



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

**(I) PROPOSED DEBT CAPITALISATION; AND
(II) PROPOSED ISSUE AND ALLOTMENT OF SHARES AS BONUS TO EMPLOYEES**

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 Company had on 6 July 2023 entered into a conditional novation and debt capitalisation agreement ("**Debt Capitalisation Agreement**") with ACI Industries Pte Ltd ("**ACI Industries**"), AM NGV (S) Pte Ltd ("**AM NGV**") and the participating creditors, Mr Lim Kee Liew @ Victor Lim ("**Mr Lim**"), Mdm Leong Lai Heng ("**Mdm Leong**") and Mr Ng Chee Wee ("**Mr Ng**") (Mr Lim, Mdm Leong and Mr Ng being collectively referred to as the "**Participating Creditors**") for:

- (a) the Novation (as defined in paragraph 3.1 below); and
- (b) the proposed capitalisation and conversion ("**Proposed Debt Capitalisation**") of the Participating Debts (as defined in paragraph 2.1 below) into new ordinary shares ("**Conversion Shares**") in the share capital of the Company at the conversion price of S\$0.0038 per Conversion Share ("**Conversion Price**") to the Participating Creditors.

2. OVERVIEW

2.1 As at the date of the Debt Capitalisation Agreement, an aggregate amount of S\$381,967 comprising the following is owed to the Participating Creditors:

- (a) S\$159,924 as salaries due from the Company to Mr Lim ("**LKL Salary**");
 - (b) S\$113,634 as salaries due from ACI Industries to Mdm Leong ("**ACI Salary**");
 - (c) S\$57,409 as salaries due from AM NGV to Mdm Leong ("**AM NGV Salary**"); and
 - (d) S\$51,000 as bonus declared by and due from the Company to Mr Ng ("**NCW Bonus**"),
- (collectively referred to herein as the "**Participating Debts**").

Under the terms of the Debt Capitalisation Agreement, each of the Participating Debts owing to a Participating Creditor shall be converted into Conversion Shares at the Conversion Price.

- 2.2 Rule 812(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) states, *inter alia*, that an issue must not be placed to an issuer’s directors and substantial shareholders or their immediate family members unless specific shareholder for such an issue is obtained.

Mr Lim is the Chief Executive Officer (“**CEO**”), Group Managing Director and a substantial shareholder of the Company, while Mr Lim’s spouse, Mdm Leong is a substantial shareholder of the Company. Mr Ng is an Executive Director and Chief Financial Officer (“**CFO**”) of the Company. Accordingly, approval of the shareholders of the Company (“**Shareholders**”) is required for the proposed issue of Conversion Shares to Mr Lim, Mdm Leong and Mr Ng.

- 2.3 Separately, in conjunction with the NCW Bonus, the Company intends to pay an aggregate of S\$28,800 as bonus (“**Employee Bonus**”) to certain employees of the Group (“**Relevant Employees**”), such bonus to be settled by way of issuance of an aggregate 7,578,946 new Shares (“**Employee Bonus Shares**”) at the Conversion Price of S\$0.0038 per Employee Bonus Share. None of the Relevant Employees is a restricted person under Rule 812(1) of the Catalist Rules, and, save as being employees of the Group, none of them have any connections (including business relationship) with the Company, its directors and/or substantial shareholders.

- 2.4 Pursuant to the Proposed Debt Capitalisation and the grant of the the Employee Bonus by issuance of the Employee Bonus Shares, an aggregate 100,517,630 Conversion Shares and 7,578,946 Employee Bonus Shares will be issued and allotted to the Participating Creditors and Relevant Employees, respectively. This represents in aggregate approximately 6.73% of the existing share capital of the Company and approximately 6.30% of the Company’s enlarged share capital after issuance and allotment of the Conversion Shares and Employee Bonus Shares.

3. **SALIENT TERMS OF THE DEBT CAPITALISATION AGREEMENT**

The salient terms of the Debt Capitalisation Agreement are as follows:

3.1 Novation

The ACI Salary and the AM NGV Salary owed by ACI Industries and AM NGV respectively shall be novated to the Company, and the Company shall be substituted in the place of ACI Industries and AM NGV as debtor in respect of the ACI Salary and the AM NGV Salary (“**Novation**”).

