

CIRCULAR DATED 8 MARCH 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled “Definitions” of this Circular.

If you have sold or transferred all your shares in the capital of A-Smart Holdings Ltd. (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of EGM and the enclosed Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the enclosed Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of EGM and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular.

This Circular (together with the Notice of EGM and the Proxy Form) may be accessed on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and is also available at the Company’s website at the URL <http://www.a-smart.sg/>. A printed copy of this Circular (together with the Notice of EGM and the Proxy Form) will NOT be despatched to Shareholders.

Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act (as defined herein) and any regulations promulgated thereunder (including the COVID-19 Order (as defined herein)) as well as other guidelines issued by the relevant authorities) as the COVID-19 situation in Singapore evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNET and the Company’s website.



A-SMART HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199902058Z)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED PLACEMENT OF 29,812,473 NEW ORDINARY SHARES (THE “PLACEMENT SHARES”) AT THE ISSUE PRICE OF S\$0.18 PER PLACEMENT SHARE TO MR. OEI HONG LEONG (THE “PROPOSED PLACEMENT”); AND**
- (2) THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR. OEI HONG LEONG ARISING FROM THE PROPOSED PLACEMENT**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	: 21 March 2023 at 9.30 a.m.
Date and time of Extraordinary General Meeting	: 23 March 2023 at 9.30 a.m.
Place of Extraordinary General Meeting	: 11 Eunos Road 8, Level 1 Training Room 1-2, Singapore 408601

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DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires or is otherwise stated, the following definitions shall apply throughout:

General

- “Additional Listing Application”** : Has the meaning ascribed to it in Section 1.3 of this Circular
- “AIP”** : Has the meaning ascribed to it in Section 1.3 of this Circular
- “AIP Conditions”** : Has the meaning ascribed to it in Section 1.3 of this Circular
- “Associate”** : (a) In relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The Board of Directors of the Company as at the Latest Practicable Date
- “Business Day”** : A day on which the banks in Singapore are open for business (excluding Saturdays, Sundays and gazetted public holidays)
- “Constitution”** : The constitution of the Company, as may be amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 8 March 2023
- “Companies Act”** : The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
- “Company”** : A-Smart Holdings Ltd.
- “Completion”** : The completion of the Proposed Placement, in accordance with Section 2.4.3 of this Circular
- “Completion Date”** : Has the meaning ascribed to it in Section 2.4.3 of this Circular
- “Conditions Precedent”** : The conditions precedent to Completion of the Proposed Placement as set out in Section 2.4.2 of this Circular
- “Constitution”** : The constitution of the Company, as may be amended, modified or

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	supplemented from time to time
“Controlling Interest”	: The interest of the Controlling Shareholder(s)
“Controlling Shareholder”	: A person who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the total number of issued voting Shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or(b) in fact exercises control over the Company
“COVID-19 Act”	: The COVID-19 (Temporary Measures) Act 2020 of Singapore, as may be amended, modified or supplemented from time to time
“COVID-19 Order”	: The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as may be amended, modified or supplemented from time to time
“CPF”	: Central Provident Fund
“CPF Funds”	: CPF investible savings
“CPF Investment Account”	: The investment account maintained with an approved CPF agent bank for the purpose of investment of CPF Funds under the CPFIS – Ordinary Account
“CPFIS”	: CPF Investment Scheme
“CPFIS Members”	: Shareholders who have previously purchased Shares using their CPF Funds under their CPF Investment Accounts
“Director”	: A director of the Company as at the Latest Practicable Date
“EGM”	: The extraordinary general meeting of the Company to be convened and held on 23 March 2023 at 9.30 a.m. at 11 Eunos Road 8, Level 1 Training Room 1-2, Singapore 408601, notice of which is set out on pages N-1 to N-4 of this Circular
“Enlarged Share Capital”	: The enlarged issued and paid-up share capital of the Company on a diluted basis immediately after Completion, comprising 178,874,835 Shares
“Existing Share Capital”	: The existing issued and paid-up share capital of the Company comprising 149,062,362 Shares as at the Latest Practicable Date. The Company has no treasury shares or subsidiary holdings
“FY”	: Financial year ended or ending 31 July
“Group”	: The Company and its subsidiaries from time to time
“Indemnified Party”	: Has the meaning ascribed to it in Section 2.4.5 of this Circular
“Indemnifying Party”	: Has the meaning ascribed to it in Section 2.4.5 of this Circular
“Issue Price”	: S\$0.18 per Placement Share
“Latest Practicable”	: 6 March 2023

