



# ENERGISING NEW GROWTH

ANNUAL REPORT 2018



**A-Smart Holdings Ltd.**

**We have a VISION to lead the way in building  
SMART solutions.**

**To create SMARTER businesses, SMARTER cities.**

# COMPANY PROFILE

Established in 1986, A-Smart Holdings Ltd. ("A-Smart" or the "Group") was listed on the SGX Mainboard on 28 June 1999. Headquartered in Singapore, the Group currently has four main business segments, namely, Print and Media, Investment Holding, Property Development and Real Estate Investment and Smart Technologies.

The Group's printing arm operate under its subsidiary – Xpress Print Pte Ltd ("Xpress Print") supported by a comprehensive network of printing partners in the region. Xpress Print has over 30 years of track record of innovating one-stop print solutions for its clients including time-sensitive financial research reports, annual reports, asset management reports and IPO prospectuses. It also produces on behalf of its commercial clients, corporate brochures, year books, magazines and other commercial publications, collaterals and corporate gifts/premiums. It offers the full range of print management services including time-sensitive financial printing, conceptualisation, design, copywriting, translation, typesetting, colour proofing, printing, post-press packaging, global distribution and delivery. This segment also organises media events and provides publishing services.

Under the Smart Technologies Business, the Group aims to be a leading developer and provider of smart information technology ("IT") and Artificial Intelligence ("AI") solutions and applications for key sectors such as food and beverage ("F&B"), retail, motoring and hospitality in the region.

In January 2018, the Group expanded its core businesses to include Property Development and Property Investment Businesses. The Group's maiden property development project is currently in progress in Timor-Leste and construction is expected to commence in late 2018 or early 2019.

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# FINANCIAL HIGHLIGHTS

GROUP FINANCIALS AT 31 JULY	2018 \$'000	2017 \$'000
<b>INCOME STATEMENT</b>		
Revenue	<b>7,220</b>	7,874
Share of loss of an associated company	<b>(88)</b>	-
Operating EBITDA <sup>1</sup> excluding share of associate's results	<b>(125)</b>	496
(Loss)/ Profit before tax excluding share of associate's results <sup>2</sup>	<b>(520)</b>	131
(Loss)/ Profit net of taxation	<b>(603)</b>	131
<b>BALANCE SHEET</b>		
Total assets	<b>13,818</b>	10,369
Net tangible assets <sup>3</sup>	<b>10,353</b>	6,042
Total liabilities	<b>3,465</b>	4,327
Cash and cash equivalents	<b>7,202</b>	3,665
<b>PER SHARE DATA (SINGAPORE CENTS)</b>		
Earnings per share – basic <sup>4</sup>	<b>(0.52)</b>	0.12
Earnings per share – diluted <sup>4</sup>	<b>(0.39)</b>	0.09
Net tangible assets <sup>3</sup>	<b>8.64</b>	5.36

1 EBITDA – earnings before interest, tax, depreciation and amortisation.

2 The net loss for the financial year ended 31 July 2018 ("FY2018") was mainly due to higher professional fees incurred on the Group's proposed projects in Timor-Leste and lower revenue from its print segment.

3 The increase in net tangible assets (NTA) was mainly due to the increase in share capital of S\$4.94 million from a share placement exercise in FY2018.

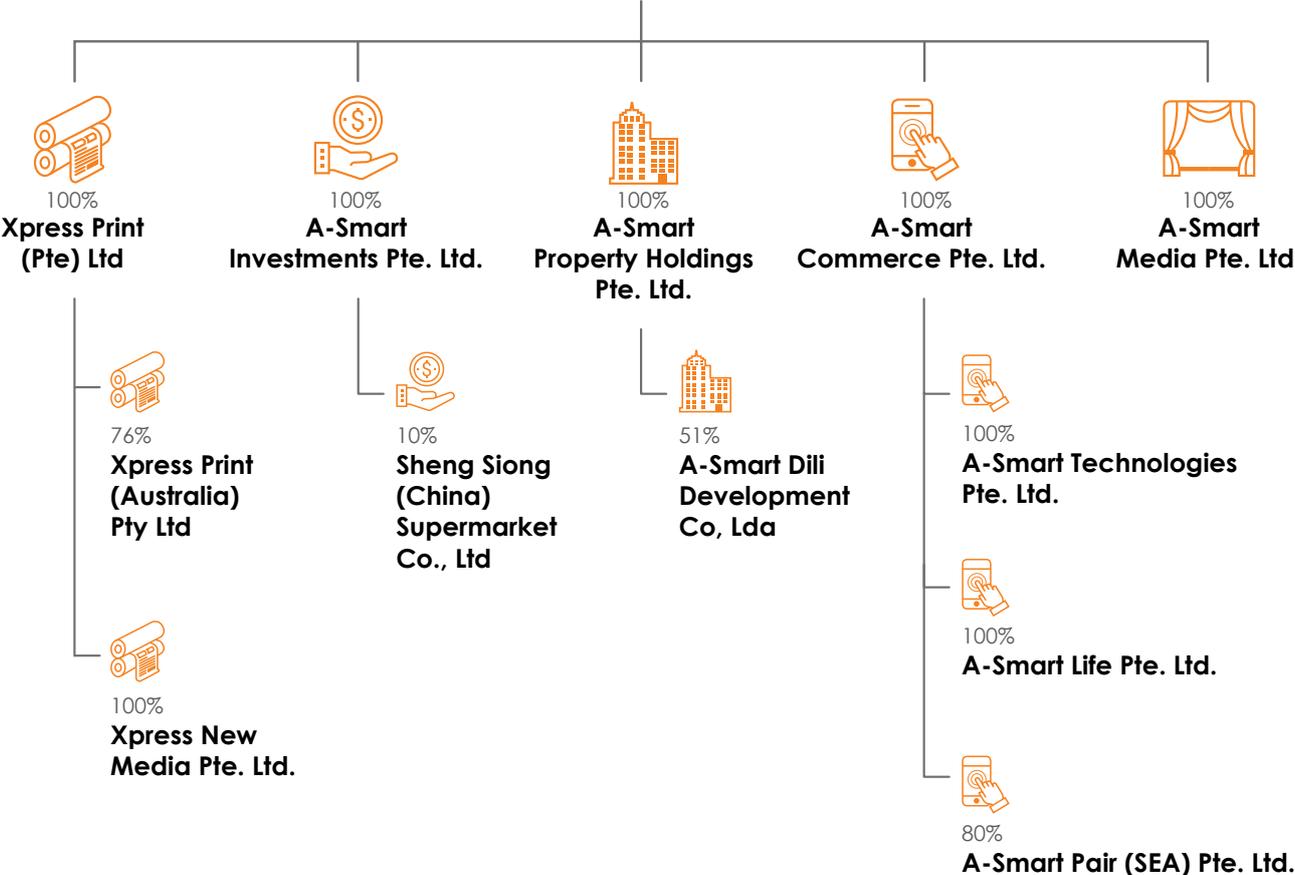
4 Basic earnings per share is calculated based on the issued share capital of 119,776,362 ordinary shares outstanding as at 31 July 2018 (31 July 2017: 112,626,362).

Diluted earnings per share is calculated based on the weighted average share capital of 152,977,567 ordinary shares outstanding as at 31 July 2018 (31 July 2017: 147,987,735) due to the dilutive effects of 36,786,000 warrants outstanding as at 31 July 2018 (31 July 2017: 36,786,000 warrants).

# CORPORATE STRUCTURE



## A-Smart Holdings Ltd.



				
<b>Printing</b>	<b>Investment Holding</b>	<b>Smart Technologies</b>	<b>Publication and Event Management</b>	<b>Property</b>

# CHAIRMAN'S MESSAGE



“Moving forward, we will continue to leverage viable opportunities to diversify our revenue base in a sustainable manner while providing additional income streams to enhance our business performance.”

Dear Shareholders,

In the financial year ended 31 July 2018 (“FY2018”), A-Smart Holdings reported a net loss of S\$0.60 million, compared with a net profit of S\$0.13 million for FY2017. This was mainly due to lower revenue from our Print segment, the share of loss of an associated company and higher professional fees for our proposed projects in Timor-Leste. From a balance sheet standpoint, cash and cash equivalents were higher at S\$7.2 million; bolstered by issuance of new shares, lower trade and other payables, less the one-off payment for investment in an associated company in the prior period.

The exploration of new businesses for additional sources of revenue remains a key focus for us to derive greater shareholders’ value. In this

regard, we have maintained diversification towards smart technologies for urban living, leveraging on Singapore’s Smart Nation vision to improve the country’s quality of life. We have also ventured into property development and real estate, with projects in Timor-Leste to spearhead this new division. Our recent investment into Sheng Shiong China to operate a supermarket chain in Kunming, China, is expected to turn in a profit when more stores are open and the benefits of economies of scale are achieved.

#### **PRINTING**

The printing industry landscape remains increasingly challenging due to the advent of digital media and attrition experienced for our clients in the financial sector, which have been downsizing their business spend.

Accordingly, we saw a 9.8% slump in revenue for the Print segment compared to the previous corresponding period. That said, we continue to expand our client base and enhance our product offerings through acquisition of modern machines with special features. During the financial year, we secured more businesses from the commercial print products which helped cushion the demand decline from the financial sector. As such, we are confident that the respective technology upgrades and advanced machinery acquired are capable of stabilising our recurring revenue base and improving productivity for our Printing business. This, coupled with better cost management policies, should enhance our profitability on the Group level, as we seek to be the preferred service provider in our various niches of operations.

#### **SMART TECHNOLOGIES**

Our approach in the Smart Technologies segment has always been an all-encompassing one. We provide tailored solutions that meet our customers' needs, such as media equipment, cashless payment systems, business process networks and technology automation. Other than serving multi-brand enterprises, we also have restaurants amongst our clientele in the food and beverage services industry. More recently, we partnered Google for the launch of Google Home, an artificial intelligence device, in Singapore. Powered by Google Assistant, Google Home and Google Home Mini's unique proposition lies in them being able to offer hands-free help while allowing users of the device to perform a variety of tasks through the use of voice commands. Through this new collaboration, we plan to further enhance our corporate clientele to eventually introduce smart digital technologies to real estate developers and contractors alike. Other initiatives included tie-ups with public organisations and private corporations to conduct educational programmes, as well as the sale of products in the domain of smart, intelligent living. In addition, we are eagerly exploring new areas of technology such as Artificial Intelligence (AI) robotics in the commercial field.

#### **INVESTMENT**

Our Group's venture with Sheng Siong to open a supermarket chain in China has been running as planned, though initial gestation meant a period of anticipated losses during the early phase of operations. We continue to believe in the growth trajectory of this venture and expect synergies to crystallise upon eventual scaling of the supermarket network in China. As for our proposed property development and real estate business in Timor-Leste, recent parliamentary elections meant slight delays in our commencement of construction works in the country. Timor-Leste, being a young country in its early growth phase, presents immense opportunities in areas such as logistics, tourism, hospitality, housing, and education. Timor-Leste's economy is also expected to grow significantly given its booming oil industry. Our investment in the country's real estate development is thus timely in securing us an early mover advantage and leveraging its economic growth to garner better returns for the Group.

#### **CONCLUSION**

The Group's new business segments have just commenced sales and we remain confident that the Group's restructuring is relevant for positive contribution. Moving forward, we will continue to leverage viable opportunities to diversify our revenue base in a sustainable manner while providing additional income streams to enhance our business performance. As we end the year and look towards a better FY2019, I would like to extend my heartfelt appreciation to my Board members, staff, management team and business partners for their commitment and dedication. Last but not least, I am also grateful to our shareholders for your continued support.

#### **MA WEIDONG**

Non-Executive Chairman

# BOARD OF DIRECTORS



## **Ma Weidong**

Non-Executive Chairman and Non-Independent Director

Mr Ma Weidong was appointed the Executive Chairman of the Group on 9 July 2015 and redesignated as Non-Executive Chairman on 30 November 2016. Mr Ma is also the Company's single largest shareholder of approximately 38% shareholdings in the Company's shares.

Mr Ma is an experienced company director in the People's Republic of China ("PRC") having served as the Board Director and Chairman of several PRC companies. Currently, he is the Chairman of Kunming Luchen Group Co. Ltd and Kunming Tianlongrun Sugar, Tobacco and Wine Co., Ltd.

Mr Ma began his entrepreneurial career in 1998, and is currently the Executive Vice President of the Kunming Entrepreneurs Association in the PRC, as well as being recognised as the Kunming Outstanding Entrepreneur. He has led the takeover, and restructuring of several companies in China, with a clear emphasis on his principles and values of integrity, trust and social responsibility. With his strong and creative business acumen, he has expanded the scale and diversity of his businesses, including the logistics, food manufacturing, financial and real estate sectors.

With foresight, great business acumen and resourcefulness, Mr Ma employs his sharp analytical skills in highly challenging economic situations to seek out and develop business opportunities. Under his strong leadership, both local and international enterprises are able to accurately ride on trends and make timely strategic adaptations to the ever-changing economic landscape. His acute business sense guides enterprises to build a strong

foundation, grow exponentially and fully reach their potential.

He has completed a course in Excellence and Innovation Management for CEO at the Tsinghua University in Beijing in 2012, and was part of a China delegation, alongside President Xi Jinping, at the 2013 APEC Summit in Bali, Indonesia.

## **Lim Huan Chiang JP**

Chief Executive Officer and Non-Independent Director

Mr Lim Huan Chiang joined as the Chief Executive Officer and Non-Independent Director on 26 October 2015. Prior to joining Xpress, he was with the Singapore Press Holdings for more than two decades and last held the position of Vice-President of the Chinese Media Group. Resultantly, he has not only developed expertise in the publication and printing industry, but also established a wide range of social contact and rapport with local SMEs, as well as overseas entrepreneurs particularly within the China Circle.

