

**THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP
TO INCLUDE THE PROPERTY BUSINESS**

1. INTRODUCTION

The board of directors ("**Board**") of Asian Micro Holdings Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Group is proposing to diversify its existing core business ("**Existing Core Business**"), to include the investment in, trading of, and development of residential, commercial, retail and industrial properties within Singapore and overseas ("**Property Business**") ("**Proposed Diversification**").

2. THE PROPOSED DIVERSIFICATION

2.1 Information Regarding the Proposed Diversification

Upon the approval of the shareholders of the Company ("**Shareholders**") for the Proposed Diversification being obtained at the extraordinary general meeting to be convened ("**EGM**"), the Group intends to diversify its Existing Core Business to include the Property Business, as and when opportunities arise.

The Group will be actively exploring various business opportunities in relation to the Property Business. The Property Business will involve the Group *inter alia*, identifying viable and suitable development sites/locations, hiring and engagement of project teams, developing and marketing of identified development sites/locations, acquiring of such sites/locations for residential, commercial, retail and/or industrial properties, constructing such identified sites/locations, and then selling or leasing such properties.

In addition, the Group is also keen on acquiring and managing distressed assets, being assets that are put on sale, usually at a cheaper price, because the owner is forced to sell the property due to various reasons, for example, bankruptcy, excessive debt, payment problems, internal disputes faced by the owner and regulatory constraints ("**Distressed Assets**"). The Group will focus on identifying potential Distressed Assets and if the opportunity arises, the Group may take over the Distressed Asset(s). Subject to reasonable exit possibilities, the Group believes that Distressed Assets offer the potential of higher returns. The Board believes that the Group's venture into the property market, both for normal property and Distressed Assets, would present the Shareholders who are keen to diversify into investments in the property market with the opportunity to do so.

The Group will explore joint ventures, strategic alliances and/or engagement of professional project management team(s) to carry out the Property Business, or it may carry out the Property Business independently. The Group may also, as part of the Property Business, invest in, acquire or dispose of shares or interests in any entity that is in the Property Business.

2.2 Rationale for diversification into the Property Business

The Existing Core Business has been facing challenging market conditions such as pricing pressure from customers and rising operational costs. In turn, such adverse conditions had limited the Group's growth and financial performance in recent years. While the Company remains focused on enhancing operational efficiency to improve profitability of the Existing Core Business, the Company is considering undertaking the Proposed Diversification as the Property Business may potentially offer new opportunities for the Group to access new business opportunities.

The Proposed Diversification forms part of the Group's corporate strategy to provide Shareholders with diversified returns and long term growth. The Directors believe that the Proposed Diversification will reduce the Group's reliance on its Existing Core Business, offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

2.3 Shareholders' Approval

The Proposed Diversification will involve a new business area which is substantially different from the Group's Existing Core Business.

It is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, an EGM will be convened by the Company to seek Shareholders' approval for the Proposed Diversification.

A circular containing, *inter alia*, details of the Proposed Diversification, together with a notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

3. REQUIREMENTS UNDER THE CATALIST RULES

Pursuant to Rule 1014 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), an acquisition is a major transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 75% but is less than 100% (a "**Major Transaction**"). A Major Transaction must be made conditional upon approval by shareholders in a general meeting.

Pursuant to Practice Note 10A of the Catalist Rules, save where the acquisition changes the risk profile of the issuer, shareholders' approval is not required for a Major Transaction if the acquisition will result in an expansion of the issuer's existing core business. Practice Note 10A of the Catalist Rules further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholders' approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholders' approval.

Subject to Shareholders' approval for the Proposed Diversification being obtained at the EGM, the Group will, in its normal course of business, be able to enter into any transaction relating to the Property Business without the need for further Shareholders' approval even though such transaction constitutes a Major Transaction, unless such transaction changes the risk profile of the Group and/or falls within the Catalist Rules as set out in the following paragraph. This

substantially reduces the administrative time and expenses in convening separate general meetings to seek Shareholders' approval. More importantly, this will increase the Group's responsiveness to business opportunities that are available to the Group.

For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

- (a) which fall within the definition of Rule 1002(1) of the Catalist Rules, Rules 1010 and 1014 of the Catalist Rules will still apply;
- (b) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply to such transactions and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting; and
- (c) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, save as through their shareholdings in the Company (if any), none of the Directors or controlling shareholders of the Company, has any interest, whether direct or indirect, in the Proposed Diversification.

5. CAUTIONARY STATEMENT

Shareholders are advised to act cautiously when dealing with their shares in the Company as there is no certainty that the Proposed Diversification will be completed as they are subject to Shareholders' approval. If in doubt as to the action that they should take, shareholders should consult their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers immediately.

BY ORDER OF THE BOARD

Victor Lim
Executive Chairman, Chief Executive Officer and Group Managing Director
04 September 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte Ltd ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The 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 SGX-ST and the SGX-ST 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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