3.2 Conversion

The Participating Debts owed by the Company to each Participating Creditor shall be convertible (in whole but not in part) into a relevant number of Conversion Shares at the Conversion Price. Based on the relevant Participating Debt owed to each Participating Creditor, the number of Conversion Shares to be issued and allotted to each Participating Creditor shall be as follows:

- (i) 42,085,263 Conversion Shares to Mr Lim;
- (ii) 45,011,315 Conversion Shares to Mdm Leong; and
- (iii) 13,421,052 Conversion Shares to Mr Ng.

3.3 Conversion Price

The Conversion Price is S\$0.0038 which represents the volume weighted average price for trades done for the Shares on Catalist on 6 July 2023 ("**Relevant VWAP**"), being the last trading day Shares were traded on the Catalist board prior to the date of the Debt Capitalisation Agreement, as well as the date of this announcement.

The Conversion Price was agreed upon between the Company and the Participating Creditors based on arms' length negotiations and taking into consideration the financial performance and condition and cash flow generation abilities of the Group and the desire of the Group to alleviate its debt burden as well as the support of the Participating Creditors for the Group's future development.

3.4 Ranking of Conversion Shares

The Conversion Shares shall be issued unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and shall rank pari passu in all respects with all other then existing Shares, except that such Conversion Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the date of allotment of the Conversion Shares, and will be admitted to listing on Catalist.

3.5 Conditions Precedent

The obligations of the Parties under the Debt Capitalisation Agreement are subject to the fulfilment of the following conditions precedent ("**Conditions Precedent**"):

- (a) the Company obtaining Shareholders' approval at an extraordinary general meeting ("**EGM**") for the allotment and issue of the Conversion Shares;
- (b) the Company obtaining approval the listing and quotation notice and other requisite approval issued by the SGX-ST for the listing and quotation of the Conversion Shares on Catalist, such approval not being revoked or amended, and if any conditions are attached to the approval ("**Listing Conditions**"), such Listing Conditions having been fulfilled on or before that date to the satisfaction of the SGX-ST or waived by the SGX-ST;
- (c) the allotment, issue, listing and quotation of the Conversion Shares not being prohibited by any applicable laws or regulations; and
- (d) the warranties contained in the Debt Capitalisation Agreement being true, complete and accurate in all respects.

The Company shall use its reasonable endeavours to procure the fulfilment of all the conditions precedent referred to above. The long stop date for the fulfilment of the conditions precedent set out in the Debt Capitalisation Agreement is six (6) months from the date of Debt Capitalisation Agreement (i.e., 5 January 2024), or such other date that the Parties may agree to in writing.

The Company will be making an application to the SGX-ST through its continuing sponsor for the listing of and quotation for the Conversion Shares and the Employee Bonus Shares on the Catalist of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

3.6 Completion

Subject to the satisfaction and/or waiver of the Conditions Precedent, the Novation and the capitalisation of the Participating Debts shall take place within five (5) business days after the last of the Conditions Precedent has been fulfilled or satisfied, or such other date as may be mutually agreed between the Parties, whereupon the Company shall allot and issue the Conversion Shares and deliver the share certificate(s) relating to the Conversion Shares in the name of the Depository for the account of the Participating Creditors (or their nominees) (the “**Securities Accounts**”) and deliver or procure the delivery to the Depository of the said share certificate(s) or procure the crediting of such Conversion Shares in the Securities Account.

4. **DETAILS ON THE CONVERSION OF THE EMPLOYEE BONUS**

4.1 Conversion Price

The Conversion Price is S\$0.0038 which represents the Relevant VWAP, being the last trading day Shares were traded on the Catalist board prior to the date of this announcement. The Issue Price was arrived at by the Company having regard to the Relevant VWAP and the conversion price of the NCW Bonus of S\$0.0038 per Conversion Share.

4.2 Ranking of Employee Bonus Shares

The Employee Bonus Shares shall be issued unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and shall rank *pari passu* in all respects with all other then existing Shares, except that such Employee Bonus Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the date of allotment of the Employee Bonus Shares, and will be admitted to listing on Catalist.

4.3 Listing and Quotation

The Company will be making an application to the SGX-ST through its continuing sponsor for the listing of and quotation for the Conversion Shares and the Employee Bonus Shares on the Catalist of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

4.4 Completion

Completion of the issuance of the Employee Bonus Shares will be subject to the Company receiving the listing and quotation notice, and approval by Shareholders at the EGM (as defined below) for the issuance of the Employee Bonus Shares.

The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the issuance of the Employee Bonus Shares, including without limitation, the receipt of the listing and quotation notice and the completion of the issuance of the Employee Bonus Shares.