DEFINITIONS

Date”

“Listing Manual”	: The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
“LPS”	: Loss per Share
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Moratorium Period”	: Has the meaning ascribed to it in Section 2.4.4 of this Circular
“Net Proceeds”	: Has the meaning ascribed to it in Section 2.6 of this Circular
“Notice of EGM”	: The notice of the EGM which is set out on pages N-1 to N-4 of this Circular
“NTA”	: Net tangible assets
“Ordinary Resolutions”	: Collectively, Ordinary Resolution 1 and Ordinary Resolution 2
“Ordinary Resolution 1”	: Has the meaning ascribed to it in Section 0(a) of this Circular
“Ordinary Resolution 2”	: Has the meaning ascribed to it in Section 0(b) of this Circular
“Parties”	: Collectively, the Company and the Placee, and each a “Party”
“Placee”	: Mr. Oei Hong Leong
“Placement Agreement”	: Has the meaning ascribed to it in Section 2.1 of this Circular
“Placement Shares”	: Has the meaning ascribed to it in Section 2.1 of this Circular
“Proposed Placement”	: Has the meaning ascribed to it in Section 2.1 of this Circular
“Proposed Transactions”	: Collectively, the Proposed Placement and the Proposed Transfer of Controlling Interest
“Proposed Transfer of Controlling Interest”	: Has the meaning ascribed to it in Section 3 of this Circular
“Proxy Form”	: The proxy form attached to the Notice of EGM which is set out on pages P-1 to P-3 of this Circular
“Record Date”	: In relation to any dividend, right, allotment or other distributions, the date as at the close of business on which Shareholders must be registered in order to participate in such dividend, right, allotment or other distributions
“Register of Directors’ Shareholdings”	: The register maintained by the Company setting out details of the Directors’ respective shareholdings
“Register of Members”	: The register of members of the Company
“Register of Substantial Shareholders”	: The register of Substantial Shareholders of the Company
“Seafront Resort Project”	: Has the meaning ascribed to it in Section 2.3 of this Circular
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not

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	include a securities sub-account maintained with a Depository Agent
“SFA”	: The Securities and Futures Act 2001 of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	: The Singapore Exchange Securities Trading Limited
“SGXNET”	: The system maintained by the SGX-ST for announcements by listed companies
“Share”	: An ordinary share in the capital of the Company, and “Shares” shall be construed accordingly
“Share Issue Mandate”	: Has the meaning ascribed to it in Section 2.8 of this Circular
“Shareholders”	: Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares
“SRS”	: Supplementary Retirement Scheme
“SRS Approved Banks”	: Approved banks with whom SRS Investors hold their accounts under the SRS
“SRS Investors”	: Investors who have previously purchased Shares under the SRS
“Substantial Shareholder”	: A person (including a corporation) who has an interest or interests in one or more voting shares in a company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company
“Timor City Square Project”	: Has the meaning ascribed to it in Section 2.3 of this Circular
“Timor Marina Square Project”	: Has the meaning ascribed to it in Section 2.3 of this Circular
“5 December 2022 VWAP”	: Has the meaning ascribed to it in Section 2.4.1 of this Circular

Currencies and Units of Measurement

“%”	: Per cent or percentage
“S\$” and “cents”	: Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or chapter in the

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Listing Manual.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to Shares being allotted to a person shall, where applicable, include the allotment to CDP for the account of that Depositor.

Any reference to a date and time of day in this Circular shall be a reference to Singapore date and time, unless otherwise stated.

