



A-Smart Holdings Ltd

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

**PROPOSED ISSUE OF 7,150,000 NEW ORDINARY SHARES
IN THE CAPITAL OF THE COMPANY**

1 INTRODUCTION

The Board of Directors (the “**Board**”) of A-Smart Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 17 October 2017, entered into a subscription agreement (“**Subscription Agreement**”) with Mr Wong Swee Chun (the “**Placee**”), pursuant to which the Placee has agreed to subscribe an aggregate of 7,150,000 new ordinary shares in the capital of the Company (“**Placement Shares**”) at a placement price of S\$0.70 (“**Placement Price**”) for each Placement Share (“**Proposed Placement**”).

The volume weighted average price for each share of the Company (“**Share**”) for trades done on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the full market day on 17 October 2017 (being the full market day on the date of signing of the Subscription Agreement) was S\$0.68. As the Placement Shares were not issued at a discount to the volume weighted average price of each share on the date of signing of the Placement Agreement, the Company is in compliance with Rule 811(1) of the Listing Manual.

The Placement Shares are subject to a moratorium for a period of twelve (12) months commencing from the Completion Date (as defined below) during which the Placee shall not, *inter alia*, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of the Placement Shares.

The offer of the Placement Shares from the Company to the Placees will be undertaken in accordance with Section 272B(1) of the Securities and Futures Act, Chapter 289 of Singapore. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

2 RATIONALE FOR THE PROPOSED PLACEMENT

The rationale for the Proposed Placement is to provide working capital for the Company and to provide funds for the Group’s new business ventures in East Timor.

The aggregate consideration payable by the Placees is S\$5,005,000. The estimated net proceeds from the Proposed Placement is S\$4,990,000 (after deducting estimated fees and expenses of approximately S\$15,000) (“**Net Proceeds**”). The Company intends to utilise the Net Proceeds in the following proportions:

Use of Net Proceeds	Proportion (%)	Approximate Amount (S\$ million)
Working capital	5 - 10	0.25 – 0.5
Fund the expansion of the Group's future new businesses	90 - 95	4.5 – 4.75

Pending deployment of the Net Proceeds for such purposes, the Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed, and will provide a status report on the use of the Net Proceeds in the annual report of the Company.

3 INFORMATION ON THE PLACEE

The following table sets out details on how the Placee was identified and the background of the Placee:

Name of Placee	Background of the Placee
Wong Swee Chun	The Placee is the founder and Chairman of Hoi Hup Realty Pte Ltd (an established real estate development company) and also the Chairman of Straits Construction Group Pte Ltd (as the largest shareholder, holding 61.8% of the total issued share capital), an award-winning building construction company.

The Placee is known to Mr. Lim Huan Chiang ("**Mr Lim**"), Executive Director and Chief Executive Officer of the Company, in a social context. No commission or other payment is to be made to Mr. Lim Huan Chiang for introducing the Placee to subscribe for the Placement Shares.

Mr Kenneth Loo, our Non-Executive Director is also an executive director and the Chief Operating Officer of Straits Construction Group Pte Ltd. The Placee and Mr Kenneth Loo are not immediate family members.

Both the Placee and Mr Ma Wei Dong ("**Mr Ma**"), our Non-Executive Chairman and Non-Independent Director have informed the Company that they have entered into a warrant transfer agreement dated 17 October 2017 ("**Warrant Transfer Agreement**"), where the Placee has agreed to purchase and receive all of Mr Ma's rights, title and interest in respect of Mr Ma's 7,500,000 warrants, which entitle the Placee to, *inter alia*, convert up to 7,500,000 ordinary shares in the Company subject to the terms and conditions of the Warrant Transfer Agreement ("**Proposed Warrant Transfer**"). Please refer to the Company's circular to shareholders dated 24 June 2015 for the terms and conditions attached to warrants. Under the Warrant Transfer Agreement, it is a condition precedent that the Proposed Placement be completed in accordance with the Subscription Agreement.

Mr Ma was not involved in the Company's discussion or negotiation of the Proposed Placement as the Proposed Placement was handled by Mr Lim. Mr Ma was made aware of the Proposed Placement in early September 2017.

Save as disclosed above, the Placee does not fall within the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST and the Placee has no connection (including business dealings) with the Company, its controlling shareholders or its Directors, and will not hold the Placement Shares in trust or as a nominee for other persons.

Upon completion of the Proposed Placement, the Placee will become a substantial shareholder of the Company as he will be interested in approximately 5.9% of the enlarged issued share capital of the Company.

4 PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

4.1 Placement Shares and Placement Price

The Placee has agreed to subscribe and pay for an aggregate of 7,150,000 Placement Shares at the Placement Price of S\$0.70.

The Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares save that they will not rank for any dividends, rights, allotments or other distributions, the Record Date of which falls on or before the date of completion of the Proposed Placement ("**Completion Date**"). The term "**Record Date**" means the date fixed by the Company for the purposes of determining the entitlements to dividends or other distributions to or rights of holders of Shares.