Mr Lim has a plethora of organization and management experiences, acquired from both his full-time profession and community involvement. He was once the Commander of Rescue Battalion and Commandant of Volunteer Unit when serving in the Singapore Civil Defence Force as a senior officer. During his tenure, his most significant achievements were to launch the Blood Grouping Test for the entire population, and also introduced various public education initiatives on emergency preparedness for schools and community groups and at workplaces.

In the area of social involvement, he currently holds appointments in a number of government boards and associations such as the National Community

Leadership Institute Board, MDA Film Appeal Panel, Chinese Publishers Association, Singapore Government Staff Credit Co-operative and Business China. He has also been holding the posts of Chairman of Radin Mas Citizens' Consultative Committee and President of the Chinese Press Club for years.

Mr Lim has been appointed as a Justice of the Peace by the President of Singapore since 2005. Due to his outstanding contributions to the community, he was conferred a number of national awards including the Public Service Star (Bar) in 2012.

Mr Lim holds a degree in Fire Engineering (UK) and has also obtained various professional qualifications in fields such as Business Management, Public Relations, Publishing Works and China Law.

### **Sam Chong Keen**

Lead Independent and Non-Executive Director

Mr Sam Chong Keen was first appointed Independent Non-Executive Director on 5 December 2001. Since then, he has served the Group as Chief Executive Officer from 2006 to 2008 and as Non-Executive Chairman from 2014 to 2015. Mr Sam was appointed the Lead Independent Director on 9 July 2015.

Mr Sam has a wealth of management experience, having held senior/CEO positions in the Singapore Government Administrative Service, National Trades Union Congress, Intraco Ltd, Comfort Group Ltd, VICOM Ltd, Lion Asiapac Ltd, Lion Teck Chiang Ltd, Jade Technologies Holdings Ltd and Sino-Environment Technology Group Limited.

Mr Sam was the Political Secretary to the Minister for Education from 1988 to 1991. He has served on various government boards and committees, including the Central Provident Fund Board and the National Cooperative Federation.

Mr Sam holds a Bachelor of Arts (Honours) in Engineering Science & Economics and a Master of Arts from University of Oxford, as well as a Diploma from the Institute of Marketing, United Kingdom.

### **Darlington Tseng Te-Lin**

Non-Executive Director

Mr Darlington Tseng has been serving as Non-Independent and Non-Executive Director since 4 July 2014. Previously, he served as its Executive Director from 1 March 2008 to 1 June 2014. He joined the Company on 2 July 2007 as Director of Business Development for Greater China.

Before joining A-Smart, Mr Tseng held a senior executive position at BASF Taiwan Ltd, from 2005 to 2007. He gained extensive knowledge of the region's business climate during his tenure with BASF's regional business unit, where he collected vast market analyses and formulated strong marketing

strategies. Between 1998 and 2002, Mr. Tseng worked in the chemical industry for AGI Corporation based in Taiwan where he was responsible for the company's overseas markets and successfully set up the company's Mexico manufacturing plant producing specialty varnish for the printing/ coating industry. Mr. Tseng is currently the Operation Director of a Taiwan-based company that specializes in repair solutions and services to computer, communication and consumer electronic products.

Mr Tseng graduated from Peking University, with a Masters of Business Administration.

### **Chu Hongtao**

Independent Non-Executive Director

Ms Chu Hongtao was appointed Independent Non-Executive Director on 9 July 2015. She chairs the Audit Committee, the Nominating and the Remuneration Committees.

Ms Chu has more than 20 years of accounting, investment and financial management experience – having previously served as the Financial Controller of Yunnan Province Kunming Bao Shan Hotel and currently the Chief Financial Officer of Yunnan De Yi Hao Equity Management Co., Ltd.

Ms Chu possesses strong knowledge in finance, taxation and investment management and she is also well-versed in financial laws. She graduated from Dongbei University with a degree in Accountancy, and subsequently obtained an MBA from the Business and Tourism School of the Yunnan University in 2013.

### **Kenneth Loo**

Non-Executive Director

Mr Kenneth Loo was appointed Non- Executive Director on 2 August 2017.

Mr Loo has more than 24 years of experience in the property development and construction industry. He was appointed as the Director of Straits Construction Group Pte Ltd (SC Group) in 2008 and subsequently, as Executive Director and Chief Operating Officer of SC Group in September 2014.

Mr Loo also holds various appointments in government agencies which include the President of the Singapore Contractors Association Ltd and Member of the Building and Construction Authority Board. He is a council member of National Crime Prevention Council (NCPC), a member of the Singapore Business Federation (SBF) Small and Medium Enterprises (SME) Committee and Infrastructure Committee (IC). He is also a member of the Future Economy Council (FEC).

Mr Loo graduated with a Bachelor of Engineering (Civil) from the University of New South Wales in 1990 and has a MBA in Technology Management from Deakin University Australia/APESMA.

# KEY MANAGEMENT

## **Ronnie Yo**

Group Financial Controller, A-Smart Holdings Ltd.

Mr Yo has been Group Financial Controller of the A-Smart Group since April 2015, a position he previously held from 2008 to 2010. He has overall responsibility for the finance, accounting, treasury, taxation and other compliance matters of the group.

Mr Yo has worked in the group finance functions of companies listed on the mainboard of the SGX-ST since 2003, after he left the public accounting profession.

He holds a qualification from the Association of Chartered Certified Accountants and a Master degree in Accounting & Finance from a UK University and is a fellow of the Institute of Singapore Chartered Accountants.

## **Eleanor Fong Sau Kwan**

Executive Director, Xpress Print (Pte) Ltd

Ms Fong joined the Group in March 1992 and was appointed the Executive Director of Xpress Print (Pte) Ltd. She also served as an Executive Director for Xpress Holdings Ltd between 5 December 2001 and 26 February 2007. She brings to the Group concrete strengths in international relations and management expertise. Ms Fong's current responsibilities involve developing the Group's regional clientele, as well as overseeing the activities of the sales and marketing department.

## **Foong Sow Peng**

Operations Director, Xpress Print Pte Ltd

Ms Foong joined the Group in April 1995 and was appointed Operations Director of Xpress Print (Pte) Ltd. She is trained in factory management and holds a Diploma in Production Engineering from the Singapore Polytechnic. With over 30 years of experience in multinational corporations, Ms Foong is responsible for the Group's printing operations and publishing activities.

# CORPORATE GOVERNANCE REPORT

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A-Smart Holdings Ltd. (“**Company**”) and its subsidiaries (collectively “**Group**”) are committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders’ interests and enhancement of long term shareholders’ value are met.

This report outlines the Group’s main corporate governance practices with specific reference made to the Code of Corporate Governance 2012 (“**Code**”) that were in place throughout the financial year or which will be implemented and where appropriate, we have provided explanations for deviation from the Code.

## **BOARD MATTERS**

### **The Board’s Conduct of its Affairs**

***Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

The Board of Directors (“**Board**”) comprises six Directors of whom one is an Executive Director, three are Non-Executive Directors and two are Independent Directors. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include:

- Provides entrepreneurial leadership and sets the overall strategy and direction of the Group;
- Reviewing and overseeing the management of the Group’s business affairs, financial controls, performance and resource allocation;
- Approving the Group’s strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- Oversee the processes of risk management, financial reporting and compliance and evaluate the adequacy of internal controls;
- Approving the release of the Group’s quarterly and full-year financial results, related party transactions of material nature and the submission of the relevant checklists to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”);
- Appointing Directors and key management staff, including the review of performance and remuneration packages; and
- Assumes the responsibilities for corporate governance.

# CORPORATE GOVERNANCE REPORT

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company. To ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has established three Board Committees, namely, the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively “**Board Committees**”), which would make recommendations to the Board. These Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

The Board meets regularly. During the financial year ended 31 July 2018 (“**FY2018**”), the Board held a total of 4 Board meetings. Ad-hoc meetings are convened when circumstances require. The Company’s Constitution (“**Constitution**”) provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction.

The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings for FY2018 are disclosed in the table reflected below:

Name of Director	Board		AC		RC		NC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ma Weidong	4	4	4	4*	1	1	1	1
Lim Huan Chiang	4	4	4	4*	1	1*	1	1*
Darlington Tseng Te-Lin	4	3	4	4	1	0	1	0
Sam Chong Keen	4	4	4	4	1	1	1	1
Chu Hongtao	4	4	4	4	1	1	1	1
Kenneth Loo <sup>(1)</sup>	4	4	4	4*	1	1*	1	1*

\*By invitation

Note:

(1) Mr. Kenneth Loo was appointed as the Non-Executive Director on 2 August 2017.

# CORPORATE GOVERNANCE REPORT

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The Board has adopted a set of internal guidelines setting forth matters that requires the Board's approval. Matters which are specifically reserved for the Board's decision are those involving significant acquisition, disposals and financing proposals, reviewing and approving the Group's corporate policies, monitoring the performance of the Group and transactions relating to investment, financing and legal and corporate secretarial. The Management understands that these matters require approval from the Board. The Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Company. Directors are required to act in good faith and discharge their fiduciary duties and responsibilities in the interest of the Company at all times.

The Directors are also updated regularly with changes to the SGX-ST listing rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary would inform the Directors of upcoming conferences and seminars that are relevant to their roles as Directors of the Company. Annually, the external auditors ("**EA**") update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Company conducts comprehensive orientation programs for new Directors to familiarise themselves with the Company's structure and organisation, businesses and governance policies. The aim of the orientation program is to give Directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. All Directors who have no prior experience as Director of a listed company will undergo intensive training and briefing on the roles and responsibilities as Director of a listed company.

New Directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that affect the Company and/or the Directors in discharging their duties.

The Company has adopted a policy where Directors are encouraged to make enquiries on any aspects of the Company's operations or business issues from the Management. The Chairman or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations required.

Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the business operations.

A formal letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

# CORPORATE GOVERNANCE REPORT

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## BOARD COMPOSITION AND GUIDANCE

***Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

As of the date of this report, the Board comprises the following Directors:

Name of Director	Position held on the Board	AC	NC	RC
Ma Weidong	Non-Executive Chairman	-	Member	Member
Lim Huan Chiang	Executive Director and Chief Executive Officer (“CEO”)	-	-	-
Kenneth Loo <sup>(1)</sup>	Non-Executive Director	-	-	-
Darlington Tseng Te-Lin	Non-Executive Director	Member	-	-
Sam Chong Keen	Lead Independent Director	Member	Member	Member
Chu Hongtao	Independent Director	Chairman	Chairman	Chairman

(1) Mr. Kenneth Loo was appointed as the Non-Executive Director on 2 August 2017.

The NC and the Board has adopted the Code's criteria of an Independent Director in their review and are of the view that all Independent Directors have satisfied the criteria of independence. There is a strong and independent element as the Independent Directors make up one-third of the Board. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decision without any individual influencing or dominate the decision making process.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself taking into account the scope and nature of the Company's operations. The composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board. Together, the Directors as a group provide core competencies in business, investment, legal, audit, accounting and tax matters.

The profiles of the Board are set out in pages 6 to 7.

The Non-Executive Directors and Independent Directors participate actively during Board meetings. In addition to providing constructive advice to the Management on pertinent issues affecting the affairs and business of the Group, they also review the Management's performance in meeting goals and objectives of the Group's business segments. The Company has benefited from the Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Non-Executive Directors and Independent Directors communicate amongst themselves and with the Company's auditors and senior management. Where necessary, the Company co-ordinates informal meetings for Non-Executive Directors and Independent Directors to meet without the presence of the Management.

# CORPORATE GOVERNANCE REPORT

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## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

***Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

The Company practices a clear division of responsibilities between the Chairman and CEO.

Mr. Ma Weidong is the Non-Executive Chairman while Mr. Lim Huan Chiang is the CEO. The CEO is responsible for the overall implementation and management of the Group's day-to-day operations, business strategies and direction and corporate plans and policies.

The Chairman ensures that Board members are provided with complete, adequate and timely information. The Chairman ensures that procedures are introduced to comply with the Code and ensures effective communications within the Board and with the shareholders.

The responsibilities of the Chairman include:

- Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;
- Ensuring the Group's compliance with the Code; and
- Acting in the best interest of the Group and of the shareholders.

The Company Secretary may be called to assist the Chairman in any of the above.

All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

The Board had appointed Mr. Sam Chong Keen as the Lead Independent Director with effect from 29 November 2013 to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the main liaison on Board issues. He is available to shareholders where they have concerns which contact through the normal channels of the Chairman, the CEO or the Group Financial Controller has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, where necessary and feedback would be provided after such meetings.

# CORPORATE GOVERNANCE REPORT

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## BOARD MEMBERSHIP

***Principle 4: There should be a formal and transparent process for the appointment and reappointment of directors to the Board.***

The NC comprises the following members:

### **Nominating Committee**

Ms. Chu Hongtao (Chairman)

Mr. Sam Chong Keen

Mr. Ma Weidong

The NC has adopted written terms of reference defining its membership, administration and duties. Some of the duties and responsibilities of the NC include:

- to make recommendations to the Board on all Board appointments having regard to the Director's contribution and performance;
- determining annually whether or not a Director is independent; and
- deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations.

The NC makes recommendations to the Board on the matters relating to:

- Appointment and re-appointment of Directors;
- Appointment of Chairman and CEO;
- The effectiveness of the Board as a whole; and
- The NC shall have the right to appoint such consultants as it deems necessary during a search for new Directors.