5. **AUTHORITY FOR ISSUANCE AND ALLOTMENT OF THE CONVERSION SHARES AND EMPLOYEE BONUS SHARES**

The Company will be seeking Shareholder's approval for the Proposed Debt Capitalisation and the proposed issue of the Conversion Shares and Employee Bonus Shares at an EGM to be convened on a date to be announced later. A circular to Shareholders' containing, inter alia, information on the Proposed Debt Capitalisation and the proposed issue of the Conversion Shares will be circulated to the Shareholders in due course.

6. **RATIONALE**

As at 30 June 2022, the Group has Shareholders' funds amounting to approximately S\$2,325,000, total borrowings (including salaries and bonuses) of approximately S\$484,200 and a working capital of approximately S\$1,893,000.

On 14 March 2022, the Group commented in its financial announcement for the six months ended 31 December 2022 that the management expects the operating business environment in the next twelve (12) months to remain challenging due to global economic uncertainties as a result of the war between Russia and Ukraine, prices hikes as well as global inflation and interest rate hikes, and that the Group will continue to focus on operational efficiency, cost control, cash conservation and ensuring sustainability of its existing businesses.

In view of the above, the Board is of the opinion that the issue of the Conversion Shares would be in the interest of the Group, as it would allow the Group to maintain its financial position and free the Group's cash flow, so that the Group's cash can be used for other purposes and contingencies.

The Board is also of the opinion that the Proposed Debt Capitalisation would allow the Group to apply more of its cash flow towards its ongoing operations or other opportunities instead of being committed towards debt servicing and repayment. The Proposed Debt Capitalisation is also a show of confidence by the Participating Creditors in the future plans, viability and anticipated performance of the Group.

Separately, the Group has decided to award bonus to employees for the purpose of retaining and motivating these individuals who have made invaluable contributions to the Group. The payment of bonus in the form of issuance of new Shares would align the employees' interests with that of the

Group, as they would be motivated to optimise their performance standard and strive to maintain a high level of contribution to the Group.

7. CHANGES IN SHAREHOLDING INTERESTS OF THE PARTICIPATING CREDITORS

Following the completion of the Proposed Debt Capitalisation and the issue of the Conversion Shares and the Employee Bonus Shares, the changes in shareholding interests of the Participating Creditors in the Company is set out as follows:

	Before issue of Conversion Shares and Employee Bonus Shares			After issue of Conversion Shares and Employee Bonus Shares		
	Direct Interest	Deemed Interest	Total % ⁽¹⁾	Direct Interest	Deemed Interest	Total % ⁽²⁾
Lim Kee Liew @ Victor Lim	576,451,068	319,387,755 ⁽³⁾	55.76	618,536,331	364,399,070 ⁽⁵⁾	57.33
Leong Lai Heng	319,387,674	576,451,149 ⁽⁴⁾	55.76	364,398,989	618,536,412 ⁽⁶⁾	57.33
Ng Chee Wee	34,051,356	-	2.12	47,472,408	-	2.77

Notes:

- (1) The percentage is calculated based on the total issued and paid-up share capital of 1,606,560,021 Shares as at the date of the Debt Capitalisation Agreement.
- (2) The percentage is calculated based on the total issued and paid-up share capital of 1,714,656,597 Shares after issuance and allotment of the Conversion Shares and Employee Bonus Shares.
- (3) Mr Lim's deemed interest arose through (i) 5 Shares held by Ultraline Technology (Singapore) Pte Ltd; and (ii) 76 Shares held by American Converters Industries Pte Ltd. He is also deemed to have interest in the 319,387,674 Shares held by his spouse, Mdm Leong.
- (4) Mdm Leong's deemed interest arose through (i) 5 Shares held by Ultraline Technology (Singapore) Pte Ltd; and (ii) 76 Shares held by American Converters Industries Pte Ltd. She is also deemed to have interest in the 576,451,068 Shares held by her spouse, Mr Lim.
- (5) Mr Lim's deemed interest arose through (i) 5 Shares held by Ultraline Technology (Singapore) Pte Ltd; and (ii) 76 Shares held by American Converters Industries Pte Ltd. He is also deemed to have interest in the 364,398,989 Shares held by his spouse, Mdm Leong.
- (6) Mdm Leong's deemed interest arose through (i) 5 Shares held by Ultraline Technology (Singapore) Pte Ltd; and (ii) 76 Shares held by American Converters Industries Pte Ltd. She is also deemed to have interest in the 618,536,331 Shares held by her spouse, Mr Lim.

