



A-SMART HOLDINGS LTD.

STEERING AHEAD A RESILIENT FUTURE

Annual Report 2020



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

**To create Smarter businesses,
Smarter cities.**



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CORPORATE PROFILE

Headquartered in Singapore, A-Smart Holdings Ltd. (“**A-Smart**” or the “**Group**”) is a multifaceted solution provider operating mainly in the areas of print manufacturing, smart technologies, real estate, and investment.

Listed on the SGX Mainboard since 28 June 1999, the Group was rebranded in 2016 under A-Smart following a restructuring of its management team and expansion of core businesses, to better reflect the change in corporate profile and business strategies.

Today, the Group’s printing arm continues to operate under the Singapore subsidiary Xpress Print Pte Ltd (“**Xpress Print**”), offering a complete spectrum of integrated print solutions from publishing, pre-press processes to production systems as well as global distribution and delivery.

The Group expanded its core businesses to include Property Development and Property Investment in 2018 and has since acquired two parcels of land for property development in Timor-Leste, a potential emerging market that is situated close to Australia and Indonesia. Its maiden property development project, Timor Marina Square, a landmark mixed property development of two buildings comprising retail, residential, office and serviced apartments, is currently in progress in Dili, the capital city of Timor-Leste.

Other business segments include that of Smart Technologies and Investments. Smart Technologies segment include the subsidiary, A-Smart Life Pte. Ltd., which develops its own food waste digester systems, is listed as one of the few authorised agents (endorsed by the Singapore Government) for waste recycling.

The Group’s Investments segment holds a 10% stake in Sheng Siong (China) Supermarket Co Ltd, a supermarket chain stores start-up in 2018 and which now operates two stores in Kunming, Yunnan, China.

FINANCIAL HIGHLIGHTS

GROUP FINANCIALS AT 31 JULY	2020 \$'000	2019 \$'000
INCOME STATEMENT		
Revenue	5,365	6,920
Share of profit/ (loss) of an associated company	113	(20)
Operating EBITDA ¹ excluding share of associate's results	713	(2,060)
Profit/(loss) before tax excluding share of associate's results	97	(2,467)
Profit/(loss) net of taxation ²	210	(2,487)
BALANCE SHEET		
Total assets	22,162	14,857
Net tangible assets ³	16,718	10,396
Total liabilities	5,444	4,461
Cash and cash equivalents	8,884	4,910
PER SHARE DATA (SINGAPORE CENTS)⁴		
Earnings per share – basic	0.11	(1.65)
Earnings per share – diluted	0.11	(1.65)
Net tangible assets ³	11.22	8.08

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

2 The results for the financial year ended 31 July 2020 ("FY2020") was boosted by the share of results of an associated company of S\$113,000 and gain on liquidation of a subsidiary corporation of S\$116,000.

3 The increase in net tangible assets (NTA) was mainly due to the increase in share capital of S\$5.7 million from the exercise of share warrants by a warrant holder in FY2020.