The NC meets at least once a year. Pursuant to the Company's Constitution, one-third of the Board is required to retire by rotation at every AGM. Directors who retire are eligible to offer themselves for re- election.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's regulation requires one-third of the Board to retire and submit themselves for re-election by shareholders at each Annual General Meeting ("**AGM**"). In addition, the Company's Constitution provides that every new Director must retire and submit themselves for re- election at the next AGM of the Company following his appointment during the year.

# CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of each Director are set out below:

<b>Name of Director</b>	<b>Position held on the Board</b>	<b>Date of first to the Board appointment</b>	<b>Date of last re-election as Director</b>
Ma Weidong	Non-Executive Chairman	9 July 2015	30 November 2016
Lim Huan Chiang	Executive Director and CEO	26 October 2015	22 January 2016
Kenneth Loo	Non-Executive Director	2 August 2017	30 November 2017
Darlington Tseng Te-Lin	Non-Executive Director	1 March 2008	30 November 2017
Sam Chong Keen <sup>(1)</sup>	Lead Independent Director	5 December 2001	30 November 2016
Chu Hongtao	Independent Director	9 July 2015	30 November 2017

Notes:

- (1) Mr. Sam Chong Keen was first appointed as an Independent and Non-Executive Director on 5 December 2001 and re-designated as Executive Director and CEO on 16 February 2006. Mr. Sam Chong Keen was re-appointed as Non-Executive and Non-Independent Director on 2008 and re-designated as Independent and Non-Executive Director on 30 November 2012. He was appointed as the Lead Independent Director and Non-Executive Chairman on 29 November 2013 and 19 September 2014 respectively and relinquished his position as Non-Executive Chairman on 9 July 2015.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.

The Company has in place, policies and procedures for the appointment of new Directors, including the description on the search and nomination procedures. Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his re-nomination as a Director.

The NC has recommended to the Board that Mr. Lim Huan Chiang, and Mr. Sam Chong Keen, who are retiring at the forthcoming AGM be nominated for re-election at the forthcoming AGM. The Board had accepted the recommendation and the retiring Directors will be offering themselves for re-election.

There is no alternate director being appointed to the Board during the financial year under review.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and are able to exercise judgement on the corporate affairs of the Group and independent of the Management.

The key information regarding Directors, such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out in pages 6, 7 and 29 of the Annual Report.

# CORPORATE GOVERNANCE REPORT

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## BOARD PERFORMANCE

***Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.***

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the Board Committees to assess each Director's contribution to the Board's effectiveness. During FY2018, all Directors are requested to complete the individual Director, Board and Board Committees evaluation questionnaires designed to seek their view on the various aspects of the Board's performance so as to assess the overall effectiveness of the Board. No external facilitator was used during the evaluation process in FY2018.

The responses are collated and reviewed by the NC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively. The appraisal process focuses on a set of performance criteria which include the evaluation of the size and composition of the Board, the Board's access to information, Board process and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct. Following the review, the NC is of the view that the Board and Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board for FY2018.

## ACCESS TO INFORMATION

***Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

The Management provides the Board with adequate and timely information as well as a review of the Group's performance prior to the Board meetings. All Directors have separate and independent access to the Group's senior management and Company Secretary, should they have any queries on the affairs of the Group. Independent Directors and Non-Executive Directors can and do visit various operational sites often with little warning. Independent Directors have spoken to selected customers, suppliers and middle management staff. Independent Directors also meet the professional advisers of the Company both with and without Management.

Should the Directors, whether as a group or individually, require independent professional advice, the Company will bear the expenses incurred if such advice is required to enable the Directors to discharge their duties professionally.

Prior to each Board and Board Committees meeting, notice of meeting is issued to the Board and Board Committees members containing information on the agenda and documents to be reviewed. The Company Secretary or her representative administers and attends all Board and Board Committees meetings and is responsible for ensuring the Board procedures are followed and that applicable rules and regulations (in particular the Companies Act, Chapter 50 and the Listing Rules of the SGX-ST) are complied with. The appointment and removal of the Company Secretary is subject to the approval of the Board.

# CORPORATE GOVERNANCE REPORT

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## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

***Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management executives.

The RC comprises the following members:

#### Remuneration Committee

Ms. Chu Hongtao (Chairman)

Mr. Sam Chong Keen

Mr. Ma Weidong

A majority of the RC comprised of independent directors. In discharging their duties, the members have access to advice from the internal human resources personnel, and if required, advice from external experts.

The RC recommends to the Board a framework for the remuneration for the Board and key executives and to determine specific remuneration packages for each Executive Director which is based on transparency and accountability.

The RC has adopted written terms of reference defining its membership, administration and duties. The duties and responsibilities of the RC include:

- recommending to the Board of Directors, in consultation with the Chairman of the Board, for endorsement, a comprehensive framework of remuneration for the Board and key executives of the Group;
- recommending specific remuneration packages for each of the Directors and key executives which should cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- reviewing and recommending to the Board the terms of renewal of service contracts of Directors;
- administering the share incentive plans of the Company, if any;
- appointing or retaining such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties hereunder satisfactory; and
- considering the various disclosure requirements for Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

# CORPORATE GOVERNANCE REPORT

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The RC recommends, in consultation with the Chairman of the Board, a framework of remuneration policies for key executives and Directors serving on the Board and Board Committees and determines specifically the remuneration package for each Executive Director of the Company. The RC covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses and incentives.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. No Director is involved in deciding his own remuneration.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

In reviewing the service agreements of the Executive Directors and key executives of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

The Company does not have a share option scheme.

## **Level and Mix of Remuneration**

***Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.***

In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry as well the Group's relative performance and the performance of its individual Directors.

The Independent Directors and Non-Executive Directors are paid Directors' fees taking into account factors such as the effort and time spent and the scope of responsibilities of the Directors. The Independent Directors and Non-Executive Directors shall not be over-compensated to the extent that their independence may be compromised. Directors' fees are endorsed by the RC and recommended by the Board for approval at the Company's AGM.

The Executive Directors do not receive Directors' fees. The remuneration packages of the Executive Directors and the key management personnel comprises primarily a basic salary component and a variable component which is the bonuses and other benefits.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

# CORPORATE GOVERNANCE REPORT

## DISCLOSURE ON REMUNERATION

**Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

Breakdown of Directors' remuneration for FY2018:

Names	Salary	Bonus	Directors' Fees	Total
	(%)	(%)	(%)	(%)
<b>S\$250,000 to S\$500,000</b>				
Lim Huan Chiang	100	-	-	100
<b>Below S\$250,000</b>				
Ma Weidong <sup>(1)</sup>	-	-	-	-
Chu Hongtao	-	-	100	100
Sam Chong Keen	-	-	100	100
Darlington Tseng Te-Lin	-	-	100	100
Kenneth Loo <sup>(2)</sup>	-	-	100	100

(1) Mr. Ma Weidong has waived his director fee entitlement for FY 2018, a gesture of goodwill which he has given to the Company since the first year of his appointment as Chairman of the Board.

(2) Mr. Kenneth Loo was appointed as the Non-Executive Director on 2 August 2017.

During FY2018, the Company has identified four key management personnel. Remuneration of top four key management personnel (who are not directors) identified by the Company for FY2018:

	Salary	Bonus	Allowances and Other Benefits	Total
	(%)	(%)	(%)	(%)
<b>Below S\$250,000</b>				
Yo Ngan Kia	100	-	-	100
Foong Sow Peng	100	-	-	100
Fong Sau Kwan	100	-	-	100
Wong Yu Han <sup>(1)</sup>	100	-	-	100

(1) Mr. Wong Yu Han resigned as Chief Operating Officer of the Group on 21 September 2018.

# CORPORATE GOVERNANCE REPORT

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The aggregate total remuneration of the top four Key Management Personnel (who are not Directors or the CEO) amounted to S\$613,777. In FY2018, there were no terminations, retirement or post-employment benefits granted to Directors and Relevant Key Management Personnel.

Given the highly competitive industry conditions the Group operates in and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the remuneration of the Directors and top four key management personnel (who are not directors) of the Group is only set out in bands of S\$250,000 and above. The profiles of the top three key management personnel are found on page 8.

## **Immediate Family Member of Directors or Substantial Shareholders**

There were no employees who are immediate family members of directors or substantial shareholders whose remuneration exceeds S\$50,000 in the Company's employment during FY2018.

## **ACCOUNTABILITY AND AUDIT**

### **Accountability**

***Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

One of the Board's principal duties is to enhance and protect the long-term value and returns to the shareholders of the Company. The accountability of the Board to the shareholders is demonstrated through the presentation of the periodic financial statements, including powerpoint presentations, as well as the timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Management presents to the AC the interim and full-year results. The AC reviews the results and recommends them to the Board for approval. The Board approves the results and authorizes the release of the results to the SGX-ST and the public via SGXNet as required by SGX-ST Listing Manual.

In line with the requirements of SGX-ST, negative assurance confirmations on interim financial results were issued by the Board confirming that to the best of its knowledge, nothing had come to the attention of the Board which may render the Company's quarterly results to be false or misleading in any material aspect.

The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

# CORPORATE GOVERNANCE REPORT

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## Risk Management and Internal Controls

***Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board is responsible for the overall internal control framework but acknowledges that no cost effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The controls in place provide that the assets are safe, regardless of operational, information technology risks and business risks are suitably addressed and proper accounting records are maintained. The AC has reviewed the effectiveness of the internal control system put in place by the management and is satisfied that there are adequate internal controls in the Company.

As the Group does not have a risk management committee, the Board and Management assume the responsibility of the risk management function. The Management is responsible for designing, implementing and monitoring the risk management and internal control systems. Management reviews regularly the Group's business and operational activities to identify areas of significant policies and procedures and highlights significant matters to the Board and the AC.

In evaluating a new investment proposal or business opportunity, the Management and Board takes into consideration various factors before making a decision. These factors, which are essentially designed to ensure that the rate of returns commensurate with the risk exposure taken, including evaluating (i) return on investment; (ii) the pay-back period; (iii) cash flow generated from the operation; (iv) potential for growth; (v) investment climate; and (vi) political stability.

The Board has received the assurance from the CEO and Group Financial Controller and the Management of the business units in relation to the financial information for the year. Material associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement. The Board has also obtained a written confirmation from the CEO and Group Financial Controller that:

- (a) The financial records have been properly maintained and the financial statements for the FY2018 give a true and fair view in all material respects, of the Company's operations and finances; and
- (b) The Group's internal control and risk management systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, and the statutory audit conducted by the external auditors, and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the Group's risk management systems and internal controls are adequate and effective in addressing the financial, operational, compliance and information technology control risks of the Group as at 31 July 2018.

# CORPORATE GOVERNANCE REPORT

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## **Audit Committee**

***Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.***

The AC comprises the following members:

### **Audit Committee**

Ms. Chu Hongtao (Chairman)

Mr. Sam Chong Keen

Mr. Darlington Tseng Te-Lin

The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experiences to discharge the AC's function.

The AC comprise of members who have sufficient experience in finance and business fields.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control.

The AC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the AC include:

- review with external auditors the audit plan, their evaluation of the Group's system of internal accounting controls, their letter to Management and Management's responses;
- review the interim and annual financial statements and statement of Financial Position and income statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;
- review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the auditors also provide a substantial volume of non-audit services to the Company, the AC would keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- review the internal control procedures and ensure co-ordination between the external auditors and Management, and review the assistance given by our Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss in the absence of our Management at least annually;
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response;
- consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

# CORPORATE GOVERNANCE REPORT

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- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- review potential conflicts of interest, if any;
- undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- Generally undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, or by such amendments as may be made thereto from time to time.

The AC has the explicit authority to investigate any matter within its terms of reference and full access to and cooperation by the Group's Management. It has the discretion to invite any Director or member of the Group's Management to its meetings. The AC has been given reasonable resources to enable it to discharge its functions properly.

Where, by virtue of any vacancy in the membership of the AC for any reason, the number of members is reduced to less than 3, the Board shall, within 3 months thereafter, appoint such number of new members to the AC.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

The AC meets with the external auditors, Nexia TS Public Accounting Corporation ("**Nexia**"), separately without the presence of the Management and has reviewed all non-audit services provided by the external auditors to the Group. For the financial year under review, there were no fees paid/payable to the external auditors for non-audit services for FY2018. Audit fees paid/ payable to the external auditors of the Company amounted to S\$110,000 for FY2018 (2017: S\$118,000).

In line with the recommendations by ACRA, Monetary Authority of Singapore and the SGX-ST that the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key audit matters ("**KAM**"), the AC together with the Management had considered the KAM presented by the EA. The AC reviewed the KAM and concurred and agreed with the EA and Management on their assessment, judgements and estimates on the KAM reported by the EA.

The AC has also reviewed and confirmed that Nexia is a suitable firm to meet the Company's audit obligations having regard to the adequacy of resources and experience of the firm and the assigned audit engagement partner, Nexia's other audit engagements, size and complexity of the A-Smart Group, member and experience of supervisory and professional staff assigned to the audit. Accordingly, the AC has recommended to the Board the re-appointment of Nexia, as external auditors for the financial year ending 31 July 2019 at the forthcoming AGM of the Company. Therefore, the Company has complied with Rule 712 of the SGX-ST Listing Manual.

The Group has complied with Rule 715 of the Listing Manual of the SGX-ST in relation to its auditing firms. Nexia has been engaged to audit the accounts of the Company and all its Singapore incorporated subsidiaries. The Group does not currently have any significant foreign-incorporated subsidiary and the financial statements of one foreign-incorporated subsidiary which is not considered significant to the Group was audited by a local audit firm in Australia.