As at the date of this announcement, Mr Lim, Mdm Leong and parties acting in concert with them, namely American Converters Industries Pte Ltd and Ultraline Technology (S) Pte Ltd (each a company jointly owned by Mr Lim and Mdm Leong), Lin Meijuan Sophia, Lin Xianglong Winchester, Lin Meiyu Dina and Lin Meiyi Sophie (children of Mr Lim and Mdm Leong) hold, directly or indirectly, in aggregate more than 50.0% of the total number of issued Shares. Since Mr Lim and Mdm Leong

and parties acting in concert with them already collectively hold more than 50% of the total number of issued Shares, the Proposed Debt Capitalisation will not result in any of Mr Lim and Mdm Leong and parties acting in concert with them incurring an obligation to make a mandatory take-over offer under Rule 14 of the Singapore Code on Take-overs and Mergers.

8. THE PROPOSED DEBT CAPITALISATION AND ISSUANCE OF CONVERSION SHARES AS AN INTERESTED PERSON TRANSACTIONS

8.1 Interested Persons under Chapter 9 of the Catalist Rules

Mr Lim is the CEO and Group Managing Director of the Group and a substantial shareholder of the Company holding 895,838,823 Shares (inclusive of both direct and deemed interests) as at the date of this announcement. Mdm Leong is a substantial shareholder of the Company, holding 895,838,823 (inclusive of both direct and deemed interests) as at the date of this announcement. Mdm Leong is also the spouse of Mr Lim. Mr Ng is an Executive Director and CFO of the Company holding 34,051,356 Shares as at the date of this announcement.

As such, the Participating Creditors are deemed to be interested persons under Chapter 9 of the Catalist Rules and the Proposed Debt Capitalisation constitute interested persons transactions (“**IPTs**”).

Pursuant to Rule 915(8) of the Catalist Rules, an interested person transaction relating to director's fees and remuneration and employment remuneration is not required to comply with Rule 905, 906 and 907 of the Catalist Rules. As such, the LKL Salary, ACI Salary, AM NGV Salary and NCW Bonus payable to the Participating Creditors are not required to comply with Rule 905, 906 and 907 of the Catalist Rules.

8.2 Thresholds under Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where the value of a transaction with an interested person singly or in aggregation with the values of the other transactions conducted with the same interested person in the same financial year equals or exceeds 5.0% of the Group's latest audited net tangible assets (“**NTA**”), that transaction shall be subject to Shareholders' approval.

Based on the audited financial statements of the Group for the financial year ended 30 June 2022 (“**FY2022**”), the NTA of the Group is approximately S\$2.32 million.

8.3 Total interested person transactions

For the current financial year, the Group had paid rental expenses amounting to S\$56,800 to ACI Technology (S) Pte Ltd (“**ACI Technology**”) pursuant to:

- (i) a lease agreement entered into between the Company and ACI Technology for the lease of office premise; and

- (ii) a lease agreement entered into between ACI Industries and ACI Technology for the lease of factory space.

ACI Technology is jointly owned by Mr Lim and Mdm Leong.

Save as disclosed in this announcement, the Company has not entered into any other interested person transactions with each of the Participating Creditors as at the date of this announcement.

9. FINANCIAL EFFECTS OF THE PROPOSED DEBT CAPITALISATION AND ISSUE OF THE CONVERSION SHARES AND EMPLOYEE BONUS SHARES

The pro forma financial effects of the Proposed Debt Capitalisation and the issue of the Conversion Shares and Employee Bonus Shares on the Company are set out below based on the audited financial statements of the Company as at 30 June 2022. The objective of the financial effects analysis is to illustrate what the historical information of the Company or the Group might have been had such transactions been completed at an earlier date. **It is not intended to be a projection of the financial position or performance of the Company or the Group after the completion of the Proposed Debt Capitalisation.**

9.1 Capital

As at the date of this announcement, the existing share capital of the Company is S\$47,384,000¹, comprising 1,606,560,021 Shares. Upon completion of the Proposed Debt Capitalisation, the issued and paid-up share capital of the Company will be increased to S\$47,795,000 comprising 1,714,656,597 Shares.