Any discrepancies in the figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

Morgan Lewis Stamford LLC has been appointed as the Singapore legal adviser to the Company in relation to the corporate actions set out in this Circular.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

A-SMART HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199902058Z)

Directors:

Mr. Ma Weidong (Non-Executive Chairman)
Mr. Lim Huan Chiang (Executive Director and Chief Executive Officer)
Mr. Sam Chong Keen (Lead Independent Non-Executive Director)
Mr. Darlington Tseng Te-Lin (Non-Executive Director)
Ms. Chu Hongtao (Independent Non-Executive Director)
Mr. Kenneth Loo (Non-Executive Director)

Registered Office:

61 Tai Seng
Avenue, #03-03
Print Media Hub @
Paya Lebar iPark,
Singapore 534167

8 March 2023

To: The Shareholders of A-Smart Holdings Ltd.

Dear Sir / Madam,

- (1) **THE PROPOSED PLACEMENT OF 29,812,473 NEW ORDINARY SHARES (THE “PLACEMENT SHARES”) AT THE ISSUE PRICE OF S\$0.18 PER PLACEMENT SHARE TO MR. OEI HONG LEONG (THE “PROPOSED PLACEMENT”); AND**
- (2) **THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR. OEI HONG LEONG ARISING FROM THE PROPOSED PLACEMENT**

1. INTRODUCTION

1.1. Purpose of this Circular

The Board is convening the EGM to be held on 23 March 2023 at 9.30 a.m. at 11 Eunos Road 8, Level 1 Training Room 1-2, Singapore 408601 to seek the approval of Shareholders for:

- (a) the Proposed Placement (“**Ordinary Resolution 1**”); and
- (b) the Proposed Transfer of Controlling Interest (“**Ordinary Resolution 2**”),

(collectively, the “**Ordinary Resolutions**”) prior to completion of the aforesaid transactions.

The purpose of this Circular is to provide Shareholders with necessary information relating to the Proposed Placement and the Proposed Transfer of Controlling Interest (collectively, the “**Proposed Transactions**”), including the rationale for the Proposed Transactions and the financial effects of the Proposed Placement on the Group, and to seek Shareholders’ approval in relation thereto at the EGM.

1.2. Inter-conditionality of the Ordinary Resolutions

Shareholders should note that Ordinary Resolutions 1 and 2 are inter-conditional upon the passing of one another. This means that if any of the Ordinary Resolutions is not approved by Shareholders at the EGM, none of the Ordinary Resolutions would be passed.

Ordinary Resolutions 1 and 2 are inter-conditional as the Proposed Placement will result in the transfer of a Controlling Interest in the Company to the Subscriber. Moreover, Rule 803 of the Listing Manual states that an issuer must not issue securities to transfer a controlling interest

LETTER TO SHAREHOLDERS

without prior approval of shareholders in general meeting. As such, Shareholders' approval for Ordinary Resolution 2 (in respect of the Proposed Transfer of Controlling Interest) is required for the Proposed Placement to proceed.

1.3. Listing and Quotation of the Placement Shares

In connection with the Proposed Placement, the Company has submitted an additional listing application to the SGX-ST for the dealing in, listing of and quotation for the Placement Shares on the SGX-ST (the "**Additional Listing Application**").

On 3 March 2023, the Company announced that the SGX-ST had, on 2 March 2023, granted its approval in-principle for the listing and quotation of the 29,812,473 Placement Shares (the "**AIP**"). The AIP granted by the SGX-ST is subject to the following conditions (collectively, the "**AIP Conditions**"):

- (a) Shareholders' approval for the Proposed Placement (only applicable if the Company is not using a general share mandate for the issuance of the Placement Shares);
- (b) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of the Placement Shares and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (c) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual; and
- (d) a written confirmation from the Company that it will not issue the Placement Shares to persons prohibited under Rule 812(1) of the Listing Manual.

Save for the AIP Condition set out in paragraph (a) above, all other AIP Conditions have been satisfied as at the Latest Practicable Date.

The AIP granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Placement, the Placement Shares, the Company and/or its subsidiaries.

