S) Pte Ltd for the period of January 2011 to September 2011 amounting to S\$41,207.

Pursuant to the deed of assignment dated 16 October 2012 (*Deed of Assignment*), the Assignors assigned the Debt owing to them by the Company and its Subsidiaries in favour of the Placee.

The assignment of the Debt by the Assignors in favour of the Placee under the Deed of Assignment was carried out in full settlement of the debts of S\$600,000 due and owing to the Placee by the Assignors arising from a business transaction between them. Pursuant to the assignment, the Company and its Subsidiaries acknowledged receipt of the notice of assignment on 16 October 2012.

The remaining S\$145,270 remains outstanding and is due and owing to the Assignors by the Company and its Subsidiaries.

The Issue Price for the Placement Shares will be set-off fully against the Debt owed to the Placee.

Based on the Company's existing issued share capital of 464,591,043 Shares, the Placement Shares represent 9.93% and 9.04% of the existing issued share capital of the Company and the enlarged issued share capital of the Company following the Placement, respectively.

The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares, except for any dividends, distributions or entitlements the record date of which falls before the date of issue of the Placement Shares.

Pursuant to the Proposed Placement, the number of Shares held by the shareholders of the Company (**Shareholders**), comprising the substantial Shareholders, the Placee and other Shareholders as well as their percentage of shareholdings, are as follows:

Substantial Shareholder & Other Shareholders	Number of Shares Held Before Proposed Placement	% of existing issued share capital^{(1) (3)}	Number of Shares Held After Proposed Placement	% of enlarged issued share capital^{(2) (3)}
Lim Kee Liew @ Victor Lim	138,741,217	29.86%	138,741,217	27.16%
Leong Lai Heng	118,646,760	25.54%	118,646,760	23.23%
Placee	-	-	46,153,846	9.04%
Other Shareholders	207,203,066	44.60%	207,203,066	40.57%
Total	464,591,043	100.00%	510,744,889	100.00%

Notes:

(1) Based on the Company's existing issued share capital of 464,591,043 Shares.

(2) Based on the Company's enlarged issued share capital of 510,744,889 Shares.

(3) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

The Issue Price of each Placement Share will be S\$0.013, which represents a premium of 0.071 Singapore cents to the weighted average price for trades done on the Catalist for the full market day on 16 October 2012, being the full market day on which the Placement Agreement was entered into.

Pursuant to the Placement Agreement, the Placee has represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that:-

- (a) he is not related to any of the Directors or substantial Shareholders;

- (b) he is not any of the persons set out in Rule 812(1) of the Section B: Catalyst Rules of the Singapore Exchange Securities Trading Limited's (**SGX-ST**) Listing Manual (**Catalist Rules**);
- (c) he is not acting in concert with any persons, including any of the Directors and/or substantial Shareholders; and
- (d) he is not acting in accordance with the instructions of any persons, including any of the Directors and/or substantial Shareholders.

Upon the completion of the Proposed Placement, the Placee will own more than 5% of the Company's enlarged issued share capital.

Background of the Placee

The Placee was introduced to the Company by the Assignors. Lim Kee Liew @ Victor Lim is a Director of the Company, and Leong Lai Heng is his spouse. Lim Kee Liew @ Victor Lim and Leong Lai Heng are also controlling Shareholders of the Company. The Assignors and the Placee are business partners in their personal capacities and have entered into certain investments relating to real estate and/or properties in Malaysia. The Placee is a purchasing agent of real estate and/or properties.

No commission or other payment will be payable for the Proposed Placement or for the introduction of the Placee.

Financial Effects of the Proposed Placement

As at the date of this announcement, the issued and paid-up ordinary capital of the Company is approximately S\$38,683,928 comprising 464,591,043 Shares. When completed, the Proposed Placement will increase the existing issued and paid-up ordinary capital of the Company by approximately 1.55% to approximately S\$39,283,928 comprising 510,744,889 Shares.

Based on the audited consolidated balance sheet of the Company and its subsidiaries (**Group**) as at 30 June 2012, the issue of the Placement Shares will increase the number of Shares of the Company from 463,591,043 Shares to 510,744,889 Shares and increase the consolidated net tangible asset (**NTA**) per Share attributable to equity Shareholders of the Company by 0.11 Singapore cents or from 0.04 Singapore cents to 0.15 Singapore cents (after adjusting for the issue of 46,153,846 Placement Shares and assuming the Proposed Placement had been completed at the end of year ended 30 June 2012).

As at the date of this announcement, the Directors are of the opinion that the Proposed Placement will not have a material effect on the earnings per Share of the Company.

The Directors are of the opinion after taking into consideration the cash and cash equivalents, internal resources and available banking facilities of the Group and barring unforeseen circumstances, that the working capital available to the Group is sufficient to meet its present requirements at the date of this announcement. There are no proceeds raised from the Proposed Placement.

Rational for the Proposed Placement

The Company entered into the Placement Agreement to allot and issue to the Placee the Placement Shares for full settlement of the Debt assigned to the Placee.

There are no proceeds raised from the Proposed Placement.

Conditions Precedent

The Proposed Placement is subject to certain conditions precedent more particularly set out in the Placement Agreement, including the listing and quotation notice for the Placement Shares being obtained from the SGX-ST.

An application for the listing of and quotation for the Placement Shares will be made to the SGX-ST.

The approval of the Shareholders of the Company for the issue of Shares not exceeding 100% of the total number of issued Shares in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to Shareholders shall not exceed 50% of the total number of issued shares in the capital of the Company (**Share Issue Mandate**), was obtained at the Annual General Meeting of the Company held on 28 October 2011 (**2011 AGM**).

In addition, under Rule 811 of the Catalist Rules, the Directors are authorized to issue Shares but such issue of Shares must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day up to the time the placement of subscription agreement is signed) (**Discount Mandate**).

The aggregate number of Placement Shares represents approximately 9.04% of the aggregate number of issued Shares. The proposed issue and allotment of the Placement Shares to the Placee at the Issue Price are within the limits of the Share Issue Mandate obtained at the 2011 AGM and the Discount Mandate.

No Prospectus or Offer Information Statement to be Issued

The Proposed Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

3. INTEREST OF THE DIRECTORS, CONTROLLING SHAREHOLDERS AND/OR SUBSTANTIAL SHAREHOLDERS

None of the Placement Shares will be placed by the Company to any person who is a Director or a substantial Shareholder, or any other person falling within the categories set out in Rule 812(1) of Catalist Rules.

Save as disclosed above, none of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Placement (other than through their shareholdings in the Company).

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement and/or the Proposed Placement) have individually and collectively reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

On behalf of the Board
Victor Lim
Group Managing Director

Date: 16 October 2012

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (**Sponsor**), RHT Capital Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (**Exchange**). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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