# CORPORATE GOVERNANCE REPORT

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## **Whistle blowing policy**

In accordance with the Code, the AC has in place a whistle-blowing policy to provide arrangements whereby concerns on financial improprieties or other matters raised by whistle-blowers may be investigated and appropriate follow up action taken. Under such whistle-blowing procedures, employees are free to submit complaints confidentially or anonymously to the Chairman of the AC who was well known to many employees and easily accessible. All complaints are to be treated as confidential and are to be brought to the attention of the AC. Assessment, investigation and evaluation of complaints are conducted by or at the direction of the AC. If it deems appropriate, independent advisors are engaged at the Group's expense. Following investigation and evaluation of a complaint, the AC will then decide on recommended disciplinary or remedial action, if any. The action so determined by the AC to be appropriate shall then be brought to the Board or to the appropriate senior executive staff for authorisation or implementation respectively.

As of to-date, there were no reports received through the whistle-blowing mechanism.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

## **Internal Audit**

***Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.***

The Board supports the need of an internal audit function that is adequately resourced and independent of the activities it audits to maintain an effective internal controls system and processes. The internal audit team is expected to meet the professional standards for internal auditing set by nationally or internationally recognized professional bodies.

The Group has outsourced the internal audit function of the Group to TRS Forensics Pte Ltd ("**Internal Auditors**"). The Internal Auditors are to conduct regular audit of internal control systems of the Group's companies, recommend necessary improvements and enhancements, and report independently to the AC.

The AC examines the effectiveness of the Group's internal control systems. The assurance mechanisms operating are supplemented by the Internal Auditors' reviews of the effectiveness of the Group's material internal controls, including financial, operational and compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC reviews the effectiveness of the actions taken by the Management on the recommendations made by the Internal Auditors in this respect.

The Internal Auditors perform the annual internal audit planning in consultation with, but independent of the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC also reviews and approves the hiring, removal and evaluates its outsourced Internal Auditors. They are provided with unfettered access to the Group's properties, information and records and perform their reviews in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

# CORPORATE GOVERNANCE REPORT

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The AC has reviewed the effectiveness of the Internal Auditors and is satisfied that the Internal Auditors is adequately resourced and independent of the activities that they audit. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The AC also reviews, at least annually, the adequacy and effectiveness of the internal audit function.

## COMMUNICATION WITH SHAREHOLDERS

### SHAREHOLDER RIGHTS

***Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. The shareholders are also informed on the procedures for the poll voting at general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's current Constitution does not include the nominee or custodial services to appoint more than two proxies.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

***Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is mainly made through:-

- Annual report that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;

# CORPORATE GOVERNANCE REPORT

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- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings (“EGMs”). The notice of AGM and EGM are also advertised in a national newspaper;

The Company’s website at [www.a-smart.sg](http://www.a-smart.sg) at which our shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group.

Through providing reliable and timely information, the Company aims to strengthen the relationship with its shareholders based on trust and accessibility. The Company engages an external investor relations (IR) consultant to assist on facilitating the communications with all stakeholders – shareholders, analysts and media – attending to their queries or concerns, as well as keeping the investors and the public apprised of the Group’s corporate developments and financial performance.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, either before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the close of the financial year.

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group’s profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. Dividends were not declared for FY2018 in order to conserve cash for future expansion of the Group’s businesses.

## **CONDUCT OF SHAREHOLDER MEETING**

***Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

The shareholders are encouraged to attend the Company’s general meetings to ensure a high level of accountability and to stay informed of the Group’s strategies and growth plans. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

All Directors, including the Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the EA are present to assist the Board in addressing any relevant queries raised by the shareholders.

# CORPORATE GOVERNANCE REPORT

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The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Listing Rules and the Code where all resolutions at the Company's general meetings held on or after 1 August 2015 are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings. Due to costs considerations, the voting of the resolutions at the Company's general meetings is conducted by manual polling. The detailed results of each resolution are announced via SGXNet after the general meetings.

## **DEALINGS IN SECURITIES**

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Company had adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial results and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price sensitive information and they are not to deal in the Company's securities on short-term considerations.

## **RISK MANAGEMENT**

The Company is continually reviewing and improving the business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions.

## **MATERIAL CONTRACTS**

There were no material contracts of the Company and its subsidiaries involving the interests of the CEO, the Director or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## **INTERESTED PERSON TRANSACTIONS**

The Company has adopted an interested person transaction policy which specifies that all interested person transactions ("IPT") with an interested person, as defined in the policy, will be at arm's length and on terms generally available to an unaffiliated third party under the same or similar circumstances.

There were no IPT between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for FY2018.

# CORPORATE GOVERNANCE REPORT

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## USE OF PROCEEDS

- (a) On 21 October 2016, the Company received net proceeds of S\$3.95 million from the Share Placement of 5,714,282 shares. As at 31 July 2018, the net proceeds that have been utilised are as follows:

	<b>Use of Proceeds From Share Placement (S\$'000)</b>
<b>Net proceeds received</b>	<b>3,948</b>
<u>Less:</u>	
Investment in newly incorporated subsidiaries	<b>293</b>
Working capital requirements	<b>2,238</b>
- Long and outstanding trade and other payables	396
- Corporate expenses (legal, professional and compliance fees)	642
- Purchase of plant and equipment	335
- Purchase of inventories	280
- Outstanding staff salaries	462
- Directors' fees	123
Balance proceeds as at 31 July 2018	<b>1,417</b>

- (b) On 9 January 2018, the Company further received net proceeds of S\$4.94 million from a Share Placement of 7,150,000 shares. To-date, the net proceeds from the Share Placement on 9 January 2018 have not been utilised.

# CORPORATE GOVERNANCE REPORT

## PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorship Date First Appointed	Date of Last Re-election	Directorships in Other Listed Companies and Other Major Appointments	Past Directorships in Other Listed Companies and Other Major Appointments Over the Preceding 3 Years
Mr. Sam Chong Keen	Lead Independent Director	Board Member, Member of Audit Committee, Member of Nominating Committee and Member of Remuneration Committee	5 December 2001	30 November 2016	<ul style="list-style-type: none"> <li>Stamford Tyres Corporation Ltd</li> <li>Lion Asiapac Ltd</li> </ul>	-
Mr. Darlington Tseng Te-Lin	Non-Executive Director	Board Member and Member of Audit Committee	1 March 2008	30 November 2017	-	-
Mr. Ma Weidong	Non-Executive Chairman <sup>(1)</sup>	Board Member, Member of Nominating Committee and Member of Remuneration Committee	9 July 2015	30 November 2016	<ul style="list-style-type: none"> <li>Kunming Tianlongrun Sugar, Tobacco and Wine Co., Ltd</li> <li>Kunming Luchen Group Co., Ltd</li> </ul>	-
Ms. Chu Hongtao	Independent Director	Board Member, Chairman of Audit Committee, Chairman of Nominating Committee and Chairman of Remuneration Committee	9 July 2015	30 November 2017	-	-
Mr. Lim Huan Chiang	Executive Director and Chief Executive Officer	Board Member	26 October 2015	22 January 2016	-	-
Mr. Kenneth Loo	Non-Executive Director	Board Member	2 August 2017	30 November 2017	<ul style="list-style-type: none"> <li>Straits Construction Pte Ltd</li> </ul>	-

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# DIRECTORS' STATEMENT

For the financial year ended 31 July 2018

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The directors present their statement to the members together with the audited financial statements of A-Smart Holdings Ltd. (the “Company”) and its subsidiary corporations (the “Group”) for the financial year ended 31 July 2018 and the statement of financial position of the Company as at 31 July 2018.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages F-10 to F-58 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 July 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## **DIRECTORS**

The directors of the Company in office at the date of this statement are as follows:

Ma Weidong  
Lim Huan Chiang  
Chu Hongtao  
Sam Chong Keen  
Darlington Tseng Te-Lin  
Kenneth Loo (appointed on 2 August 2017)

## **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed below.

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2018

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Shareholdings registered in the name of the directors or their nominees			Shareholdings in which the directors are deemed to have an interest		
	At 1.8.17 or date of appointment, if later	At 31.7.18	At 21.8.18	At 1.8.17 or date of appointment, if later	At 31.7.18	At 21.8.18
<u>The Company</u>						
(No. of ordinary shares)						
Ma Weidong	45,714,000	45,714,000	45,714,000	353,000	353,000	353,000
Lim Huan Chiang	725,000	725,000	725,000	-	-	-
Darlington Tseng Te-Lin	278,825	278,825	278,825	-	-	-

- (b) By virtue of Section 7 of the Singapore Companies Act (Chapter 50), Mr Ma Weidong with the above shareholdings is deemed to have an interest in the shares of all the subsidiary corporations of the Group.

## SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

## AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following non-executive directors:

Chu Hongtao (Chairman)  
Sam Chong Keen  
Darlington Tseng Te-Lin

The AC performs the functions specified by section 201B(5) of the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

These members of the AC have had many years of experience in senior management positions in both the financial and industrial sectors. They have sufficient financial management expertise and experience to discharge the AC's functions.

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2018

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## **AUDIT COMMITTEE (CONT'D)**

The AC meets at least four times a year to perform the following key functions:

- recommends to the Board of Directors the independent auditor to be nominated, approves the compensation of the independent auditor, and reviews the scope and results of the audit, and its cost-effectiveness;
- reviews the terms and reference of other committees, the system of internal accounting and financial controls by management and the overall scope of independent auditor as well as the significant risk exposures that exist for the Group and assess the steps taken by management to minimise such risks to the Group;
- reviews the independent auditor's findings of the annual audit;
- reviews with management annually:
  - significant internal audit observations during the financial year and management's responses;
  - the effectiveness of the Group's internal controls over management, business and technology systems practices; and
  - any changes required in the planned scope of the audit plan and any difficulties encountered in the course of the audits;
- reviews legal and regulatory matters that may have a material impact on the financial statements, policies for the SGX listing rules, and programmes and reports received from regulators; and
- reports activities and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate.

The AC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be re-appointed as auditor at the forthcoming Annual General Meeting of the Company.

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2018

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## **INDEPENDENT AUDITOR**

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....  
**MA WEIDONG**

Director

.....  
**LIM HUAN CHIANG**

Director

9 November 2018

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD.

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## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of A-Smart Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 July 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages F-10 to F-58.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

(Refer to Notes 2.1 and 15 to the financial statements)

### Risk:

The Group generated total revenue of S\$7.2 million through print media services, smart technologies services and events management. Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer and tends not to have multiple deliverable elements. Due to the magnitude and significant volume of transactions, minor errors, could in aggregate, have a material impact on the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD.

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*Key Audit Matters (continued)*

Revenue recognition (continued)

Our response:

In obtaining sufficient audit evidence, we:

- Obtained an understanding and tested internal controls which addresses the occurrence, completeness and accuracy of revenue recorded;
- Performed substantive analytical review on major customers between current and prior financial year;
- Tested a sample of sales transactions to underlying invoices, delivery documents and cash receipts to validate their occurrence;
- Tested transactions occurring within proximity of financial year end and subsequent to financial year end, obtaining evidence to support the appropriate timing of revenue recognition based on delivery documents.

Our findings:

We have tested the business process controls of the revenue streams and did not observe any significant deficiency. We found the revenue recorded to be supported with sufficient and appropriate audit evidence. Disclosures in the financial statements are appropriate.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD.

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## *Responsibilities of Management and Directors for the Financial Statements (continued)*

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD.

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## *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Low See Lien.

## **Nexia TS Public Accounting Corporation**

*Public Accountants and Chartered Accountants*

Singapore

9 November 2018

# STATEMENTS OF FINANCIAL POSITION

As at 31 July 2018

	Note	Group		Company	
		2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Assets</b>					
<b>Non-current</b>					
Plant and equipment	3	1,714	1,814	75	124
Investments in subsidiary corporations	4	-	-	6,228	6,010
Investment in an associated company	5	1,289	1,377	-	-
		<b>3,003</b>	3,191	<b>6,303</b>	6,134
<b>Current</b>					
Amounts due from subsidiary corporations	6	-	-	4,324	3,717
Inventories	7	554	495	-	278
Trade receivables	8	1,300	1,090	11	-
Other receivables	8	1,759	1,928	1,313	1,527
Cash and cash equivalents	9	7,202	3,665	5,609	2,071
		<b>10,815</b>	7,178	<b>11,257</b>	7,593
<b>Total assets</b>		<b>13,818</b>	10,369	<b>17,560</b>	13,727
<b>Equity</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	10	139,159	134,220	139,159	134,220
Reserves	11	(128,924)	(128,293)	(139,518)	(138,162)
		<b>10,235</b>	5,927	<b>(359)</b>	(3,942)
Non-controlling interests	4	118	115	-	-
Total equity		<b>10,353</b>	6,042	<b>(359)</b>	(3,942)
<b>Liabilities</b>					
<b>Non-current</b>					
Finance lease liabilities	12	569	869	10	42
		<b>569</b>	869	<b>10</b>	42
<b>Current</b>					
Amounts due to subsidiary corporations	6	-	-	17,156	16,862
Finance lease liabilities	12	415	522	33	33
Trade and other payables	13	2,460	2,914	720	732
Current income tax liabilities		21	22	-	-
		<b>2,896</b>	3,458	<b>17,909</b>	17,627
<b>Total liabilities</b>		<b>3,465</b>	4,327	<b>17,919</b>	17,669
<b>Total equity and liabilities</b>		<b>13,818</b>	10,369	<b>17,560</b>	13,727