2. THE PROPOSED PLACEMENT

2.1. Background

On 8 December 2022, the Company announced that it had, on even date, entered into a placement agreement (the "**Placement Agreement**") with Mr. Oei Hong Leong (the "**Placee**", and collectively with the Company, the "**Parties**") for the issue and allotment by the Company to the Placee of an aggregate number of 29,812,473 new ordinary shares in the capital of the Company (the "**Placement Shares**") on the terms and subject to the conditions of the Placement Agreement (the "**Proposed Placement**"). Subsequently, on 11 January 2023 and 12 January 2023, the Company announced certain clarifications in relation to the 8 December 2022 announcement, in particular to clarify the precise volume-weighted average price per Share for trades done on the Company's Shares on the SGX-ST on 5 December 2022, being the last full market day on which the Company's Shares were traded immediately preceding the date of the Placement Agreement and the trading halt called by the Company on 7 December 2022.

Pursuant to the terms of the Placement Agreement, the Company proposes to raise capital by

LETTER TO SHAREHOLDERS

issuing the Placement Shares to the Placee at an issue price of S\$0.18 per Placement Share (the “**Issue Price**”), to raise gross proceeds of S\$5,366,245.14.

2.2. Information on the Placee

The information presented herein relating to information on the Placee is based on information provided by the Placee. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.

The Placee is a Singaporean businessman and investor with interests in a range of industries, including steel, coffee, healthcare and real estate. The Placee is the chairman of, *inter alia*, Oei Hong Leong Foundation Pte. Ltd., Oei Hong Leong Art Museum Limited and Canadian Metropolitan Properties Corporation.

The Placee was introduced to the Company by Mr. Lim Huan Chiang, an Executive Director and the Chief Executive Officer of the Company, who is a long-time acquaintance of the Placee. No introducer or other fees will be paid to Mr. Lim Huan Chiang in connection with his introduction of the Placee to the Company.

To the best of the Company’s knowledge, the Placee is subscribing for the Placement Shares pursuant to the Proposed Placement as the business model and strategy of the Company are in line with his investment strategies. Moreover, the Placee is also confident that the Company’s prospects remain healthy and encouraging.

The Placee has represented to the Company that he is subscribing for the Placement Shares for his own account for investment and will not hold the Placement Shares in trust or as a nominee for other persons. The Placee does not fall within any of the categories of persons whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Listing Manual. To the best of the Company’s knowledge, save in relation to the Proposed Placement and as disclosed above, the Placee does not have any connection (including business relationship) with the Company, its Directors and/or its Substantial Shareholders.

2.3. Rationale for the Proposed Placement

The Company has decided to place the Placement Shares to the Placee so as to raise funds to meet the working capital requirements of its property development projects in Timor-Leste. As disclosed in the Company’s press release announced on 8 December 2022, the Company has commenced the construction of Timor Marina Square (the “**Timor Marina Square Project**”), the Company’s 79% owned mixed-use maiden property development project in Dili, Timor-Leste, in December 2022. In addition, the Group has another strategic plot of 99-year leasehold land in the country set aside for the development of Timor City Square (the “**Timor City Square Project**”), a high-rise mixed development, in the future, as well as a memorandum of understanding signed with a prominent local real estate company, Dili Development Co. LDA to jointly develop a seafront resort in the capital city (the “**Seafront Resort Project**”).

The Company believes that the Proposed Placement will strengthen the balance sheet and provide flexibility for the Group as the Group pursues its growth strategies, particularly in respect of its property development projects in Timor-Leste.

The Company anticipates that it will require approximately US\$30 million for the Timor Marina Square Project over the construction period of 32 months. The initial seed funding for the development costs will be funded by way of the internal resources of the Group and the Net Proceeds from the Proposed Placement. The Company further anticipates that the remaining funds required will be funded via the proceeds derived from the pre-sales of the project as well as arm’s-length shareholders’ loans.

LETTER TO SHAREHOLDERS

The Company intends to formulate a development plan for the Timor City Square Project only after at least 50% of the units of the Timor Marina Square Project have been sold. Accordingly, the Company has not yet determined the exact capital requirement for the Timor City Square Project. In the meantime, the land will be leased to the construction main contractor of Timor Marina Square (during the entire construction phase of the Timor Marina Square Project) and such rental income will defray the lease rentals payable on the land.

