



ASIAN MICRO HOLDINGS LIMITED
Company Registration No.: 199701052K
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

*Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed to them in the Company's announcement dated 31 August 2022 ("**August Announcement**").*

The Board of Directors (the "**Board**") of Asian Micro Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**") would like to respond to the queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 1 September 2022 in relation to the Proposed Acquisition of up to 40% of the total issued share capital of Asian Micro Realty Development, Inc. (the "**Target Company**"). The Company sets out below its responses to the queries:

(a) SGX Query

Did the Company perform any valuation on the Proposed Acquisition last year? If so, who was the valuer and what was the valuation amount?

Company Response

The Company has engaged AVA Associates Limited for the valuation of 3 parcels of industrial lands with warehouses located in Philippines, who appointed Colliers International Philippines, Inc. ("**Colliers Philippines**") to conduct the inspection and valuation. Colliers Philippines derived a market valuation as at 31 December 2021 of Php363,325,000 (approximately S\$9m using the exchange rate of S\$1:Php40.37).

(b) SGX Query

Notwithstanding that the Company will appoint an IFA for the Proposed Acquisition as it is an IPT, please provide reasons for the increase in purchase consideration from S\$2.4 million to S\$3.2 million for the acquisition of 40% interest in the Target.

Company Response

The revised purchase consideration was proposed by the Vendors and accepted by the Board after taking into consideration the following:

- (i) following the execution of the Previous Agreement, the Target Company had leased out its last remaining vacant warehouse for a period ending May 2025 and extended one of its tenancies to February 2025. The Board is of the view that the new lease and the extension of its existing tenancy would improve the profitability and sustainability of the Target

Company and enhance the long-term interests of the Company and enhance Shareholders' value;

- (ii) the Target Company is in negotiations with another existing tenant to finalise the extension of their tenancy for a period of 3 years commencing December 2024 to November 2027 with an option of an additional of 2 years commencing December 2027 to November 2029;
- (iii) the revised purchase price based on 100% interest in the Target Company is within the earlier market valuation as at 31 December 2021 of the Target Company Land with warehouses of Php363,325,000 (approximately S\$9m using the exchange rate of S\$1:Php40.37) carried out by Colliers Philippines; and
- (iv) as announced in the August Announcement, the Proposed Acquisition is conditional on, *inter alia*, the Company being satisfied with, at its sole and absolute discretion, the results of the financial, operational and legal due diligence to be carried out on the Target Company. The Group has appointed Colliers Philippines to conduct a new valuation on the Target Company Land with warehouses as part of its due diligence on the Target Company, and to provide shareholders with updated information on the Proposed Acquisition. The Board will review and take into consideration the new valuation in determining if the due diligence on the Target Company is satisfactory.

The Group had also agreed to structure the Proposed Acquisition with the Option to enable the Group to assess and determine the most appropriate level of investment into the Target Company, having regard to the outcome of new valuation on the Target Company Land with warehouses and other due diligence to be carried out on the Target Company.

(c) SGX Query

Will the Company be performing another valuation for the Proposed Acquisition? Will the Company engage the same valuer as last year (if valuation was performed last year)?

Company Response

The Company has engaged the same valuer as last year, Colliers Philippines, to perform another valuation for the Proposed Acquisition.

(d) SGX Query

Did the Company consider to extend the long stop date of 30 June 2022 for the Previous Agreement?

Company Response

Following the execution of the Previous Agreement, the Group came to understand that under the Philippine Constitution, foreigners are not permitted to own more than 40.0% interest in any land situated in the Philippines. As announced in the Company's announcement dated 21 September 2021, the Target Company owns the Target Company Land.

The Vendors are foreigners and were, at the time the Previous Agreement was entered into, holding more than 40.0% interest in the Target Company Land through the Target Company, and the completion of the acquisition of the sale shares under the Previous Agreement by the Company would continue to result in foreigners owing more than 40.0% interest in the Target Company Land.

As announced in the Company's announcement dated 21 September 2021, the acquisition of the sale shares referred to in the Previous Agreement was conditional upon, *inter alia*:

- (i) the Company being satisfied with, at its sole and absolute discretion, the results of the financial, operational and legal due diligence to be carried out on the Target Company; and
- (ii) all obligations contemplated pursuant and/or in connection with the sale and purchase of the sale shares in accordance with the terms and conditions of the SPA, not being prohibited by **any existing law, regulation, rule** (including the Section B: Catalist Rules of the Listing Manual of the SGX-ST ("Catalist Rules")), judgement, order, decree, directive, decision, notice or circular of any court or governmental, administrative, regulatory or supervisory body (including the SGXST).

Having regard the above, the Group was of the view that the above conditions precedent were not satisfied. In order to satisfy the conditions precedent, the Vendors had proposed that the Target Company be restructured for compliance with Philippines laws. However, as the Vendors were unable to provide a definitive date to complete the restructuring of the Target Company, the parties agreed to allow the Previous Agreement to lapse. Accordingly, the Company announced in the June Announcement that it was reviewing the conditions precedent and was considering if it was feasible for the parties to enter into new agreement for the acquisition of shares in the Target Company.

As announced in the August Announcement, the Proposed Acquisition is also conditional upon, *inter alia*, the conditions set out in paragraphs (i) and (ii) above. Subject to the Proposed Acquisition being approved by shareholders, the Group will also engage and seek the advice and confirmation of a Philippines counsel as to whether the Proposed Acquisition and the restructured Target Company is compliant with Philippines laws and regulations before proceeding to completion.

(e) SGX Query

It was announced that "Since the lapse of the Previous Agreement, Mr Lim and Mdm Leong had undertaken and procured the restructuring of the Target Company to ensure that the sale of any shares in the Target Company to the Company will be compliant with Philippines laws." When the Company announced the lapse of the Previous Agreement on 30 June 2022, it was only stated that "not all Conditions have been satisfied. Accordingly, the SPA has lapsed on the Long Stop Date and has automatically terminated."

- Please provide more reasons on the lapse of the Previous Agreement and whether the sale of the shares in the Target was related to any non-compliance with Philippines laws.

Company Response

Please refer to the response to SGX Queries (d) above.

(f) SGX Query

Please provide the Board of Directors' opinion and basis for approving the change in terms of the new SPA as compared to the lapsed SPA signed last than a year ago, such as the increase in purchase consideration and the Option variation instead of a straight 40% interest acquisition. Please also explain how this is in the best interest of the Company and its minority shareholders.

Company Response

Please refer to the response to SGX Query (b) above.

BY ORDER OF THE BOARD

Ng Chee Wee
Executive Director and Chief Financial Officer
5 September 2022

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

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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