



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

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**RESPONSE TO QUERIES FROM THE SGX ON THE RESULTS ANNOUNCEMENT FOR  
THE FIRST HALF YEAR ENDING 31 JANUARY 2021**

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The Board of Directors of A-Smart Holdings Ltd (the “**Company**”) (the “**Board**”) refers to the query raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 24 March 2021 in relation to the Company’s Results Announcement for the six months (“**first half**”) ending 31 January 2021 and appends the requisite replies as follows:

**SGX Query:**

**(a) Please explain why interest income amounted to only \$39,000 during the half-year ended 31 January 2021 when the Company has significant cash and bank balance amounting to \$8.07 million.**

**Company’s response:** As disclosed in page 7 of the Results Announcement, the Group’s cash and cash equivalents at 31 January 2021 consist of cash at bank of S\$3.02 million and fixed deposits of S\$5.06 million. Cash at bank are operational funds in current bank accounts and mostly do not earn much bank interest. Fixed deposits are held in reputable Singapore banks and interest income were recognised on the accrual basis, based on prevailing market rates of interest applicable to the various tenure of the fixed deposits that are placed with the bank, which are in turn determined by the general economic conditions.

**(b) Please disclose a breakdown of trade and other payables to \$2.06 million as at 31 January 2021. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.**

**Company’s response:**

The Group’s trade and other payables at 31 January 2021 consist of the following:

	<u>S\$’000</u>	<u>S\$’000</u>	<u>S\$’000</u>
	Due	Due	Total
	within 30	within	
	days	60 days	
Trade payables - suppliers	261	85	<b>346</b>
Goods and services tax payable	59	-	<b>59</b>
<b>Total trade payables</b>	<b>320</b>	<b>85</b>	<b>405</b>

**Response to (b) – Continued**

	<b><u>S\$'000</u></b>
Working capital loans contributed by minority shareholders of subsidiaries in Timor-Leste (note i)	1,016
Deposits and advance payment from customers	302
Other operating expenses accrued	234
Provision for potential liabilities for liquidation of inactive overseas subsidiaries	109
<b>Total other payables</b>	<b><u>1,661</u></b>
<b>Total trade and other payables</b>	<b><u>2,066</u></b>

Note:

(i) Shareholders provide working capital loans, which are quasi-equity in nature, to project companies for acquiring the land for the property development projects in Timor-Leste. These loans will be repaid once the projects bear fruition from sales and has surplus cash resources after repaying the development costs.

(ii) The Group does not have any trade and other payables that were due to related parties.

**(c) Please provide the reason(s) for the significant borrowings of \$3.41 million by the Group when the Group recorded a cash and cash equivalent of \$8.07 million as at 31 January 2021.**

**Company's response:**

The Group's borrowings at 31 January 2021 consist of the following:

	<b><u>S\$'000</u></b>
Plant and equipment acquired through lease financing	292
Rental premises under long-term lease contract	858 #
Provision for reinstatement costs upon lease expiry (in relation to the rental premises)	30 #
Lease rentals for land acquired in Timor-Leste	2,236 #
<b>Total trade payables</b>	<b><u>3,416</u></b>

# The Group's Finance Lease borrowings of S\$3.12 million were initially recognised in the books because of the adoption of SFRS(I)16 in the previous financial year. The detailed explanation for the effects of adopting SFRS(I)16 was explained in para 5 in page 11 of the Results Announcement for the full financial year ending 31 July 2020 which was announced by the Company on 28 September 2020.

**(d) Please provide the reason(s) for the significant trade and other payables of \$2.06 million when the Group recorded a cash and cash equivalent of \$8.07 million as at 31 January 2021.**

**Company's response:**

The details of the Group's trade and other payables provided in the response to query (a) are self-explanatory. The Group repays its liabilities on time, as and when they become due for payment.

**By Order of the Board**

Lim Huan Chiang  
Executive Director and Chief Executive Officer  
26 March 2021