The Seafront Resort Project has currently been put on hold pending further research and the completion of a feasibility study by the Company on the economic viability of developing a seafront resort on the plot. It should be noted that the economic viability of such a project is dependent on the infrastructural plans of the Timor-Leste government, such as airport capacity and its proposed tourism-related initiatives.

2.4. Principal Terms of the Proposed Placement

2.4.1. The Issue Price and Consideration

Pursuant to the Placement Agreement, the Placee shall subscribe for an aggregate of 29,812,473 Placement Shares for an aggregate consideration of S\$5,366,245.14 at an Issue Price of S\$0.18 per Placement Share. The Issue Price represents a premium of 71.76% to the volume-weighted average price of S\$0.1048 per Share for trades done on the Company's Shares on the SGX-ST on 5 December 2022 (the "**5 December 2022 VWAP**"), being the last full Market Day on which the Company's Shares were traded immediately preceding the date of the Placement Agreement and the trading halt called by the Company on 7 December 2022.

The Company understands that the Placee is prepared to subscribe for the Placement Shares at a premium to the 5 December 2022 VWAP as the Placee is confident in the Company's future growth and trajectory, particularly in view of the Group's maiden property development project, Timor Marina Square.

2.4.2. Conditions Precedent

Completion of the Proposed Placement is conditional upon the following (collectively, the "**Conditions Precedent**"):

- (a) Shareholders' approval for the Proposed Placement and the Proposed Transfer of Controlling Interest having been obtained by the Company at an extraordinary general meeting to be convened;
- (b) the Company procuring an undertaking from its Controlling Shareholder, Mr. Ma Weidong, that he will vote in favour of the Proposed Placement and the Proposed Transfer of Controlling Interest at the extraordinary general meeting to be convened;
- (c) the AIP for the listing and quotation of the Placement Shares being obtained from the SGX-ST and not revoked or amended as at the Completion Date and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Placee;
- (d) the issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement by any applicable legislative, executive or regulatory body or authority;
- (e) there having been no occurrence of any event or discovery of any fact rendering any of the warranties in the Placement Agreement untrue or incorrect in any material respect as at the Completion Date as if they had been given again on the Completion Date; and

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- (f) the Company and the Placee not being in breach of any of the undertakings and the covenants in the Placement Agreement as at the Completion Date.

If the Conditions Precedent set forth in Section 2.4.2 (a), (b) and (c) above are not satisfied by 30 April 2023 (or such other date as may be mutually agreed between the Company and the Placee), the Placement Agreement shall terminate and the obligations of the Company to issue the Placement Shares and the Placee to subscribe for the Placement Shares shall *ipso facto* cease and determine thereafter, and no Party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Proposed Placement, save for any antecedent breach of the Placement Agreement or the Parties' respective liability for the payment of costs and expenses under the Placement Agreement.

By way of additional background, the Parties agreed to include the Condition Precedent set forth in Section 2.4.2(b) to provide certainty and confidence to Shareholders by demonstrating that the Company's Controlling Shareholder, Mr. Ma Weidong, is in full support of the Proposed Placement.

As at the Latest Practicable Date, all the Conditions Precedent have been fulfilled save for the Condition Precedent set forth in Section 2.4.2(a).

2.4.3. Completion

Completion of the Proposed Placement shall take place on the date falling five (5) Business Days after the date on which the Conditions Precedent have been satisfied or otherwise waived in writing by the relevant Party, or such other date as may be mutually agreed between the Parties (the "**Completion Date**").

2.4.4. Moratorium

Pursuant to the Placement Agreement, the Placee has undertaken to observe a moratorium of two (2) years from the Completion Date (the "**Moratorium Period**") whereby the Placee shall not sell, transfer or otherwise dispose of any of his interests in the Placement Shares during the Moratorium Period.

2.4.5. Indemnities

Pursuant to the Placement Agreement, each Party (the "**Indemnifying Party**") has irrevocably undertaken to keep the other Party (the "**Indemnified Party**") fully and effectively indemnified against all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs or attorney's fees on a full indemnity basis) that the Indemnified Party may incur or suffer in connection with or arising from any breach of any of the warranties or default by the Indemnifying Party of its obligations under the Placement Agreement. Any liability to the Indemnified Party under the Placement Agreement may in whole or in part be released, compounded or compromised or time or indulgence given by the Indemnified Party in its absolute discretion without in any way prejudicing or affecting its rights against the Indemnifying Party. Any release or waiver or compromise shall be in writing and shall not be deemed to be a release, waiver or compromise of similar conditions in future.