9.2 Loss per Share

	Before issue of Conversion Shares and Employee Bonus Shares	After issue of Conversion Shares and Employee Bonus Shares
Loss after tax attributable to Shareholders (S\$'000)	(173)	(173)
Loss per Share attributable to Shareholders (Singapore cents)	(0.011)	(0.010)

¹ As recorded in the Company's accounting books

9.3 Net tangible assets

	Before issue of Conversion Shares and Employee Bonus Shares	After issue of Conversion Shares and Employee Bonus Shares
NTA attributable to Shareholders (S\$'000)	2,325	2,736
Number of issued Shares	1,606,560,021	1,714,656,597
NTA attributable to Shareholders per Share (Singapore cents)	0.14	0.16

9.4 Gearing

	Before issue of Conversion Shares and Employee Bonus Shares	After issue of Conversion Shares and Employee Bonus Shares
Total borrowings (S\$'000)	104	104
Total Equity (S\$'000)	2,325	2,736
Gearing ratio (times)	0.045	0.038

10. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

The interest of the Directors and substantial shareholders, direct or indirect, in the Shares as recorded in the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively as at the date of this announcement are set out below:

	DIRECT INTEREST		DEEMED INTEREST		TOTAL INTEREST	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Lim Kee Liew @ Victor Lim	576,451,068	35.88	319,387,755 ⁽¹⁾	19.88	895,838,823	55.76
Ng Chee Wee	34,051,356	2.12	-	-	34,051,356	2.12
Cheah Wee Teong	-	-	-	-	-	-
Chue Wai Tat	-	-	-	-	-	-
Lee Teck Meng Stanley	-	-	300,000 ⁽²⁾	0.02	300,000	0.02

**Substantial
Shareholders
(other than
Directors)**

Leong Lai Heng	319,387,674	19.88	576,451,149 ⁽³⁾	35.88	895,838,823	55.76
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Notes:

- (1) Mr Lim's deemed interest arose through (i) 5 Shares held by Ultraline Technology (Singapore) Pte Ltd; and (ii) 76 Shares held by American Converters Industries Pte Ltd. He is also deemed to have interest in the 319,387,674 Shares held by his spouse, Mdm Leong.
- (2) Lee Teck Meng Stanley deemed interest arose through Shares held by Maybank Kim Eng Securities Pte Ltd.
- (3) Mdm Leong's deemed interest arose through (i) 5 Shares held by Ultraline Technology (Singapore) Pte Ltd; and (ii) 76 Shares held by American Converters Industries Pte Ltd. She is also deemed to have interest in the 576,451,068 Shares held by her spouse, Mr Lim.

Save as disclosed above, the Directors and substantial Shareholders do not have any interest, whether direct or indirect, in the Company.

11. AUDIT COMMITTEE STATEMENT

The Audit Committee, having reviewed the terms and conditions of the Debt Capitalisation Agreement, the rationale for the proposed issue of Conversion Shares, the Conversion Price and the financial effects of the proposed issue of Conversion Shares, is of the opinion that the terms of the Debt Capitalisation Agreement and the proposed issue of Conversion Shares are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

12. CIRCULAR

A circular to Shareholders' containing, *inter alia*, information on the Proposed Debt Capitalisation and the proposed issue of the Conversion Shares and the Employee Bonus Shares will be circulated to the Shareholders in due course.

13. SHAREHOLDERS' APPROVALS

The Company will be seeking Shareholders' approval for the following resolutions during the EGM:

- (a) The Proposed Debt Capitalisation;
- (b) The issue of 42,085,263 Conversion Shares to Mr Lim (and/or his nominees);
- (c) The issue of 45,011,315 Conversion Shares to Mdm Leong (and/or her nominees);

- (d) The issue of 13,421,052 Conversion Shares to Mr Ng (and/or his nominees); and
- (e) The issue of 7,578,946 Employee Bonus Shares to the Relevant Employees.

Further details on the resolutions will be contained in the circular to be circulated to the Shareholders in due course.

14. ABSTENTIONS FROM VOTING

Mr Lim, Mdm Leong, and each of their associates will abstain from voting on the ordinary resolutions relating to (a), (b) and (c) in paragraph 13 above.

Mr Ng and his associates will abstain from voting on the ordinary resolutions relating to (a) and (d) in paragraph 13 above.

15. DOCUMENTS FOR INSPECTION

A copy of the Debt Capitalisation Agreement is available for inspection during normal business hours at the registered office of the Company at 63 Hillview Avenue, #08-01 Lam Soon Industrial Building, Singapore 669569 for a period of three (3) months from the date of this announcement.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Debt Capitalisation Agreement, the Proposed Debt Capitalisation, the Conversion Shares, and the Employee Bonus Shares, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Cheah Wee Teong
Independent Non-Executive Chairman
Singapore
6 July 2023

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.

The contact person for the Sponsor is Ms Bao Qing - Registered Professional, 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com