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 July 2018

	Note	2018 S\$'000	2017 S\$'000
Revenue	15	7,220	7,874
Changes in inventories of raw materials and consumables		59	383
Raw materials and consumables used	7	(2,258)	(2,709)
Depreciation of plant and equipment	3	(327)	(300)
Other income	16(a)	173	120
Staff costs	16(b)	(3,627)	(3,607)
Other expenses	16(c)	(1,694)	(1,567)
Foreign currency (loss)/gain - net		(2)	2
Interest income	17(a)	4	-
Finance costs	17(b)	(68)	(65)
Share of loss of an associated company	5	(88)	-
(Loss)/Profit before taxation		(608)	131
Income tax credit	18	5	-
Net (loss)/profit		(603)	131
Attributable to:			
Equity holders of the Company		(606)	132
Non-controlling interests		3	(1)
		(603)	131
(Loss)/Earnings per share for (loss)/profit attributable to equity holders of the Company (cents)			
<b>Basic (loss)/earnings per share</b>	19	(0.52)	0.12
<b>Diluted (loss)/ earnings per share</b>	19	(0.39)	0.09

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 July 2018

	2018 S\$'000	2017 S\$'000
<b>Net (loss)/profit</b>	<b>(603)</b>	131
<b>Other comprehensive loss, net of tax</b>		
<b>Items that may be classified subsequently to profit or loss:</b>		
Translation differences relating to financial statements of foreign operations	<b>(3)</b>	31
Translation differences arising on monetary items forming part of net investments in foreign operations	<b>(22)</b>	(34)
Reclassification adjustment	-	(62)
<b>Other comprehensive loss</b>	<b>(25)</b>	(65)
<b>Total comprehensive (loss)/income</b>	<b>(628)</b>	66
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the Company	<b>(631)</b>	129
Non-controlling interests	<b>3</b>	(63)
	<b>(628)</b>	66

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2018

	Share capital S\$'000 Note 10	Currency translation reserve S\$'000 Note 11	Share option reserve S\$'000 Note 11	Accumulated losses S\$'000 Note 11	Total S\$'000	Non-controlling interests S\$'000 Note 4	Total equity S\$'000
At 1 August 2017	134,220	(85)	-	(128,208)	5,927	115	6,042
<b>Total comprehensive loss for the year</b>							
<i>Loss for the financial year</i>	-	-	-	(606)	(606)	3	(603)
<i>Other comprehensive loss</i>							
Translation differences arising from translation of foreign operations	-	(3)	-	-	(3)	-	(3)
Translation differences arising from monetary items forming part of net investments in foreign operations	-	(22)	-	-	(22)	-	(22)
<i>Total other comprehensive loss</i>	-	(25)	-	-	(25)	-	(25)
<b>Total comprehensive (loss)/income for the financial year</b>	-	(25)	-	(606)	(631)	3	(628)
<b>Transactions with owners of the Company, recognised directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Issuance of ordinary shares pursuant to share placement	5,005	-	-	-	5,005	-	5,005
Expenses on issuance of ordinary shares pursuant to share placement	(66)	-	-	-	(66)	-	(66)
<i>Total contributions by owners</i>	4,939	-	-	-	4,939	-	4,939
<b>At 31 July 2018</b>	139,159	(110)	-	(128,814)	10,235	118	10,353

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2018

	Share capital S\$'000 Note 10	Currency translation reserve S\$'000 Note 11	Share option reserve S\$'000 Note 11	Accumulated losses S\$'000 Note 11	Total S\$'000	Non-controlling interests S\$'000 Note 4	Total equity S\$'000
At 1 August 2016	130,301	(82)	57	(128,397)	1,879	178	2,057
<b>Total comprehensive income for the year</b>							
<i>Profit for the financial year</i>	-	-	-	132	132	(1)	131
<i>Other comprehensive income/(loss)</i>							
Translation differences arising from translation of foreign operations	-	31	-	-	31	-	31
Translation differences arising from monetary items forming part of net investments in foreign operations	-	(34)	-	-	(34)	-	(34)
Reclassification adjustment	-	-	-	-	-	(62)	(62)
<i>Total other comprehensive loss</i>	-	(3)	-	-	(3)	(62)	(65)
<b>Total comprehensive (loss)/income for the financial year</b>	-	(3)	-	132	129	(63)	66
<b>Transactions with owners of the Company, recognised directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Issuance of ordinary shares pursuant to share placement	3,970	-	-	-	3,970	-	3,970
Expenses on issuance of ordinary shares pursuant to share placement	(51)	-	-	-	(51)	-	(51)
Share Options lapsed	-	-	(57)	57	-	-	-
<i>Total contributions by owners</i>	3,919	-	(57)	57	3,919	-	3,919
<b>At 31 July 2017</b>	134,220	(85)	-	(128,208)	5,927	115	6,042

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 July 2018

	Note	2018 S\$'000	2017 S\$'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit before taxation		(608)	131
Adjustments for:			
Depreciation of plant and equipment	3	327	300
Plant and equipment written off	16(c)	56	-
Interest income	17(a)	(4)	-
Interest expense	17(b)	68	65
Share of loss of an associated company		88	-
		<b>(73)</b>	496
Changes in working capital:			
- Inventories		(59)	(383)
- Trade and other receivables		(41)	123
- Trade and other payables		(454)	(1,838)
Cash used in operations		<b>(627)</b>	(1,602)
Income tax refunded		-	-
<b>Cash flows used in operating activities</b>		<b>(627)</b>	(1,602)
<b>Cash flows from investing activities</b>			
Interest received		4	-
Purchase of plant and equipment	3	(154)	(157)
Payment for investment in associated company		-	(689)
<b>Cash flows used in investing activities</b>		<b>(150)</b>	(846)
<b>Cash flows from financing activities</b>			
Interest paid		(68)	(65)
Repayment of finance lease liabilities		(536)	(443)
Share issue expense	10	(66)	(81)
Proceeds from issuance of ordinary shares	10	5,005	4,000
<b>Cash flows generated from financing activities</b>		<b>4,335</b>	3,411
<b>Net increase in cash and cash equivalents</b>		<b>3,558</b>	963
Cash and cash equivalents at beginning of financial year		3,665	2,768
Effects of currency translation on cash and cash equivalents		(21)	(66)
<b>Cash and cash equivalents at end of financial year</b>	9	<b>7,202</b>	3,665

*Reconciliation of liabilities arising from financing activities*

	1 August 2017 S\$'000	Principal and interest payments S\$'000	Non-cash changes		31 July 2018 S\$'000
			Addition S\$'000	Interest expense S\$'000	
Finance lease liabilities	1,391	(604)	129	68	984

*The accompanying notes form an integral part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 CORPORATE INFORMATION

A-Smart Holdings Ltd. (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is No. 61 Tai Seng Avenue #03-03, Print Media Hub @ Paya Lebar iPark, Singapore 534167. The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiary corporations are set out in Note 4 to the financial statements.

## 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

### **Interpretations and amendments to published standards effective in 2018**

On 1 August 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

### **FRS 7 Statement of cash flows**

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the financial statements.

### **Critical accounting estimates, assumptions and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed as follows:

#### *Impairment of non-financial assets*

Plant and equipment and investments in subsidiary corporations and an associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### **Critical accounting estimates, assumptions and judgements (cont'd)**

#### Impairment of non-financial assets (cont'd)

The recoverable amounts of these assets and, where applicable, cash-generating units ("CGU"), have been determined based on higher of the fair value less costs to sell or value-in-use. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised in income statement for the differences.

Determining whether plant and equipment and investments in subsidiary corporations and an associated company are impaired requires an estimation of the value-in-use of these investments. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

No impairment losses were recognised for the financial year ended 31 July 2018 as management assessed that there were no indication that the carrying amount of plant and equipment and investments in subsidiary corporations and an associated company may not be recoverable.

The carrying amounts of plant and equipment and investment in subsidiary corporations and an associated company are disclosed in Note 3, Note 4 and Note 5 to the financial statements respectively.

#### Useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be within the range as indicated in the accounting policy for plant and equipment. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, leading to potential changes in future depreciation charges, impairment losses and/or write-offs. If the actual useful lives of these items of plant and equipment were to differ by 10% from management's estimates, the carrying amount of the plant and equipment would be an estimated S\$0.03 million (2017: S\$0.03 million) higher or lower.

#### Allowance for doubtful receivables

Allowance for doubtful receivables of the Group is based on an evaluation of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying amount of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

The carrying amount of trade and other receivables of the Group and the Company are disclosed in Note 8 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's and the Company's allowance for impairment will increase by S\$0.3 million (2017: S\$0.3 million) and S\$0.1 million (2017: S\$0.2 million) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### Critical accounting estimates and assumptions (cont'd)

#### Uncertain tax positions

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has unabsorbed tax losses, unabsorbed wear and tear allowances and unabsorbed investment allowance of approximately S\$0.9 million (2017: S\$0.8 million), Nil (2017: S\$1.7 million) and S\$1.5 million (2017: S\$1.5 million) respectively. These losses relate to subsidiary corporations that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiary corporations have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets.

## 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met.

Revenue from print media services and smart technologies product is recognised upon the transfer of risks and rewards of ownership of goods to the customer, and generally coincides with their delivery and acceptance by customers.

Events management income is recognised when the performances are completed. After the payment of taxes and other charges, the respective share of the net proceeds are remitted to the Group.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## **2 BASIS OF PREPARATION (CONT'D)**

### **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **Government grant**

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

#### **Group accounting**

##### **(a) Subsidiary corporations**

###### **(i) Consolidation**

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence on an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Group accounting (cont'd)

##### (a) Subsidiary corporations (cont'd)

###### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

###### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to income statement or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in income statement.

Please refer to the paragraph "Investments in subsidiary corporations and associated company", for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Group accounting (cont'd)

##### (b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

##### (c) Associated company

Associated company is entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

###### (i) Acquisitions

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

###### (ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in the associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **Investments in subsidiary corporations and associated company**

Investments in subsidiary corporations and associated company are carried at cost, less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in income statement.

#### **Currency translation**

##### Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company, and all values in the tables are rounded to the nearest thousand (S\$'000) as indicated.

##### Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in income statement. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to income statement, as part of the gain or loss on disposal.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Foreign currency (loss)/gain, net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Currency translation (cont'd)

##### Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates of the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to income statement on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

#### Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Machineries	10 years
Motor vehicles	6 years
Office equipment	3 to 10 years
Furniture and fittings	3 to 10 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in income statement when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Plant and equipment (cont'd)

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income statement when incurred.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in income statement.

#### Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the applicable variable selling expenses.

#### Impairment of non-financial assets

##### *Plant and equipment*

##### *Investments in subsidiary corporations and associated company*

Plant and equipment, and investments in subsidiary corporations and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **Loan and receivables**

*Trade receivables*

*Other receivables*

*Cash and cash equivalents*

Trade receivables, other receivables and cash and cash equivalents are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the reporting date, which are presented as non-current assets.

#### **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### **Financial guarantees**

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to income statement over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

#### Leases

(a) *When the Group is the lessee*

The Group leases motor vehicles and certain plant and machinery under finance leases and office, factories and warehouses under operating leases from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in income statement when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **Employee benefits**

Employee benefits are recognised as an expense unless the cost qualifies to be capitalised as an asset.

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### **Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

#### **Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income statement over the period of the borrowings using the effective interest method.

#### **Fair value estimation of financial assets and liabilities**

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

#### **Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Income taxes (cont'd)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board who makes strategic resources allocation decisions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 3 PLANT AND EQUIPMENT

<b>Group</b>	Machineries S\$'000	Motor vehicles S\$'000	Office equipment S\$'000	Furniture and fittings S\$'000	Total S\$'000
<b>Cost</b>					
At 1 August 2016	9,128	392	7,228	570	17,318
Currency translation differences	-	-	4	-	4
Additions	62	78	2	15	157
Written off	(4,739)	-	(1,701)	(331)	(6,771)
Transfer between categories	67	-	(45)	(22)	-
At 31 July 2017	<b>4,518</b>	<b>470</b>	<b>5,488</b>	<b>232</b>	<b>10,708</b>
Currency translation differences	-	-	(4)	-	(4)
Additions	<b>54</b>	-	<b>226</b>	<b>3</b>	<b>283</b>
Written off	<b>(102)</b>	-	-	<b>(100)</b>	<b>(202)</b>
<b>At 31 July 2018</b>	<b>4,470</b>	<b>470</b>	<b>5,710</b>	<b>135</b>	<b>10,785</b>
<b>Accumulated depreciation</b>					
At 1 August 2016	7,655	224	7,096	387	15,362
Currency translation differences	-	-	3	-	3
Depreciation for the financial year	179	58	28	35	300
Written off	(4,739)	-	(1,701)	(331)	(6,771)
At 31 July 2017	<b>3,095</b>	<b>282</b>	<b>5,426</b>	<b>91</b>	<b>8,894</b>
Currency translation differences	-	-	(4)	-	(4)
Depreciation for the financial year	<b>168</b>	<b>71</b>	<b>53</b>	<b>35</b>	<b>327</b>
Written off	<b>(94)</b>	-	-	<b>(52)</b>	<b>(146)</b>
<b>At 31 July 2018</b>	<b>3,169</b>	<b>353</b>	<b>5,475</b>	<b>74</b>	<b>9,071</b>
<b>Carrying amount</b>					
At 31 July 2017	1,423	188	62	141	1,814
<b>At 31 July 2018</b>	<b>1,301</b>	<b>117</b>	<b>235</b>	<b>61</b>	<b>1,714</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 3 PLANT AND EQUIPMENT (CONT'D)

