



A-SMART HOLDINGS LTD.
(Company Registration No. 199902058Z)
(Incorporated in the Republic of Singapore)

JOINT VENTURE AGREEMENT TO DEVELOP PRIME REAL ESTATE IN TIMOR-LESTE

ENTRY INTO MEMORANDUM OF UNDERSTANDING

1. INTRODUCTION

The board of directors (“**Board**”) of A-Smart Holdings Ltd. (“**Company**”) together with its subsidiaries (“**Group**”) wishes to announce that its wholly-owned subsidiary, A-Smart Property Holdings Pte. Ltd. (“**ASPH**”), had on 26 July 2024 entered into a binding memorandum of understanding (“**MOU**”) with EMG Unipessoal LDA (“**EMG**”), in relation to a joint venture project in Timor-Leste. This strategic partnership aims to develop and maximize the potential of a prime piece of state land granted to EMG by the Timor-Leste government.

2. INFORMATION ON THE LAND

The Land is strategically situated next to the newly redeveloped Oecusse international airport. Oecusse is officially the Special Administrative Region of Timor-Leste located on the north coast of the western portion of Timor island. It is separated from the rest of East Timor by West Timor, Indonesia, which is part of the province of East Nusa Tenggara. West Timor surrounds Oecusse on all sides except the north, where the exclave faces the Savu Sea.

In June 2024, EMG obtained land use rights over a plot of state land measuring 54,832 square meters at Oecusse Ambeno, Timor-Leste, under a 50-year lease with an option to renew for an additional 50 years upon expiry (the “**Land**”). To incentivize development in the areas surrounding Oecusse airport the Timorese authorities have offered the lease rent-free for the first five years. Thereafter, the lease rentals are set at a concessionary rate of USD 5,430 per month (USD 0.10 per square meter), with a 3% increase every five years.

3. INFORMATION ON THE PROPOSED JOINT VENTURE (“**JV**”)

3.1 The JV partners

ASPH is the investment holding company incorporated in Singapore and it holds the subsidiaries that carries out the Group’s property development and real estate investment businesses in Timor-Leste.

EMG is a company incorporated and based in Timor-Leste and is engaged in real estate and investments.

3.2 JV company (“JVC”)

The land use rights will be assigned to a new JVC to be formed in Timor-Leste, with ASPH holding 95% and EMG holding 5%.

3.3 Purpose of the JVC

The JVC will focus on developing various commercial projects including hotels, shopping malls, serviced residences, and gaming entertainment establishments. The JVC may develop part or all of the commercial interests planned for the Land and hold the completed properties for rental income or partner with a third party developer to develop the properties for shared rental income.

3.4 Responsibilities of the JV partners

ASPH will lead the effort to raise finance and secure investors for the development whereas EMG will transfer legal rights of the land to the JVC.

3.5 Special financial arrangements

EMG will receive a payout based on the JVC’s annual net profits: 10% if profits are USD 1 million or less, and 8% if profits exceed USD 1 million. The payout will rank first in priority, before any dividends to be distributed to the shareholders of the JVC.

4. DEFINITIVE AGREEMENT AND DURATION OF MOU

All terms and conditions of this joint venture will be reflected in the definitive agreement to be signed between the parties within 30 days from the date of signing this MOU, which deadline can be extended subject to mutual agreement.

The terms and conditions of this MOU will be valid for 12 months from the date of signing and will remain legally binding until both parties execute the definitive agreement.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) to keep shareholders informed as and when there are material updates or developments in connection with the MOU and/or the JV.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed JV.

7. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading the shares in the Company as there is no certainty or assurance as at the date of this announcement that the definitive agreement will be entered into, the terms and conditions of the definitive agreement will not differ materially from that set out in the MOU, or the Proposed JV will be undertaken at all.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Lim Huan Chiang
Executive Director and Chief Executive Officer
29 July 2024