4.2 Conditions Precedent

Completion of the Proposed Placement shall be conditional upon the following:

- (a) the listing and quotation approval for the Placement Shares being obtained from the SGX-ST and not having been revoked or amended and, where such listing and quotation approval is subject to conditions, to the extent that any conditions are required to be fulfilled on or before Completion Date, they are so fulfilled;
- (b) the allotment, issue and placement of the Placement Shares to the Placee not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Placee;
- (c) the representations and warranties of the Company herein being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations under the Subscription Agreement which are required thereunder to be performed on or before the Completion Date; and
- (d) the Company's shareholders' approval being obtained at an extraordinary general meeting of the Company to be convened for, *inter alia*, (i) the addition of property development and investment activities to its core business activities and (ii) the formation of a joint venture to carry out mixed property development activities in the Democratic Republic of Timor-Leste as announced by the Company on 26 July 2017 on the SGXNET.

(collectively, the “**Conditions Precedent**”)

If any of the Conditions Precedent in Clause 4.2(b) of Clause 4.2(c) is not satisfied or waived in whole or in part by the Company on or before the date falling 8 weeks after the date of the Subscription Agreement, or if the Conditions Precedent in Clause 4.1(a) or Clause 4.1(d) is not satisfied or waived in whole or in part by the Company on or before the date falling 10 weeks after the date of the Subscription Agreement, or such other date as the Company and the Placee may agree in writing, the Subscription Agreement shall forthwith terminate and in that event the Company and the Placee shall be released and discharged from their respective obligations under the Subscription Agreement, and neither the Company nor the Placee shall have any claim whatsoever against each other, without prejudice to any rights of the Company or the Placee which may have accrued under the Subscription Agreement.

The Proposed Placement is conditional upon the fulfilment of the Conditions Precedent set out in paragraph 4.2 above. The Proposed Placement is not conditional on the Proposed Warrant Transfer. However, the Proposed Warrant Transfer is conditional upon the completion of the Proposed Placement.

4.3 **Completion**

Completion of the Proposed Placement shall take place three (3) business days after all of the Conditions Precedent are satisfied or waived, if capable of being waived (or, if that day is not a business day, on the next business day), or such other date as the Company and the Placee may agree in writing.

5 **AUTHORITY TO ISSUE THE PLACEMENT SHARES**

The Placement Shares will be issued pursuant to the share issue mandate (“**Share Issue Mandate**”) which was approved by shareholders of the Company at the annual general meeting of the Company convened on 30 November 2016 (“**AGM**”). Pursuant to the Share Issue Mandate, Directors of the Company have the authority to, amongst others, issue Shares and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, such that the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted) and Instruments shall not exceed 50% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM, of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM.

As at the date of the AGM, the Company had an issued share capital of 112,626,362 Shares and 36,786,000 warrants that are convertible into 36,786,000 shares when exercised. There were no issue of shares by the Company and no conversion of warrants by the warrant holder from the date of the AGM to the date of this announcement.

As at the date of this announcement, the Company can issue a maximum of 29,882,472 new Shares other than on a pro rata basis to existing shareholders of the Company pursuant to the Share Issue Mandate. As the Company has not issued any Shares pursuant to the Share Issue Mandate, the Company can therefore issue up to 29,882,472 Shares other than on a pro rata basis to existing shareholders of the Company pursuant to the Share Issue Mandate. The 7,150,000 Placement Shares to be issued pursuant to the Proposed Placement falls within the limit of the Share Issue Mandate.

As at the date of this announcement, the 7,150,000 Placement Shares that may be issued pursuant to the Proposed Placement represents approximately 6.35% of the issued share capital of the Company and 5.97% of the enlarged share capital of the Company.

6 FINANCIAL EFFECTS

The financial effects of the Proposed Placement on the net tangible asset (“NTA”) per Share and the earnings per Share (“EPS”) are prepared for illustration only and do not purport to reflect the actual future results and financial position of the Group following completion of the Proposed Placement. The financial effects have been computed based on the following bases and assumptions:

- (a) the audited consolidated financial statements of the Group for the financial year ended 31 July 2016;
- (b) the effect of the Proposed Placement on the NTA per Share is computed based on the issued share capital of 106,912,080 Shares that was outstanding as at 31 July 2016 and the assumption that the Proposed Placement was completed on 31 July 2016;
- (c) the effect of the Proposed Placement on the EPS is computed based on the weighted average number of 94,029,000 Shares (adjusted for the effects of the Share Consolidation) prior to the Proposed Placement and 101,179,000 Shares after completion of the Proposed Placement, on the assumption that the Proposed Placement was completed on 1 August 2015; and
- (d) the number of shares as at 1 August 2015 was adjusted for the effects of the share consolidation exercise to consolidate every forty (40) Shares to constitute one (1) consolidated Share on 1 February 2016 (the “Share Consolidation”).

	Before Completion of the Proposed Placement	After Completion of the Proposed Placement
Issued and paid-up share capital (S\$)	136,624,795.93	141,614,795.93
Number of Shares	106,912,080	114,062,080
NTA per Share (cents)	1.92	6.19
EPS (cents)	(23.13)	(19.07)

7 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement, other than their respective interests in the Shares.

8 FURTHER ANNOUNCEMENTS

The Company will release further announcements to update shareholders of the Company, as and when there are material updates or developments in due course.

9 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

10 TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Placement is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders 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
17 October 2017