Company	Machineries S\$'000	Motor vehicles S\$'000	Office equipment S\$'000	Total S\$'000
<b>Cost</b>				
At 1 August 2016 / 1 August 2017	62	256	42	360
Additions	-	-	-	-
At 31 July 2017 / 31 July 2018	<b>62</b>	<b>256</b>	<b>42</b>	<b>360</b>
<b>Accumulated depreciation</b>				
At 1 August 2016	-	150	40	190
Depreciation for the financial year	3	42	1	46
At 31 July 2017	<b>3</b>	<b>192</b>	<b>41</b>	<b>236</b>
Depreciation for the financial year	<b>6</b>	<b>42</b>	<b>1</b>	<b>49</b>
<b>At 31 July 2018</b>	<b>9</b>	<b>234</b>	<b>42</b>	<b>285</b>
<b>Carrying amount</b>				
At 31 July 2017	59	64	1	124
<b>At 31 July 2018</b>	<b>53</b>	<b>22</b>	<b>-</b>	<b>75</b>

- (a) Details of the carrying amounts of plant and equipment secured under finance lease agreements (Note 12) are as follows:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Motor vehicles	<b>116</b>	186	<b>22</b>	64
Machineries	<b>1,311</b>	1,351	-	-
	<b>1,427</b>	1,537	<b>22</b>	64

- (b) During the financial year ended 31 July 2018, machinery amounting to S\$0.13 million (2017: S\$0.08 million) was acquired through finance lease arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 4 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2018	2017
	S\$'000	S\$'000
Unquoted equity shares, at cost, at beginning	18,661	18,651
Add: Incorporation of subsidiary corporations	218	10
Unquoted equity shares, at cost, at end	18,879	18,661
Less: Impairment losses	(12,651)	(12,651)
	<b>6,228</b>	<b>6,010</b>

### *Movement in impairment losses - Investments in subsidiary corporations*

Beginning and end of the financial year	<b>12,651</b>	12,651
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Name of subsidiary corporations	Country of business incorporation	Proportion of ordinary shares held by Group		Proportion of ordinary shares held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
		%	%	%	%	
Xpress Print (Pte) Ltd <sup>(1)</sup>	Singapore	100	100	-	-	Provision of general printing, multimedia and pre-press work
Xpress New Media Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Provision of one-stop print related services and printer consultancy services
Xpress Print (Australia) Pty Ltd <sup>(2)</sup>	Australia	76	76	24	24	Pre-press work
Xpress Print (Vietnam) Co., Ltd <sup>(2)</sup>	Vietnam	100	100	-	-	Inactive
Xpress Media Philippines Inc. <sup>(2)</sup>	Philippines	100	100	-	-	Inactive
A-Smart Commerce Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 4 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporations	Country of business incorporation	Proportion of ordinary shares held by Group		Proportion of ordinary shares held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
		%	%	%	%	
A-Smart Investments Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Investment holding
A-Smart Media Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Publishing and event management
A-Smart Technologies Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Development, resale and distribution of technology products
A-Smart Life Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Development, resale and distribution of smart IT solutions and applications
A-Smart Pair (SEA) Pte. Ltd. <sup>(1)</sup>	Singapore	80	80	20	20	Selling, leasing, servicing and maintaining green technology systems as part of smart city solutions
A-Smart Property Holdings Pte. Ltd. <sup>(1)</sup>	Singapore	100	-	-	-	Real estate developers and property investment activities
A-Smart Dili Development Co, Lda <sup>(3)</sup>	Timor-Leste	51	-	49	-	Property development in Timor-Leste

<sup>(1)</sup> Audited by Nexia TS Public Accounting Corporation.

<sup>(2)</sup> The subsidiary corporations are dormant and not significant to the Group.

<sup>(3)</sup> The subsidiary corporation yet to commence operations.

*Carrying value of non-controlling interests*

	2018 S\$'000	2017 S\$'000
Xpress Print (Australia) Pty Ltd	108	105
A-Smart Pair (SEA) Pte. Ltd.	10	10
	<b>118</b>	<b>115</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 4 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

*Summarised financial information of subsidiary corporations with material non-controlling interests*

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 July 2018 and 2017.

*Summarised statement of financial position*

	Xpress Print (Australia) Pty Ltd	
	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
Current		
Assets	<b>855</b>	921
Liabilities	<b>(268)</b>	(346)
Total current net assets	<b>587</b>	575
<i>Accumulated NCI</i>	<b>141</b>	138

*Summarised income statement*

	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
Revenue	<b>12</b>	8
<b>Profit/(Loss) before income tax</b>	<b>12</b>	(4)
Income tax expense	-	-
<b>Profit/(Loss) for the financial year</b>	<b>12</b>	(4)

*Summarised cash flows*

	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
<u>Cash flows from operating activities</u>		
Cash generated from operations	<b>70</b>	62
<b>Net cash generated from operating activities</b>	<b>70</b>	62
<b>Net cash used in investing activities</b>	-	-
<b>Net cash generated from financing activities</b>	-	-
Net increase in cash and bank balances	<b>70</b>	62
Cash and bank balances at beginning of the financial year	<b>177</b>	115
<b>Cash and bank balances at end of the financial year</b>	<b>247</b>	177

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 5 INVESTMENTS IN AN ASSOCIATED COMPANY

	<b>Group</b>	
	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
<b>Equity investment at cost</b>		
Beginning of financial year	<b>1,377</b>	1,377
Share of loss of associated company	<b>(88)</b>	-
End of financial year	<b>1,289</b>	1,377

Set out below are the associated company of the Group as at 31 July 2018, which, in the opinion of the directors, are material to the Group. The associated company as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

<b>Name of entity</b>	<b>Place of business/ country of incorporation</b>	<b>% of ownership interest</b>
Sheng Siong (China) Supermarket Co., Ltd	People's Republic of China	10

Management has assessed the level of influence that the Group has on Sheng Siong (China) Supermarket Co., Ltd and determined that it has significant influence of the investment through its representation on the board of directors. Consequently, this investment has been classified as an associated company.

There was no contingent liability relating to the Group's interest in the associated company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 5 INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

*Summarised financial information for associated company*

Set out below are the summarised financial information for Sheng Siong (China) Supermarket Co., Ltd.

*Summarised statement of financial position*

	<b>2018</b>
	<b>S\$'000</b>
<b>Current assets</b>	<b>4,622</b>
Includes: Cash and cash equivalents	<u>2,935</u>
<b>Current liabilities</b>	<b>(1,828)</b>
Includes: Financial liabilities (excluding trade payables)	<u>(527)</u>
<b>Non-current assets</b>	<u>2,938</u>
<b>Net assets</b>	<u><u>5,732</u></u>

*Summarised statement of comprehensive income*

	<b>2018</b>
	<b>S\$'000</b>
<b>Net loss</b>	<b>(877)</b>
Other comprehensive (loss)/income	<u>-</u>
<b>Total comprehensive loss</b>	<u><u>(877)</u></u>

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 5 INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

### *Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in an associated company, is as follows:

	<b>2018</b> <b>S\$'000</b>
Net assets at date of acquisition	<b>6,932</b>
Accumulated losses	<b>(877)</b>
Foreign exchange adjustment	<b>(323)</b>
At 31 July	<b>5,732</b>
Interest in associated company (10%)	<b>573</b>
Capital contribution due to the associated company (Note 13)	<b>681</b>
Foreign exchange adjustment	<b>35</b>
Carrying value	<b>1,289</b>

No comparative figures are shown as the directors are of the opinion that the results of the associated company in prior financial years were not material to the Group.

## 6 AMOUNTS DUE FROM / TO SUBSIDIARY CORPORATIONS

	Company	
	<b>2018</b> <b>S\$'000</b>	2017 S\$'000
<u>Current</u>		
Amounts due from subsidiary corporations		
- trade	<b>479</b>	-
- non-trade	<b>3,845</b>	3,717
	<b>4,324</b>	3,717
Amounts due to subsidiary corporations		
- trade	<b>113</b>	59
- non-trade	<b>17,043</b>	16,803
	<b>17,156</b>	16,862

The current non-trade amounts due from/ to subsidiary corporations are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 7 INVENTORIES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Finished goods held for sale	404	278	-	278
Raw materials and consumables	124	152	-	-
Work in progress	26	65	-	-
	<b>554</b>	495	-	278

Costs of inventories recognised as expense was included in "Raw materials and consumables used" in the consolidated income statement and amount to S\$2.3 million (2017: S\$2.7 million).

## 8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Trade receivables – non-related parties	1,408	1,203	11	-
Less: Impairment loss (Note 22 (b))	(108)	(113)	-	-
	<b>1,300</b>	<b>1,090</b>	<b>11</b>	-
Sundry receivables – non-related parties	366	406	353	494
Advances to staff	7	5	-	-
Receivable from disposal of subsidiary corporations	900	900	900	900
Deposits	402	526	5	46
	<b>1,675</b>	1,837	<b>1,258</b>	1,440
Advance payment to suppliers	49	-	28	-
Prepayments	35	91	27	87
	<b>1,759</b>	1,928	<b>1,313</b>	1,527

## 9 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Cash at bank and on hand	2,702	3,665	1,109	2,071
Short-term bank deposits	4,500	-	4,500	-
	<b>7,202</b>	3,665	<b>5,609</b>	2,071

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 10 SHARE CAPITAL

	No. of shares		Amount	
	2018 '000	2017 '000	2018 S\$'000	2017 S\$'000
Issued and fully paid:				
<i>Ordinary Shares</i>				
At 1 August	<b>112,626</b>	106,912	<b>134,220</b>	130,301
Issue of placement shares (i)	<b>7,150</b>	5,714	<b>5,005</b>	4,000
Capitalisation of expenses related to placement shares	-	-	<b>(66)</b>	(81)
	<b>119,776</b>	112,626	<b>139,159</b>	134,220

- (i) In FY2018, the Company issued 7,150,000 (2017: 5,714,282) new shares via a share placement exercise to one individual investor (2017: six individual investors) for total net proceeds of S\$4.9 million (2017: S\$3.9 million) of which Nil (2017: S\$2.1 million) has been utilised at the date of this report.
- (ii) All issued shares are fully paid and have no par value. The Company has one class of ordinary shares which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.
- (iii) There was no exercise of share warrants in current and prior financial years. There are 36,786,000 (2017: 36,786,000) share warrants outstanding as at the date of this report.

### Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group strives to maintain a prudent capital structure. The capital structure of the Group comprises equity and debts.

The Company and its subsidiary corporations are not subject to externally imposed capital requirements.

Management monitors capital based on a debt-to-capital ratio which is net debt divided by total capital. Net debt is calculated as borrowings, finance lease liabilities less cash and cash equivalents. Capital comprises total equity.

There were no changes in the Group's approach to capital management during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 11 RESERVES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Composition:				
Currency translation reserve	(110)	(85)	-	-
Share option reserve	-	-	-	-
Accumulated losses	(128,814)	(128,208)	(139,518)	(138,162)
	<b>(128,924)</b>	<b>(128,293)</b>	<b>(139,518)</b>	<b>(138,162)</b>

Movements:

### (i) Currency translation reserve

At 1 August	(85)	(82)	-	-
Net translation differences arising from translation of foreign operations	(3)	31	-	-
Net translation differences arising from monetary items forming part of net investments in foreign operations	(22)	(34)	-	-
At 31 July	<b>(110)</b>	<b>(85)</b>	<b>-</b>	<b>-</b>

### (ii) Share option reserve

At 1 August	-	57	-	57
Share options lapsed	-	(57)	-	(57)
At 31 July	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 12 FINANCE LEASE LIABILITIES

The Group leases certain machineries and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clause but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Lease payments payable:				
Not later than one year	466	584	38	38
Later than one year and not later than five years	656	967	12	50
Later than five years	12	25	-	-
Future minimum lease payments	<b>1,134</b>	<b>1,576</b>	<b>50</b>	<b>88</b>
Less: Amounts representing future finance charges	(150)	(185)	(7)	(13)
Present value of minimum lease payments	<b>984</b>	<b>1,391</b>	<b>43</b>	<b>75</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 12 FINANCE LEASE LIABILITIES (CONT'D)

The present values of finance lease liabilities are analysed as follows:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Not later than one year	415	522	33	33
Later than one year:				
Between one year and five years	559	848	10	42
Later than five years	10	21	-	-
	569	869	10	42
Total	984	1,391	43	75

The weighted average nominal interest rates of the finance lease liabilities is as follows:

	Group		Company	
	2018	2017	2018	2017
Weighted average nominal interest rates	3.22%	3.05%	2.28%	2.28%

## 13 TRADE AND OTHER PAYABLES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Trade payables – non-related parties	455	686	-	26
Sundry payables – non-related parties	752	828	457	384
Amount due to an associated company	681	678	-	-
Accruals for operating expenses	371	464	141	200
Accrued directors' fees	122	122	122	122
Deposits received from customers	79	136	-	-
	2,005	2,228	720	706
	2,460	2,914	720	732

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 14 EMPLOYEE COMPENSATION

Share options of 97,500 were forfeited and expired during the previous financial year, no grants noted during the current financial year.

The fair value of services received in return for options granted is measured by reference to the fair value of options granted. The fair value of the options granted is measured based on the Black-Scholes valuation model, which assumes no dividends are paid out during the life of the option; markets are efficient; no commissions; and risk-free rate and volatility of the underlying are known and constant.

