



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Asian Micro Holdings Limited

Stock code: 585

Meeting details:

Date: 25 October 2022

Time: 10.00 a.m.

Venue: Orchid Country Club, Sapphire Suite III & IV, 1 Orchid Club Road, Singapore 769162

Q1. As shown in the corporate profile, the company has been listed since September 1999 on SGX-SESDAQ which is now known as SGX-ST Catalist Board.

The group is engaged in the provision of Compressed Natural Gas (“CNG”) supply and related products & services, providing clean room grade plastic packaging bags and materials for packaging cleaned finished products in the hard disk drive and semiconductor industries, leasing of commercial properties and property development.

- (i) **Can management elaborate on the growth prospects of the CNG business in Singapore and in the region?**
- (ii) **What is the group’s competitive advantage, if any, in CNG?**

After more than 23 years listed on the SGX, the group has equity attributable to shareholders of \$2.32 million, with net tangible assets (NTA) declining to 0.15 Singapore cents per share. In the past 10 years from FY2013 to FY2022, the group was only profitable twice – it earned 0.1 cents per share in FY2015 and 0.002 cents per share in FY2020.

The last dividend paid was 15 years ago in 2007. The dividend amount was \$0.0005 per share.

Accumulated losses were \$(39.5) million in FY2012 and has slipped further to \$(42.8) million as at 30 June 2022 over the past decade.

- (iii) **Would the board help shareholders better understand the goals set for the group in terms of its operational and financial performance?**
- (iv) **Has the board monitored management’s performance towards achieving its long-term objectives?**

Mr. Lee Teck Meng Stanley is the nephew to Mr. Lim Kee Liew @ Victor Lim (the executive chairman, CEO and group managing director) and his spouse, Mdm. Leong Lai Heng (a controlling shareholder and a director of the subsidiaries of the company).

- (v) **As a board director and a member of the nominating committee and remuneration committee, how is Mr. Lee Teck Meng Stanley able to, or be reasonably perceived to be able to, exercise his independent business judgement and review the performance of Mr. Lim Kee Liew @ Victor Lim (the executive chairman, CEO and group managing director) who is also his uncle?**
- (vi) **For the benefit of shareholders, can management map out a clear path to sustained and increasing profitability for the group?**

- (vii) **What assurance can the board give to shareholders that it is diligently discharging its duties, especially in strategy formulation, supervision of the group's businesses and affairs and review of the financial performance of the group?**

Q2. On 31 August 2022, the company announced the proposed acquisition of up to 40% of the total issued share capital of Asian Micro Realty Development, Inc. The company had earlier proposed a similar acquisition on 21 September 2021 which has since lapsed due to the non-fulfilment of the conditions precedent as set out in the agreement.

- (i) **What were the outstanding conditions precedent that led to the lapse of the earlier agreement?**

It was also disclosed that the vendors had undertaken and procured the restructuring of the target company to ensure that the sale of any shares would be compliant with Philippines laws.

- (ii) **In what way was the earlier agreement not compliant with the Philippine laws?**

The net tangible asset value and net asset value of the Target Company as at 31 December 2021 were both Php78,149,700 (\$2,063,700).

The company has proposed to buy 30% of the issued shares of the target company for \$2,400,000 and an addition 10% via option shares for \$800,000 as an interested person transaction.

- (iii) **How was the negotiation carried out by the company given that vendors are the executive chairman, CEO and group managing director and his spouse?**
- (iv) **What was the level of involvement in the negotiation by the independent directors?**
- (v) **Can the independent directors comment on the purchase price of this IPT when the company is proposing to acquire up to 40% of the target company for as much as \$3.2 million when the net tangible asset of the target company is only \$2.06 million (at 100%)? How will the proposed acquisition lead to long-term value creation, especially for minority shareholders?**

In the company's announcement dated 31 August 2022, the financial effects are shown as follows:

6.2 NTA

	Before the Proposed Acquisition and the Proposed Option Acquisition	After the completion of Proposed Acquisition only	After the completion of the Proposed Acquisition and the Proposed Option Acquisition
NTA (S\$'000)	2,325	4,725	5,525
NTA per Share (Singapore cents)	0.15	0.25	0.27

Handwritten annotations: A red arrow points from 2,325 to 4,725 with the label '+ \$2,400,000'. Another red arrow points from 4,725 to 5,525 with the label '+ \$800,000'.

(Source: company announcement dated 31 August 2022; graphics added)

- (vi) **Can the company elaborate further and show how the NTA is expected to increase by \$2.4 million and by a further \$0.8 million when the company is paying these amounts but only acquiring 30% and a further 10% (via option) of the target company that has net tangible asset of \$2.06 million (at 100%)?**
- (vii) **Did the sponsor and the auditor review the pro forma financial effects?**
- (viii) **What role did the sponsor play in the proposed IPT, including the deal negotiation and in the preparation of the announcement?**
- (ix) **How will the independent directors be selecting the independent financial adviser?**

Q3. As disclosed in the corporate governance report, the internal audit function is currently being outsourced to NLA Risk which reports directly to the audit committee (AC) chairman.

The company has stated the following (page 30):

The AC will review the findings of the Internal Auditors and will ensure that the group follows up on the Internal Auditors' recommendations. The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively.

- (i) **What were the scope and the key findings of the internal audit?**

- (ii) **How was the scope of the internal audit plan determined? What is the length of the internal audit cycle?**
- (iii) **Are the group's foreign entities included in the internal audit?**
- (iv) **What were the recommendations of the IA? How does the AC monitor and follow-up on management's implementation of the IA's recommendations?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](https://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US



[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)