A-SMART HOLDINGS LTD.
(Company Registration Number: 199902058Z)
(Incorporated in the Republic of Singapore)

EXECUTION OF (I) JOINT VENTURE AGREEMENT AND (II) CALL OPTION AGREEMENTS

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1. INTRODUCTION

The Board of Directors (the "**Board**") of A-Smart Holdings Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 26 July 2017 and 19 December 2017 (the "**Announcements**") in relation to, the formation of a joint venture company to carry out property investment and property development activities ("**Proposed Joint Venture**").

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Announcements.

Further to the Announcements, the Board is pleased to announce the following:

(i) the Company has entered into a conditional joint venture agreement (the "**JV Agreement**") with Ng Choon Meng, Liao Sheng-Tung and A-Smart Dili Development TL. Lda. (the "**JVCo**") to carry out property investment and property development activities in Timor-Leste; and

(ii) both Ng Choon Meng and Liao Sheng-Tung have entered into call option agreements ("**Call Option Agreements**") to grant unconditional call options in favour of the Company ("**Call Options**") to, upon exercise of the Call Options, each divide his quota and transfer that part with value of USD 1,275 representing 25.5% of the share capital of the JVCo resulting in the Company or its nominee owning 51% of the entire share capital of the JVCo upon completion.

2. INFORMATION ON THE PROPOSED JOINT VENTURE

A-Smart Dili Development TL. Lda. was incorporated on 8 September 2017 under the laws of Timor-Leste to carry out construction and building works as property developer in Timor-Leste. Please refer to the circular dated 20 December 2017 ("**Circular**") annexed to the notice of extraordinary general meeting issued by the Company on 19 December 2017 for more information on the Proposed Joint Venture.

3. CONDITIONS PRECEDENT

The Proposed Joint Venture is subject to the conditions precedent of, *inter alia*, the following:

(i) the completion by the Company of the legal, financial, operational, tax and other due diligence, and the results of such due diligence being satisfactory to the Company;

(ii) the fulfilment of all conditions precedent in the Land Development Agreement (as defined in the Circular);

(iii) the JVCo obtaining or procuring Dilli Development Co. Lda ("**DDC**") to obtain all necessary approvals such as governmental and regulatory approvals for the Mixed Development Project, including the obtaining of approval from the government of Timor-Leste to convert the state lease of the Land from a lease of 90 years into a grant of surface right (direito de superfície) and to register horizontal property for buildings to be constructed in the Mixed Development Project;

(iv) the execution by DDC of a deed of undertaking to irrevocably and unconditionally undertake to apply to register horizontal property comprised in the parts of the buildings which constitute the JVCo's "share" under the Land Development Agreement and to transfer the same to the JVCo or its nominee(s);

(v) the Company obtaining shareholders' approval for (1) the addition of principal business to include property development and property investment; and for (2) the Mixed Development Project;

(vi) there has been no material adverse change to the business, operations, assets, financial condition, turnover or prospects of the JVCo prior to the Completion Date (as defined in the Circular); and

(vii) the receipt by the Company of a legal opinion to be issued by a legal counsel qualified to advise on the laws of Timor-Leste to opine on the validity and enforceability of the Land Development Agreement against DDC under the law of Timor-Leste.

4. FINANCIAL EFFECTS

The financial effects of the Proposed Mixed Development Project on our Group as set out below are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that our Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

The financial effects of the Proposed Mixed Development Project on our Company as set out below are based on our Group's audited financial statements for the year ended 31 July 2017 and the following assumptions:

(a) the Proposed Mixed Development Project had been effected at the end of the financial year ended 31 July 2017 for the computation of the effect on the net tangible assets (NTA) per share; and

(b) the Proposed Mixed Development Project had been effected at the beginning of the financial year ended 31 July 2017 for the computation of the effect on the earnings per share (EPS).

Effects on net tangible assets

	Before the Proposed Mixed Development Project	After the Proposed Mixed Development Project
NTA attributable to equity holders of our Company (S$'000)	6,042	17,207
Number of ordinary shares in issue ('000)	112,626	141,776
NTA per share (Singapore cents)	5.36	12.14

The above is computed based on the assumption that our Company raised the S$11.2 million consideration required for its 51% share of the total estimated construction costs by issuing 7,150,000 new shares at S$0.70 per share via a private share placement and the warrant holder exercising 22,000,000 warrants at the exercise price of S$0.28 per new share to convert into 22,000,000 ordinary shares of our Company.

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of our Group after the Proposed Joint Venture. No representation is made as to the actual financial position and/or results of our Company or our Group on the Proposed Mixed Development Project.

Effects on earnings per share

This is not applicable as the JVCo is for a newly formed joint venture company with no prior financial results.

5. RELATIVE FIGURES UNDER RULE 1006

Based on our Group's audited financial statements for the period ended 31 July 2017, the relative figures of the Proposed Mixed Development Project computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual are as follows:

Rule 1006(a)	
Net asset value of the assets to be disposed of	Not applicable(1)
Net asset value of our Group as at 31 July 2017	S$ 6.0 million
Size of relative figure	Not applicable(1)

Rule 1006(b)	
Net profits attributable to the Proposed Joint Venture for the financial year ended 31 July 2017	Not applicable(2)
Net profit of our Group for the financial year ended 31 July 2017	S$131,000
Size of relative figure	Not applicable

Rule 1006(c)	
Aggregate value of consideration to be given (3)	S$11.2 million
Company's market capitalisation as at 26 July 2017(3)	S$68.7 million
Size of relative figure	16.3%

Rule 1006(d)	
Number of equity securities to be issued by our Company as consideration for the Proposed Mixed Development Project	Nil
Number of equity securities in issue	112,626,362
Size of relative figure (4)	Not applicable

Rule 1006(e)	
Aggregate volume or amount of proved and probable reserves to be disposed of	Not applicable(5)
Aggregate of our Group's proved and probable reserves	Not applicable(5)
Size of relative figure	Not applicable(5)

Notes:

(1) This basis is not applicable as our Company will not be disposing of any assets pursuant to the Proposed Mixed Development Project.

(2) This basis is not applicable as the JVCo is for a newly formed joint venture company with no prior financial results.

(3) The aggregate value of consideration for the Proposed Mixed Development Project consist of our Group's 51% share of the total estimated development cost (US$16 million or equivalent to S$21.8 million) for phase 1 of the mixed property development amounting to US$8.2 million or equivalent to S$11.2 million . The exchange rate used is USD1: SGD1.36.

Market capitalisation is calculated based on 112,626,362 shares @ S$0.6104 per share equals S$68.7 million. S$0.6104 being the volume weighted average price of the shares on the date of the announcement of the "Term sheet to form a joint venture".

(4) This basis is not applicable as our Company will not be issuing any consideration shares.

(5) This basis is not applicable as the Proposed Mixed Development Project does not relate to the disposal of mineral, oil or gas assets and our Company is not a mineral, oil and gas company.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Joint Venture and the Call Option Agreements, save for their respective shareholdings in the Company, if any.

By Order of the Board

Lim Huan Chiang
Executive Director and Chief Executive Officer
3 January 2018