## 15 REVENUE

<b>Group</b>	<b>2018</b> <b>S\$'000</b>	2017 S\$'000
Print media services	<b>6,910</b>	7,663
Media and events	<b>203</b>	211
Smart technologies	<b>107</b>	-
	<b>7,220</b>	7,874

## 16 (a) OTHER INCOME

<b>Group</b>	<b>2018</b> <b>S\$'000</b>	2017 S\$'000
Rental income	<b>2</b>	20
Bad debts recovered	-	5
Gain on disposal of plant and equipment	-	1
Government grants	<b>146</b>	51
Miscellaneous income	<b>25</b>	43
	<b>173</b>	120

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 16 (b) STAFF COSTS

Group	2018 S\$'000	2017 S\$'000
<u>Directors' fees:</u>		
• directors of the Company		
- Current financial year	122	123
<u>Directors' remuneration other than fees:</u>		
• directors of the Company	360	480
- contributions to defined contribution plans	7	6
• directors of a subsidiary corporation	267	262
- contributions to defined contribution plans	11	11
<u>Key management personnel (other than directors):</u>		
• salaries, wages and other related costs	368	334
• contributions to defined contribution plans	25	21
Key management personnel compensation	1,160	1,237
Other than directors and key management personnel:		
• salaries, wages and other related costs	2,155	2,037
• contributions to defined contribution plans	312	333
	<b>3,627</b>	<b>3,607</b>

## 16 (c) OTHER EXPENSES

Group	2018 S\$'000	2017 S\$'000
Corporate and legal expenses	432	106
Audit fees		
- current year	110	118
- over provision in prior financial years	(21)	-
Bank charges	9	12
Insurance expenses	22	21
Marketing expenses	40	79
Operating lease expenses	533	698
Penalties and fines	2	32
Printing expenses and postage	99	46
Plant and equipment written off	56	-
Repair and maintenance of equipment	35	37
Telecommunication expenses	64	71
Utilities	119	125
Upkeep of motor vehicles	98	113
Upkeep of premises	49	11
Donation	-	20
Others	47	78
	<b>1,694</b>	<b>1,567</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 17 (a) INTEREST INCOME

<b>Group</b>	<b>2018</b> <b>S\$'000</b>	2017 S\$'000
Interest income on fixed deposits	<u>4</u>	-

## 17 (b) FINANCE COSTS

<b>Group</b>	<b>2018</b> <b>S\$'000</b>	2017 S\$'000
Interest expense - finance lease liabilities	<u>68</u>	<u>65</u>

## 18 INCOME TAX CREDIT

### Income tax expense – income statement

<b>Group</b>	<b>2018</b> <b>S\$'000</b>	2017 S\$'000
Current income tax		
Over provision in prior financial years	<u>(5)</u>	-

### Reconciliation of effective tax rate

<b>Group</b>	<b>2018</b> <b>S\$'000</b>	2017 S\$'000
(Loss)/Profit before taxation	<b>(608)</b>	131
Share of loss of an associated company	<b>88</b>	-
(Loss)/Profit before taxation and share of loss of an associated company	<u><b>(520)</b></u>	<u>131</u>
Tax calculated using Singapore tax rate of 17% (2017: 17%)	<b>(88)</b>	22
Non-deductible expenses	<b>73</b>	138
Effects of tax rates in foreign jurisdictions	<b>1</b>	-
Utilisation of previously unrecognised tax benefits	<b>(273)</b>	(333)
Utilisation of group relief	<b>(4)</b>	-
Deferred tax assets not recognised	<b>291</b>	173
Overprovision in prior financial years	<b>(5)</b>	-
	<u><b>(5)</b></u>	<u>-</u>

At the date of the statement of financial position, the Group had unabsorbed tax losses, unabsorbed wear and tear allowances and unabsorbed investment allowance of approximately S\$0.9 million (2017: S\$0.8 million), Nil (2017: S\$1.7 million) and S\$1.5 million (2017: S\$1.5 million), respectively, that are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiary corporations operate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 19 (LOSS)/EARNINGS PER SHARE

### Basic

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

### Diluted

Diluted (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding and to assume the deemed exercise of the share options outstanding during the financial year have been issued at no consideration.

The calculation of basic and diluted (loss)/earnings per share is as follows:

	2018	2017
(Loss)/Profit attributable to equity holders of the Company (S\$'000)	<b>(606)</b>	(132)
Weighted average number of ordinary shares in issue ('000)	<b>116,192</b>	111,202
Warrants ('000)	<b>36,786</b>	36,786
	<b>152,978</b>	147,988
Basic (loss)/earnings per share (cents)	<b>(0.52)</b>	0.12
Diluted (loss)/earnings per share (cents)	<b>(0.39)</b>	0.09

## 20 COMMITMENTS

### (a) Operating lease commitments

#### *The Group as lessee*

The Group leases a number of office premises and factory and warehouse facilities from non-related parties under non-cancellable operating leases agreements.

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as liabilities, are as follows:

	2018	2017
Group	S\$'000	S\$'000
<b>Lease rentals payable:</b>		
Not later than one year	<b>487</b>	589
Later than one year and not later than five years	<b>243</b>	730
	<b>730</b>	1,319

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 20 COMMITMENTS (CONT'D)

### (b) Capital commitments

Group	2018 S\$'000	2017 S\$'000
Commitments in respect of:		
- Acquisition of food waste recycling machine	28	-

## 21 OPERATING SEGMENTS

For management reporting purposes, the Group is organised into the following reportable operating segments:

- (a) Print Media - involved in the printing of financial research reports, annual reports, asset management reports, initial public offering prospectuses, corporate brochures, yearbooks, trade directories, magazines and other commercial publications and collaterals.
- (b) Smart Technologies – involved the development, sale and redistribution of smart IT solutions, gadgets, software and hardware products.
- (c) Corporate and others – involved media and events management, property investment, investment holdings and Corporate Office which incurs general corporate expenses.

Segment accounting policies are the same as the policies described in Note 2.1. Intra- and inter-segment transactions were carried out at terms agreed between the parties during the financial year. Intra- and inter-segment transactions were eliminated on consolidation.

### Segment revenue and expense:

Segment revenue and expenses are the operating revenue and expenses reported in the Group's income statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

### Segment assets and liabilities:

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to the segment.

Group cash resources, financing activities and income taxes are managed on a group basis and are not allocated to operating segments. Unallocated assets comprise cash and cash equivalents. Unallocated liabilities comprise of finance lease liabilities and income tax payable.

The Board assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which we separately analysed. Interest income and finance expenses are not allocated to segments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 21 OPERATING SEGMENTS (CONT'D)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before taxation, as included in the internal management reports that are reviewed by the Group CEO.

	Print Media		Corporate and Others		Smart Technologies		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	6,910	7,663	203	211	107	-	-	-	7,220	7,874
Inter-segment sales	92	70	453	-	-	-	(545)	(70)	-	-
<b>Segment revenue</b>	<b>7,002</b>	<b>7,733</b>	<b>656</b>	<b>211</b>	<b>107</b>	<b>-</b>	<b>(545)</b>	<b>(70)</b>	<b>7,220</b>	<b>7,874</b>
<b>Segment results</b>	<b>1,175</b>	<b>1,413</b>	<b>(1,450)</b>	<b>(1,214)</b>	<b>(119)</b>	<b>-</b>	<b>(58)</b>	<b>(3)</b>	<b>(452)</b>	<b>196</b>
Finance costs									(68)	(65)
Share of loss of an associated company									(88)	-
(Loss)/ Profit before taxation									(608)	131
Income tax credit									5	-
<b>Net (loss)/ profit for the financial year</b>									<b>(603)</b>	<b>131</b>
<b>Assets and liabilities:</b>										
Segment assets	3,362	3,317	3,084	3,322	170	65	-	-	6,616	6,704
Unallocated assets									7,202	3,665
Total assets									<b>13,818</b>	<b>10,369</b>
Segment liabilities	1,038	1,476	1,415	1,430	7	8	-	-	2,460	2,914
Income tax payable									21	22
Unallocated liabilities									984	1,391
Total liabilities									<b>3,465</b>	<b>4,327</b>
<b>Other segment information:</b>										
Capital expenditure	283	93	-	64	-	-	-	-	283	157
Depreciation of plant and equipment	278	254	49	46	-	-	-	-	327	300
Interest expense	63	60	5	5	-	-	-	-	68	65
Plant and equipment written off	56	-	-	-	-	-	-	-	56	-
Gain on disposal of plant and equipment	-	1	-	-	-	-	-	-	-	1

Segment revenue is analysed based on the location of customers regardless of where the services are produced. Total assets and capital expenditure are based on the geographical location of the assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 21 OPERATING SEGMENTS (CONT'D)

The following table presents revenue, total assets and capital expenditure information based on the geographical location of customers and assets:

	Revenue from external customers		Segment assets		Capital expenditure	
	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	<b>7,212</b>	7,870	<b>13,571</b>	10,192	<b>283</b>	157
Others	<b>8</b>	4	<b>247</b>	177	-	-
Total	<b>7,220</b>	7,874	<b>13,818</b>	10,369	<b>283</b>	157

Revenue of S\$2.4 million (2017: S\$2.9 million) is derived from 3 (2017: 3) external customers.

## 22 FINANCIAL RISK MANAGEMENT

### (a) Financial risk management objectives and policies

The Group's activities expose it to credit risk, market risk (including foreign currency and interest rate risks) and liquidity risk in the normal course of the Group's business.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to set out its overall business strategies, tolerance of risk and general risk management philosophy. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

Group	2018 S\$'000	2017 S\$'000
<b>Loans and receivable at amortised cost</b>		
Trade receivables	<b>1,300</b>	1,090
Other receivables	<b>1,675</b>	1,837
Cash and cash equivalents	<b>7,202</b>	3,665
	<b>10,177</b>	6,592
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	<b>2,460</b>	2,914
Finance lease liabilities	<b>984</b>	1,391
	<b>3,444</b>	4,305

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 22 FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Financial risk management objectives and policies (cont'd)

Company	2018 S\$'000	2017 S\$'000
<b>Loans and receivable at amortised cost</b>		
Amounts due from subsidiary corporations	4,324	3,717
Trade receivables	11	-
Other receivables	1,258	1,440
Cash and cash equivalents	5,609	2,071
	<b>11,202</b>	<b>7,228</b>
<b>Financial liabilities at amortised cost</b>		
Amounts due to subsidiary corporations	17,156	16,862
Trade and other payables	720	732
Finance lease liabilities	43	75
	<b>17,919</b>	<b>17,669</b>

### (b) Credit risk

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group has adopted the policy of dealing only with customers of appropriate credit standing and history as a means of mitigating the risk of financial loss from such defaults. The Group does not require collateral from its customers.

Cash balances are placed with reputable financial institutions of high credit ratings.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The trade receivables of the Group comprise 4 debtors (2017: 4 debtors) that individually represented 5-10% of trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 22 FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Credit risk (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Trade receivables</b>				
<b><u>By geographical areas</u></b>				
Singapore	1,300	1,090	11	-
Others	-	-	-	-
	<b>1,300</b>	<b>1,090</b>	<b>11</b>	<b>-</b>
<b>Other receivables</b>				
<b><u>By geographical areas</u></b>				
Singapore	1,675	1,837	1,258	1,440
Others	-	-	-	-
	<b>1,675</b>	<b>1,837</b>	<b>1,258</b>	<b>1,440</b>

### Impairment losses

No aging analysis is presented for other receivables as they are not on credit terms. The ageing of trade receivables that were not impaired at the reporting date was:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Trade receivables</b>				
Not past due and not impaired	485	419	-	-
Past due less than 3 months	364	417	11	-
Past due more than 3 months but less than 6 months	91	113	-	-
Past due more than 6 months but less than 12 months	101	99	-	-
Past due more than 12 months	259	42	-	-
	<b>1,300</b>	<b>1,090</b>	<b>11</b>	<b>-</b>
<b>Other receivables</b>				
Not past due and not impaired	<b>1,675</b>	<b>1,837</b>	<b>1,258</b>	<b>1,440</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 22 FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Credit risk (cont'd)

#### Impairment losses (cont'd)

The following is an analysis of the movements in impairment losses in respect of trade receivables:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Impairment loss – Trade receivables</b>				
At 1 August	113	100	-	-
Amount recognised	-	13	-	-
Amount utilised	(5)	-	-	-
At 31 July	<b>108</b>	113	-	-

As of 31 July 2018, trade receivables of S\$0.1 million (2017: S\$0.1 million) were impaired. The individually impaired receivables mainly relate to overdue customer balances which are not considered recoverable.

The impairment losses recognised during the year are included as part of other expenses.

Except as disclosed above, management believes that no additional impairment allowance is necessary on the Group's receivables past due and not past due as at 31 July 2018 based on payment histories and the counterparties' credit standing.

#### Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 22 FINANCIAL RISK MANAGEMENT (CONT'D)

### (c) Market risk (cont'd)

#### *Foreign currency risk*

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the United States dollar ("USD") and Hong Kong dollar ("HKD").

Such risks are managed by matching sales with corresponding purchases, and assets and liabilities in the same currencies. The Group does not enter into currency options and does not use forward exchange contracts to protect against volatility associated with foreign currency sales and purchases.

The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

The Group's currency exposure based on the information provided to key management is as follows:

Group	USD S\$'000	HKD S\$'000	Other currencies S\$'000	Total S\$'000
<b>At 31 July 2018</b>				
<b>Financial assets:</b>				
Cash and cash equivalents	10	149	-	159
<b>Financial liabilities:</b>				
Trade and other payables	(681)	-	-	(681)
<b>Net currency exposure</b>	<b>(671)</b>	<b>149</b>	<b>-</b>	<b>(522)</b>
<b>At 31 July 2017</b>				
<b>Financial assets:</b>				
Cash and cash equivalents	-	54	1	55
<b>Financial liabilities:</b>				
Trade and other payables	(690)	-	(44)	(734)
<b>Net currency exposure</b>	<b>(690)</b>	<b>54</b>	<b>(43)</b>	<b>(679)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 22 FINANCIAL RISK MANAGEMENT (CONT'D)

### (c) Market risk (cont'd)

As at 31 July 2017 and 2018, the Company does not have foreign currency exposures as all its financial assets and financial liabilities are denominated in Singapore dollars which is its functional currency.