2.5. **The Placement Shares**

On Completion, the Company will allot and issue, and the Placee will subscribe for, the 29,812,473 Placement Shares which represent approximately 20.00% of the Existing Share Capital and 16.67% of the Enlarged Share Capital of the Company as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

The Company will issue the Placement Shares free from all claims, charges, liens and other encumbrances whatsoever and the Placement Shares shall rank *pari passu* in all respects with and carry all rights similar to existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the Completion Date.

2.6. Use of Proceeds

The gross proceeds from the Proposed Placement is the aggregate consideration payable by the Placee of S\$5,366,245.14. The estimated net proceeds from the Proposed Placement (after deducting estimated expenses relating thereto, including listing and application fees, professional fees and other miscellaneous expenses) of approximately S\$5,300,000 (the “**Net Proceeds**”) will be used by the Company in the following proportions:

Use of Proceeds	Percentage Allocation (%)
(i) To fund the working capital needs of property development project(s) in Timor-Leste	100%

Pending the use of the Net Proceeds from the Proposed Placement as outlined above, the Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with the stated use and the stated percentage allocated.

The Company will also provide a status report on the use of the Net Proceeds in the Company’s interim and full-year financial statements issued under Rule 705 of the Listing Manual and the Company’s annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the Company’s announcements and annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

2.7. Rule 812 of the Listing Manual

The Placee has confirmed to the Company that he is not a person who falls within the categories specified under Rule 812(1) of the Listing Manual. Accordingly, the Placement Shares will not be placed by the Company to any person who is a Director or Substantial Shareholder, or any other person in the categories specified under Rule 812(1) of the Listing Manual.

2.8. Authority to issue the Placement Shares

Rule 805(1) of the Listing Manual provides that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer, unless such shares or convertible securities are issued under a general mandate obtained from shareholders in general meeting.

As the Placement Shares will not be allotted and issued pursuant to the general share issue mandate obtained from and passed by Shareholders at the Company’s annual general meeting held on 29 November 2022 (the “**Share Issue Mandate**”) and the Proposed Placement is conditional upon, *inter alia*, Shareholders’ approval having been obtained by the Company at an extraordinary general meeting to be convened, the Company will be seeking specific Shareholders’ approval at the EGM for the Proposed Placement for the purposes of Rule 805(1)

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of the Listing Manual.

2.9. No placement agent

The Proposed Placement is not underwritten, and no placement agent has been appointed for the Proposed Placement. The Proposed Placement will be undertaken pursuant to a private placement exemption under Section 272B of the SFA. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

3. THE PROPOSED TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Under the Listing Manual, a Controlling Shareholder is a person who (a) holds directly or indirectly 15% or more of the total number of issued voting Shares in the Company, or (b) in fact exercises control over the Company.

As at the Latest Practicable Date, the Placee does not hold or otherwise have an interest in any Shares. Upon Completion of the Proposed Placement, the Placee will hold 29,812,473 Shares, representing approximately 16.67% of the Enlarged Share Capital of the Company comprising 178,874,835 Shares.

The Proposed Placement will therefore result in the Placee holding more than 15% of the Company's Enlarged Share Capital, thereby causing a transfer of Controlling Interest (the "**Proposed Transfer of Controlling Interest**"). Accordingly, the Company will be seeking Shareholders' approval at the EGM for the Proposed Transfer of Controlling Interest in accordance with Rule 803 of the Listing Manual.

4. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

4.1. Bases and Assumptions

The *pro forma* financial effects of the Proposed Placement on the Group as set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Placement. No representation is made as to the actual financial position and/or results of the Company or the Group after completion of the Proposed Placement.

