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

EXECUTION OF JOINT VENTURE AGREEMENT FOR THE PURPOSE OF PROPERTY DEVELOPMENT IN DILI, TIMOR-LESTE, IN THE ORDINARY COURSE OF BUSINESS

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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**") wishes to announce that the Company and Liao Sheng-Tung, Ng Choon Meng, Vico Construction Pte Ltd and Daniel Vincent Iong Remedious (the "**Joint Venture Partners**") have entered into a Joint Venture Agreement (the "**JVA**") for the purpose of developing a mixed development on a parcel of land in Dili, Timor-Leste (the "**Joint Venture**" or "**Mixed Development Project**"). Pursuant to the JVA, the Joint Venture Partners will contribute a total of up to USD 20 million to the Joint Venture as shareholders' loans in proportion to their respective shareholdings in the Joint Venture. The Group's commitment is therefore USD 12 million (the "**Investment**").

The Joint Venture Company ("**JVC**") will be a Timor-Leste joint stock company to be incorporated or acquired for the purpose of carrying out the Mixed Development Project, and will have a registered share capital of USD 50,000.00. The shareholding interests in the share capital of the JVC will be as follows:

Name of shareholder	Percentage of shareholding
A-Smart Holdings Ltd.	60%
Liao Sheng Tung ("**LST**")	20%
Vico Construction Pte Ltd ("**VC**")	10%
Ng Choon Meng ("**NCM**")	9%
Daniel Vincent Iong Remedious ("**DV**")	1%

2. INFORMATION RELATING TO THE JOINT VENTURE AND PROPERTY DEVELOPMENT

2.1 INFORMATION ON THE JOINT VENTURE

The total capital requirement for the Joint Venture (comprising the estimated construction costs of USD 21.5 million, cash payment for the land of USD 1.1 million and the related selling and administrative costs of USD 0.2 million) is estimated to be USD 22.8 million (approximately SGD 31.1 million).

The shareholders agreed to contribute up to USD 20 million to fund the capital requirement for the Joint Venture by way of provision of shareholder's loans in proportion to their respective shareholdings in the JVC. Each of the shareholder's loans is unsecured and interest-free.

Save as provided above, all capital requirements or requirement of funding of the Joint Venture which exceed the Joint Venture's own resources shall, to the extent practicable, be procured by bank borrowings and the JVC's assets are to be encumbered as security for the debt. Where the shareholders of the JVC agree to give indemnity or guarantees for any liability or obligation of the JVC, such guarantees or indemnity shall be provided by all shareholders in proportion to their shareholdings in the JVC on several basis.

2.2 INFORMATION ON THE JOINT VENTURE PARTNERS

NCM and LST are real estate investors and property developers in the PRC and Timor-Leste. They were also the joint venture partners for the Group's CBD project in Dili, Timor-Leste, for which the Company had made an announcement on 3 January 2018.

VC is a Singapore-incorporated property construction company formed as a joint venture between Mr Zuo Haibin and the Nanshan Group, a reputable property developer and construction company in the PRC. Mr Zuo Haibin was previously the Executive Director of QingJian International (South Pacific) Group.

DV is a Timorese citizen, the son of Ms Brenda Lei Kuansan, who was appointed the legal custodian of the Land by the Landowner, which is a Trust Fund in Timor-Leste.

2.3 INFORMATION ON THE PROPERTY DEVELOPMENT

The project site is located at Avenida dos Direitos Humanos no 1, Lecidere, Dili, Timor-Leste, comprising an area of 3,135 square meters (the "**Land**"). The Land is freehold and is situated along the seafront coastline of Lecidere in Dili. Directly facing the Port of Dili, the Land lies in close proximity to prominent institutions such as the World Bank, foreign embassies and the Timor government offices, which are also situated along the same stretch of coastline.

The cost of the Land consists of a cash component of USD 1.1 million and the landowner will also be entitled to 10% share of each of the saleable and/or leaseable retail, residential and office property units that will be built on the Land, rounded up to the nearest property unit based on built-in floor space.

The Joint Venture will construct and develop the Land into a 14 to 16 storey mixed development comprising premium residential apartments, retail and office property units. The Joint Venture has the intention of selling all the residential properties and the retail and office properties will either be for sale or be held as investment properties for rental income.

3. CONDITIONS PRECEDENT

The 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 on the Land, and the results of such due diligence being satisfactory to the Company;

(ii) securing the grant of Superficie Rights ("**surface rights**") from the Landowner to the JVC;

(iii) the JVC obtaining all necessary approvals such as governmental and regulatory approvals for the Mixed Development Project;

(iv) the execution by the Landowner of a deed of undertaking to irrevocably and unconditionally undertake to, upon registration of horizontal property for the Land, transfer the same to the JVC or its nominee(s).

4. RATIONALE FOR THE PROPOSED INVESTMENT

The formation of the Joint Venture is a strategic alliance between the Group and the Joint Venture Partners. The Investment is in line with the rationale for 1) diversification of business activities approved by shareholders on 13 Oct 2016; and 2) in previous capitalisation issues, whereby the Company announced that the capital raised will be used to fund future business opportunities that could provide additional income stream(s) for the Group and hence, potentially enhance the Group's business performance and sustainability.

5. CONSIDERATION

The Group's commitment for the Investment is USD 12 million (approximately S$ 16.2 million), by reference to the estimated total costs for the Mixed Development, and this will be funded primarily from internal cash sources. Where necessary, the Company will also raise fund by means of capitalisation issues or obtain bank borrowings to fund the investment.

6. NET TANGIBLE ASSET/FINANCIAL EFFECTS

The Investment is not expected to have any significant effect on the consolidated net tangible asset per share and the consolidated earnings per share of the Group for the current financial year ending 31 July 2019.

7. 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 Investment and the Joint Venture, save for their respective shareholdings in the Company, if any.

8. FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep shareholders updated on any material developments, including the incorporation or acquisition of a company for the purpose of carrying out the business of the Joint Venture.

By Order of the Board

Lim Huan Chiang
Executive Director and Chief Executive Officer
7 March 2019