#### Sensitivity analysis - Foreign currency risk

A 5% strengthening of the above currencies against the functional currencies of the respective Group entities at the reporting date would have decreased/increased equity and profit or loss after tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects.

<u>Group</u>	<b>USD</b>	<b>HKD</b>	<b>Other</b>	<b>Total</b>
<b>SGD equivalent</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>currencies</b>	<b>S\$'000</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>2018</b>				
(Decrease)/Increase in profit after tax	<b>(34)</b>	<b>7</b>	-	<b>(27)</b>
(Decrease)/Increase in equity	<b>(34)</b>	<b>7</b>	-	<b>(27)</b>
<b>2017</b>				
(Decrease)/Increase in profit after tax	(35)	3	(2)	(34)
(Decrease)/Increase in equity	(35)	3	(2)	(34)

A 5% weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

#### **Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the finance lease liabilities is at fixed interest rates, the Group's profit is substantially independent of changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 22 FINANCIAL RISK MANAGEMENT (CONT'D)

### (d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement. In addition, the Group strives to maintain a level of credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows, including estimated interest payment.

	Carrying amount S\$'000	Contractual undiscounted cash flows			
		Total S\$'000	Less than 1 year S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<b>Group</b>					
<b>At 31 July 2018</b>					
Trade and other payables	<b>2,460</b>	<b>2,460</b>	<b>2,460</b>	-	-
Finance lease liabilities	<b>984</b>	<b>1,134</b>	<b>466</b>	<b>656</b>	<b>12</b>
	<b>3,444</b>	<b>3,594</b>	<b>2,926</b>	<b>656</b>	<b>12</b>
<b>At 31 July 2017</b>					
Trade and other payables	2,914	2,914	2,914	-	-
Finance lease liabilities	1,391	1,576	584	967	25
	4,305	4,490	3,498	967	25
<b>Company</b>					
<b>At 31 July 2018</b>					
Trade and other payables	<b>720</b>	<b>720</b>	<b>720</b>	-	-
Finance lease liabilities	<b>43</b>	<b>50</b>	<b>38</b>	<b>12</b>	-
	<b>763</b>	<b>770</b>	<b>758</b>	<b>12</b>	-
<b>At 31 July 2017</b>					
Trade and other payables	732	732	732	-	-
Finance lease liabilities	75	88	38	50	-
	807	820	770	50	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 22 FINANCIAL RISK MANAGEMENT (CONT'D)

### (e) Fair values of financial instruments

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying amount of current borrowings approximates their fair value.

Fair value of non-current borrowings

	2018		2017	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
<b>Group</b>				
Finance lease liabilities	<b>984</b>	<b>1,134</b>	1,391	1,576
<b>Company</b>				
Finance lease liabilities	<b>43</b>	<b>50</b>	75	88

The fair values are within level 2 of the fair value hierarchy.

## 23 SIGNIFICANT RELATED PARTY TRANSACTIONS

### Identity of related parties

Other than the related party information disclosed elsewhere in the financial statements, there were no significant transactions between the Group entities during the financial year on terms agreed between the parties.

## 24 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 August 2018 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2018

- Amendments to FRS 28: Investments in Associates and Joint Ventures
- Amendments to FRS 40: Transfer of Investment Property
- Amendments to FRS 101: First-Time Adoption of Financial Reporting Standards
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- INT FRS 122: Foreign Currency Transactions and Advance Consideration

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 24 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective for annual periods beginning on or after 1 January 2018 (cont'd)

- FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 August 2018 (Note 25). The new accounting framework has similar requirements of FRS 109 and the management does not expect significant adjustments to the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

## 24 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective for annual periods beginning on or after 1 January 2018 (cont'd)

- FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 August 2018 (Note 25). The new accounting framework has similar requirements of FRS 115 and the management does not expect significant adjustments to the Group's financial statements.

Effective for annual periods beginning on or after 1 January 2019

- Amendments to FRS 12: Income Taxes
- Amendments to FRS 19: Plan Amendment, Curtailment or Settlement
- Amendments to FRS 23: Borrowing Costs
- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to FRS 103: Business Combinations
- Amendments to FRS 109: Prepayment Features with Negative Compensation
- Amendments to FRS 111: Joint Arrangements
- INT FRS 123: Uncertainty over Income Tax Treatments

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 24 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective for annual periods beginning on or after 1 January 2019 (cont'd)

- FRS 116 Leases

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 August 2019. The new accounting framework has similar requirements of FRS 116. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S\$730,000 (Note 20(a)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

## 25 ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 August 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ending 31 January 2019 in March 2019.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

- (a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 July 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2018

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## 25 ADOPTION OF SFRS(I) (CONT'D)

### (b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 August 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 July 2018.

#### (i) Classification and measurement

The Group has assessed the business models that are applicable on 1 August 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) equivalent of IFRS 9. As a result of the assessment, management does not expect significant adjustments to the Group's statement of financial position line items.

#### (ii) Impairment of financial assets

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) equivalent of IFRS 9:

- trade receivables recognised under SFRS(I) equivalent of IFRS 15; and
- other receivables at amortised cost.

Management does not expect significant adjustments to the Group's statement of financial position line items from the application of the expected credit loss impairment model.

### (c) Adoption of SFRS(I) equivalent of IFRS 15

The Group had assessed the revenue recognition in accordance to the requirement of SFRS(I) equivalent of IFRS 15 and management does not expect any significant adjustments to the Group's financial statements.

## 26 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of A-Smart Holdings Ltd. on 9 November 2018.

# STATISTICS OF SHAREHOLDINGS

As at 1 November 2018

Class of Shares	:	Ordinary Shares
No. of Shares (excluding treasury shares)	:	119,776,362
No. of treasury shares and percentage	:	NIL
No. of subsidiary holdings held and percentage	:	NIL

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5,950	44.72	226,117	0.19
100 - 1,000	4,856	36.50	1,544,523	1.29
1,001 - 10,000	2,008	15.09	6,724,708	5.61
10,001 - 1,000,000	477	3.59	26,370,694	22.02
1,000,001 AND ABOVE	13	0.10	84,910,320	70.89
<b>TOTAL</b>	<b>13,304</b>	<b>100.00</b>	<b>119,776,362</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	MA WEIDONG	45,714,000	38.17
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	10,093,267	8.43
3.	WONG SWEE CHUN	7,150,000	5.97
4.	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,221,621	4.36
5.	LIAO SHENG-TUNG	4,869,885	4.07
6.	NG CHOON MENG	2,581,900	2.16
7.	CHUA GEOK LIN	2,107,887	1.76
8.	DBSN SERVICES PTE. LTD.	1,428,571	1.19
9.	WONG SIEW CHING	1,262,547	1.05
10.	GOH CHUNG HEE	1,231,075	1.03
11.	DBS NOMINEES (PRIVATE) LIMITED	1,158,867	0.97
12.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,086,825	0.91
13.	NG SOH KIOW	1,003,875	0.84
14.	UOB KAY HIAN PRIVATE LIMITED	798,165	0.67
15.	YEP GEE KUARN	700,000	0.58
16.	DORA HOAN BENG MUI	684,285	0.57
17.	ZHANG SHUIJU	629,500	0.53
18.	YAP HUI MENG @ SIN HUI MENG	590,047	0.49
19.	OW SONG CHUA	570,000	0.48
20.	NG CHOONG KENG	565,835	0.47
	<b>TOTAL</b>	<b>89,448,152</b>	<b>74.70</b>

# STATISTICS OF SHAREHOLDINGS

As at 1 November 2018

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

NO.	NAME	DIRECT INTEREST		DEEMED INTERESTS	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1.	Ma Weidong <sup>(1)</sup>	45,714,000	38.17	353,000	0.29
2.	Tseng An Hsiung Andy <sup>(2)</sup>	-	-	7,879,674	6.58

### Notes:

1. Mr. Ma Weidong is deemed interested in 353,000 ordinary shares held by his spouse, Mrs Jin Li Yan by virtue of Section 7 of the Companies Act, Chapter 50 ("**Act**").
2. Mr. Tseng An Tsiung Andy is deemed interested in:
  - a) 3,822,842 ordinary shares held by Wellspring Investment Ltd by virtue of Section 7 of the Act;
  - b) 44,800 ordinary shares held by his spouse, Mrs Tseng Shu Eng Eng by virtue of Section 7 of the Act; and
  - c) 4,012,032 ordinary shares held by Dai Dai Development International Holdings Limited by virtue of Section 7 of the Act.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 1 November 2018, 54.12% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

# NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of A-Smart Holdings Ltd. (“**Company**”) will be held at 61 Tai Seng Avenue, #05-14 Print Media Hub @ Paya Lebar iPark Singapore 534167, on Friday, 30 November 2018 at 10.00 a.m. to transact the following business:

## **AS ORDINARY BUSINESS**

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 July 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$122,400 for the financial year ended 31 July 2018 (2017: S\$123,000). **(Resolution 2)**
3. To re-elect the following Directors of the Company who retire pursuant to Regulation 94(2) of the Constitution of the Company:  
  
Regulation 94(2)  
Mr. Lim Huan Chiang **(Resolution 3)**  
Mr. Sam Chong Keen **(Resolution 4)**  
  
[See Explanatory Note (i)]
4. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at an AGM.

## **AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited.**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

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- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), 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 twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

**(Resolution 6)**

By Order of the Board

Shirley Tan Sey Liy  
Company Secretary  
Singapore, 15 November 2018

# NOTICE OF ANNUAL GENERAL MEETING

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## Explanatory Notes:

- (i) Mr. Sam Chong Keen will, upon re-election as a Director of the Company, remain as the Lead Independent Director, member of the Audit Committee, Remuneration Committee and Nominating Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- (ii) Resolution 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares in the capital of the Company, of which up to twenty per cent (20%) may be issued other than on a *pro rata* basis to shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

## Notes:

1. A Member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the Annual General Meeting (“**Meeting**”) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. Where a member of the Company appoint two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
4. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 61 Tai Seng Avenue, Print Media Hub, #03-03, Singapore 534167 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

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\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## **Personal Data Privacy**

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# A-SMART HOLDINGS LTD.

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

## ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./Co. Registration No.)  
of \_\_\_\_\_ (Address)

being \*a member/members of **A-SMART HOLDINGS LTD.** ("**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies\* to vote for me/us\* on my/our\* behalf at the Annual General Meeting ("**Meeting**") of the Company to be held at 61 Tai Seng Avenue, #05-14 Print Media Hub @ Paya Lebar iPark, Singapore 534167 on Friday, 30 November 2018 at 10.00 a.m. and at any adjournment thereof. I/We\* direct my/our proxy/proxies\* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies\* will vote or abstain from voting at his/her\* discretion.

No.	Resolutions relating to:	No. of Votes 'For'***	No. of Votes 'Against'***
<b>Ordinary Business</b>			
1	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 July 2018		
2	Approval of Directors' fees amounting to S\$122,400 for the financial year ended 31 July 2018 (2017: S\$123,000)		
3	Re-election of Mr. Lim Huan Chiang as a Director		
4	Re-election of Mr. Sam Chong Keen as a Director		
5	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors and to authorise the Directors of the Company to fix their remuneration		
<b>Special Business</b>			
6	Authority to allot and issue new shares		

\* Delete where inapplicable

\*\* If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
and / or, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company who is not a Relevant Intermediary entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member who is not a Relevant Intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 61 Tai Seng Avenue, #03-03 Print Media Hub @ Paya Lebar IPark, Singapore 534167 not less than forty-eight (48) hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investors**”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 November 2018.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr Ma Weidong**

*Non-Executive Chairman*

**Mr Lim Huan Chiang JP**

*Executive Director and Chief Executive Officer*

**Mr Darlington Tseng Te-Lin**

*Non-Executive Director*

**Mr Sam Chong Keen**

*Lead Independent Non-Executive Director*

**Ms Chu Hongtao**

*Independent Non-Executive Director*

**Mr Kenneth Loo**

*Non-Executive Director*

## AUDIT COMMITTEE

**Ms Chu Hongtao** (*Chairman*)

**Mr Sam Chong Keen**

**Mr Darlington Tseng Te-Lin**

## NOMINATING COMMITTEE

**Ms Chu Hongtao** (*Chairman*)

**Mr Sam Chong Keen**

**Mr Ma Weidong**

## REMUNERATION COMMITTEE

**Ms Chu Hongtao** (*Chairman*)

**Mr Sam Chong Keen**

**Mr Ma Weidong**

## COMPANY SECRETARY

**Ms Shirley Tan Sey Liy (ACS)**

## REGISTERED OFFICE

61 Tai Seng Avenue #03-03

Print Media Hub @ Paya Lebar iPark

Singapore 534167

Tel: (65) 6880 2828

Fax: (65) 6880 2998

Website: [www.a-smart.sg](http://www.a-smart.sg)

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

## AUDITORS

Nexia TS Public Accounting Corporation

100 Beach Road, #30-00 Shaw Tower

Singapore 189702

## AUDIT PARTNER-IN-CHARGE

Mr Low See Lien

(Appointment since financial year ended

31 July 2015)

Principal Bankers

The Development Bank of Singapore Limited

Malayan Banking Berhad

Company Registration No.: 199902058Z



**A-Smart Holdings Ltd.**

61 Tai Seng Avenue,  
#03-03, Print Media Hub @ Paya Lebar iPark Singapore 534167  
Tel: +65 6880 2288  
[www.a-smart.sg](http://www.a-smart.sg)