The *pro forma* financial effects of the Proposed Placement on the Group have been prepared based on the latest audited consolidated financial statements of the Group for FY2022 and the following bases and assumptions:

- (a) the expenses incurred in the Proposed Placement are disregarded for the purposes of calculating the financial effects;
- (b) the financial effect on the consolidated net tangible assets ("**NTA**") per Share of the Group is computed based on the assumption that the Proposed Placement was completed on 31 July 2022; and
- (c) the financial effect on the consolidated loss per Share ("**LPS**") of the Group is computed based on the assumption that the Proposed Placement was completed on 1 August 2021.

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4.2. Share Capital

	Before the Proposed Placement⁽¹⁾	After Completion of the Proposed Placement⁽²⁾
Number of Shares (excluding treasury shares)	149,062,362	178,874,835
Share capital (S\$'000)	147,360	152,726

Notes:

- (1) Based on the Existing Share Capital comprising 149,062,362 Shares.
- (2) Based on the Enlarged Share Capital comprising 178,874,835 Shares following the allotment and issue of the 29,812,473 Placement Shares upon Completion.

4.3. NTA per Share

Assuming the Proposed Placement was completed on 31 July 2022, the financial effect on the NTA of the Group will be as follows:

	Before the Proposed Placement	After Completion of the Proposed Placement
Consolidated NTA of the Group (S\$'000)	15,019	20,385
Number of issued Shares (excluding treasury shares) ('000)	149,062	178,875
NTA per Share (Singapore cents)	10.1	11.4

4.4. LPS

Assuming the Proposed Placement was completed on 1 August 2021 (being the beginning of the most recently completed financial year ended 31 July 2022), the financial effect on the LPS of the Group will be as follows:

	Before the Proposed Placement	After Completion of the Proposed Placement
Loss attributable to equity holders of the Group (S\$'000)	(1,098)	(1,098)
Number of issued Shares (excluding treasury shares) ('000)	149,062	178,875
Loss per Share (Singapore cents)	(0.74)	(0.61)

5. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that, as of the Latest Practicable Date, after taking into

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consideration:

- (a) the Group's present bank facilities and cash position, the working capital available to the Group is not sufficient to meet its present requirements which include the working capital requirements of its property development project(s) in Timor-Leste. As disclosed in Sections 2.3 and 2.6 of this Circular, the Proposed Placement is being undertaken to fund the working capital needs of the Group's property development project(s) in Timor-Leste; and
- (b) the Group's present bank facilities and the Net Proceeds from the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

6.1. Directors' interests

As at the Latest Practicable Date, the Directors' interests in Shares as recorded in the Register of Directors' Shareholdings are as follows:

Directors	<u>Direct Interest</u>		<u>Deemed Interest</u>		<u>Total Interest</u>	
	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾
Ma Weidong ⁽²⁾	75,000,000	50.31	353,000	0.24	75,353,000	50.55
Lim Huan Chiang	897,000	0.60	0	0	897,000	0.60
Darlington Tseng	278,825	0.19	0	0	278,825	0.19
Te-Lin						

Notes:

- (1) Based on the Existing Share Capital comprising 149,062,362 Shares.
- (2) Mr. Ma Weidong is deemed interested in the 353,000 Shares held by his spouse, Ms. Jin Li Yan by virtue of Section 7 of the Companies Act.

Assuming that all of the 29,812,473 Placement Shares are allotted and issued on Completion of the Proposed Placement, the Directors' interests in Shares will be as follows:

Directors	<u>Direct Interest</u>		<u>Deemed Interest</u>		<u>Total Interest</u>	
	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾
Ma Weidong ⁽²⁾	75,000,000	41.93	353,000	0.20	75,353,000	42.13
Lim Huan Chiang	897,000	0.50	0	0	897,000	0.50
Darlington Tseng	278,825	0.16	0	0	278,825	0.16
Te-Lin						

Notes:

- (1) Based on the Enlarged Share Capital comprising 178,874,835 Shares.
- (2) Mr. Ma Weidong is deemed interested in the 353,000 Shares held by his spouse, Ms. Jin Li Yan by virtue of Section 7 of the Companies Act.

