



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

RESPONSE TO SGX-ST QUERIES

The Board of Directors (“**Board**”) of A-Smart Holdings Ltd. (“**Company**”, and, together with its subsidiaries, the “**Group**”) refers to the queries received from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 26 November 2021 regarding the Company’s Annual Report for the financial year ended 31 July 2021 released on SGX-ST on 12 November 2021.

The Board would like to provide the Company’s response as follows:

Query 1

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 2.2 of the Code of Corporate Governance 2018 (the “Code”) as Independent directors do not make up a majority of the Board where your Chairman is not independent, and there were no explanations provided for in your 2021 Annual Report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company’s Response

As disclosed on Page 19 of the AR - Although the Company does not comply with Provision 2.2, nevertheless, the board is made up of majority of Non-Executive Directors which is in compliance with Provision 2.3. Therefore, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs as matters requiring the Board’s approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively.

The composition of the Board is as follows:

Name of Director	Position held on the Board
Ma Weidong	Non-Executive Chairman
Lim Huan Chiang	Executive Director and Chief Executive Officer (“ CEO ”)
Loo Kenneth	Non-Executive Director
Darlington Tseng Te-Lin	Non-Executive Director
Sam Chong Keen	Lead Independent Director
Chu Hongtao	Independent Director

The NC reviews annually the independence of each Director taking into account the existence of relationships or circumstances, including those provided in the Code. Every Independent Non-Executive Director is required to complete a confirmation of independence form drawn up based on Principle 2 of the Code for the NC's review and recommendation to the Board.

The Company recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contributions objectively to the Board as a whole. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its shareholders. No individual or small group of individuals dominates the Board's decision making.

Query 2

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your 2021 Annual Report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response

As disclosed on pages 17 and 18 of the Annual Report, the Company is mindful that the Board and Board Committees should be of an appropriate balance and mix of skills, knowledge, experience, and other aspect of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

Nevertheless, the Board may, from time to time, seek to improve the aspects of its diversity and measure progress accordingly and the "size and composition of the Board are reviewed from time to time by the NC which strives to ensure that the size of the Board is conducive to effective discussions and decision making and that the Board has an appropriate balance of Independent Directors.

In view of the foregoing, the Board is of the view that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code 2.4.

The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board. The independent directors have a wide diversity of various background and experiences as property development and construction industry and wealth of experience in publication and printing industry, their respective profiles are reflected on Pages 15 to 17 of the Annual Report 2021.

The Board is of the view that Mr. Sam Chong Keen and Ms. Chu Hongtao have demonstrated strong independence character and judgement in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged Management. They

have sought clarification and amplification as they deemed necessary, including through direct access to the Management.

Taking into consideration of the above and having weighed the need for the Board's refreshment against tenure for relative benefits contributed by the relevant directors, after due and careful rigorous review, the Board has resolved that Mr. Sam Chong Keen and Ms. Chu Hongtao continue to be considered independent in their exercise of judgement and objectivity in Board matters, notwithstanding that they have served on the Board for more than nine years from the date of their first appointment.

Query 3

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 8.1(a) of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your 2021 Annual Report on how it is consistent with the intent of Principle 8 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response

With respect to its Directors, as stated in the Annual Report, the Company had on pages 27 and 28 of the Annual Report explained its deviation from Provision 8.1 of the Code, as follows: "Each Director's remuneration is expressed in bands of S\$250,000 with a percentage breakdown. The Company believes that rather than disclosing to the nearest dollar, the current format of disclosure is good indication, of each Director's remuneration package, as remuneration continues to be a sensitive subject."

The Company had on page 27 of the Annual Report complied with the disclosure of the top four key management personnel (who are not directors or the CEO) ("KMPs") in bands of S\$250,000 and in aggregate the total remuneration paid to these KMPs. "The Company believes that it is not in the Group's interest to disclose the remuneration of the KMPs to the full extent recommended, due to continuing confidentiality and sensitivity of executives' remuneration and, moreover, such disclosure may hamper its ability to retain the Group's talent pool in a competitive environment."

As regards Principle 8 of the Code, as described on page 27 of the Annual Report, the Company has in place a remuneration structure for its executive directors and KMPs consisting of (a) fixed remuneration, (b) variable bonus and/or (c) other benefits. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate. The Company has key success factors which are regularly reviewed and used to set Key Performance Indicators ("KPIs") on a shared and individual basis. Having regard to the above, the Board is of the view that the Company's practices are consistent with the intent of Principle 8 of the Code in relation to the Company's transparency on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

BY ORDER OF THE BOARD

Lim Huan Chiang
Executive Director and Chief Executive Officer
30 November 2021