6.2. Substantial Shareholders' interests

As at the Latest Practicable Date, the interests of Substantial Shareholders (who are not also

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Directors) in Shares as recorded in the Register of Substantial Shareholders are as follows:

Substantial Shareholders (who are not also Directors)	<u>Direct Interest</u>		<u>Deemed Interest</u>		<u>Total Interest</u>	
	No. of Shares	(%)⁽¹⁾	No. of Shares	(%)⁽¹⁾	No. of Shares	(%)⁽¹⁾
Tseng An Hsiung Andy ⁽²⁾	0	0	7,879,674	5.29	7,879,674	5.29

Notes:

- (1) Based on the Existing Share Capital comprising 149,062,362 Shares.
- (2) Mr. Tseng An Hsiung Andy is deemed interested in:
 - (a) the 3,822,842 Shares held by Wellspring Investment Ltd by virtue of Section 7 of the Companies Act;
 - (b) the 44,800 Shares held by his spouse, Mrs. Tseng Shu Eng Eng by virtue of Section 7 of the Companies Act; and
 - (c) the 4,012,032 Shares held by Dai Dai Development International Holdings Limited by virtue of Section 7 of the Companies Act.

Assuming that all of the 29,812,473 Placement Shares are allotted and issued on Completion of the Proposed Placement, the interests of Substantial Shareholders (who are not also Directors) in Shares will be as follows:

Substantial Shareholders	<u>Direct Interest</u>		<u>Deemed Interest</u>		<u>Total Interest</u>	
	No. of Shares	(%)⁽¹⁾	No. of Shares	(%)⁽¹⁾	No. of Shares	(%)⁽¹⁾
Tseng An Hsiung Andy ⁽²⁾	0	0	7,879,674	4.41	7,879,674	4.41

Notes:

- (1) Based on the Enlarged Share Capital comprising 178,874,835 Shares.
- (2) Mr. Tseng An Hsiung Andy is deemed interested in:
 - (a) the 3,822,842 Shares held by Wellspring Investment Ltd by virtue of Section 7 of the Companies Act;
 - (b) the 44,800 Shares held by his spouse, Mrs. Tseng Shu Eng Eng by virtue of Section 7 of the Companies Act; and
 - (c) the 4,012,032 Shares held by Dai Dai Development International Holdings Limited by virtue of Section 7 of the Companies Act.

6.3. Interests of Directors and Substantial Shareholders

None of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Transactions, other than through their respective directorships and/or shareholdings

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in the Company.

7. DIRECTORS' RECOMMENDATIONS

7.1. The Proposed Transactions

The Directors, having considered, *inter alia*, the terms and conditions, rationale, intended use of proceeds and financial effects of the Proposed Placement and the Proposed Transfer of Controlling Interest, and all other relevant information set out in this Circular, are of the opinion that the Proposed Placement and the Proposed Transfer of Controlling Interest are in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the resolutions relating thereto as set out in the Notice of EGM.

7.2. No Regard to Specific Objectives

Shareholders, in deciding whether to vote in favour of the resolutions relating to the Proposed Transactions, should read carefully the terms, rationale for and benefits of the Proposed Transactions. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank, solicitor, accountant, tax adviser or other professional advisers.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is sent to Shareholders by electronic means via publication on SGXNET as well as the Company's website at the URL <http://www.a-smart.sg/>, will be convened and held on 23 March 2023 at 9.30 a.m. at 11 Eunos Road 8, Level 1 Training Room 1-2, Singapore 408601 for the purpose of considering and, if thought fit, passing, with or without modifications, the resolutions relating to the Proposed Transactions.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP not less than seventy-two (72) hours before the time fixed for the EGM or any adjournment thereof.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and any prevailing guidelines issued by the government authorities. Accordingly, Shareholders should note that the Company may be required to make further changes to its EGM arrangements (including but not limited to implementing any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including under the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNET.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the

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best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 61 Tai Seng Avenue, #03-03 Print Media Hub @ Paya Lebar iPark, Singapore 534167 for a period of three (3) months from the date of this Circular:

- (a) the Constitution of the Company; and
- (b) the Placement Agreement.

Yours faithfully,
For and on behalf of
the Board of Directors of
A-SMART HOLDINGS LTD.

Lim Huan Chiang
Executive Director and Chief Executive Officer