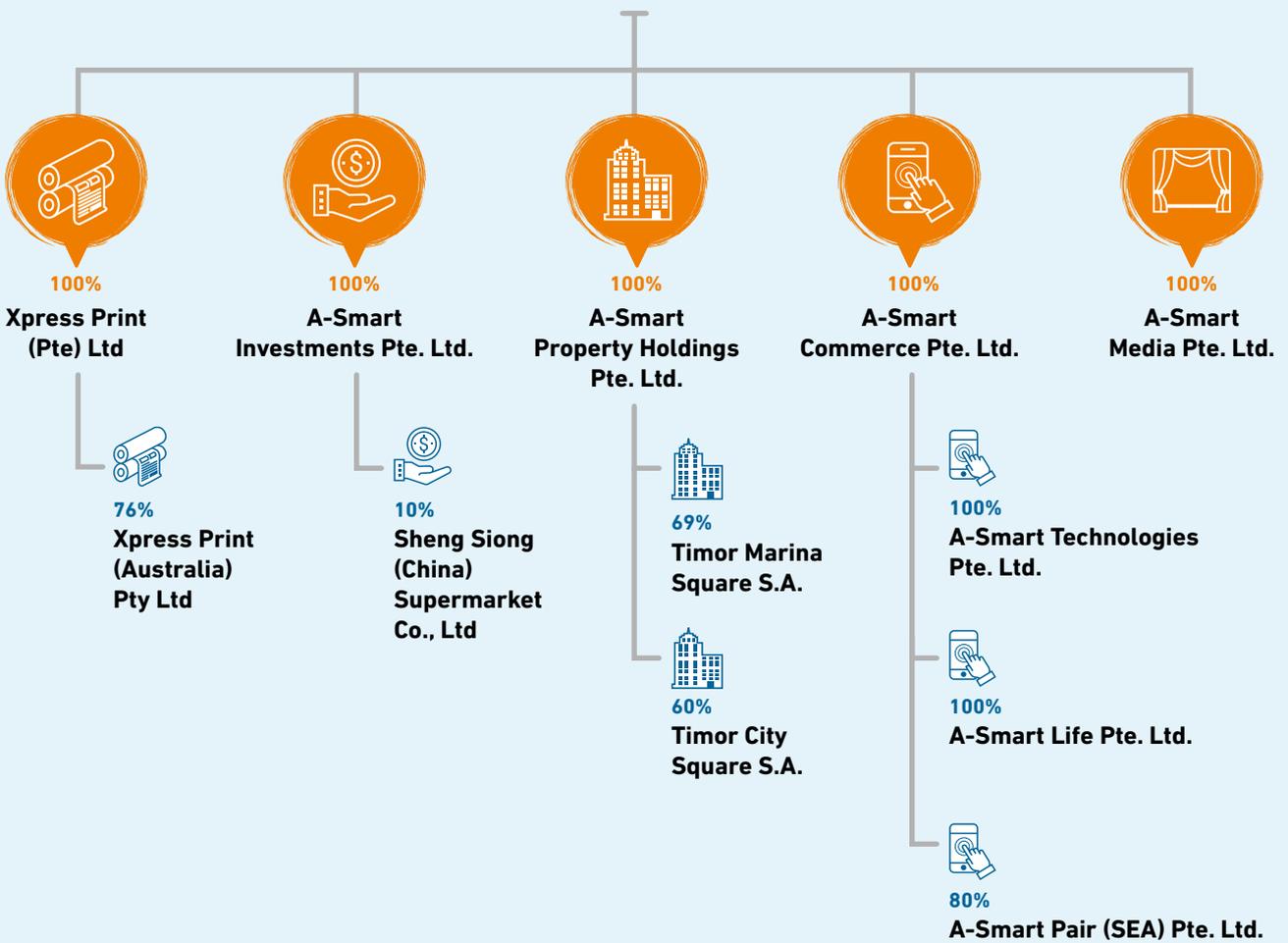
4 Per Share Data is calculated based on the existing issued share capital of 149,062,362 ordinary shares outstanding as at 31 July 2020 (31 July 2019: 128,726,362).

CORPORATE STRUCTURE



A-SMART HOLDINGS LTD.

A-SMART HOLDINGS LTD.



Printing



Investment Holding



Smart Technologies



Publication and Event Management



Property

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

AUDITORS

Nexia TS Public Accounting Corporation

80 Robinson Road, #25-00,

Singapore 068898

AUDIT PARTNER-IN-CHARGE

Mr Titus Kuan Tjian

(Appointment since financial year ended

31 July 2020)

Principal Bankers

The Development Bank of Singapore Limited

Malayan Banking Berhad

Company Registration No.: 199902058Z

PORTFOLIO REVIEW

The Group operates 3 key business segments, namely Property Development and Real Estate Investment, Print and Media and Other Investments.

PROPERTY DEVELOPMENT AND REAL ESTATE INVESTMENT

About Timor-Leste

The Group has identified Timor-Leste as a potential emerging market. The country, rich in oil and gas and highly reliant on oil as its export, has started looking into the development of its tourism industry following the oil price crash since 2014. Therein, thus, lies numerous untapped opportunities due to the country's shortage of quality residential and commercial properties. The Group intends to ride on the government's plans to convert the Port of Dili into an international cruise centre, which will allow home buyers and investors to enjoy a growth in valuation of the Group's upcoming developments, namely a mixed development project, a wholesale centre, and a seafront resort. Leveraging a first-mover advantage, the Group believes its timely entry will broaden its earnings base whilst generating new and sustainable streams of revenue.

Property under development

Timor Marina Square

Dili, Timor-Leste

In March 2019, Timor Marina Square S.A., in which the Group owns 69% as at 31 July 2020, entered into an agreement to develop two blocks of mixed development properties (23-storey and 19-storey respectively), comprising retail, office, serviced apartments and luxurious residential apartments, in Timor-Leste.

The project site, comprising an area of 3,204 square meters freehold land, is situated along the seafront coastline of Lecidere in Dili. Directly facing the Port of Dili, the project site lies in close proximity to prominent institutions such as the headquarters of the World Bank, foreign embassies and the Timor government

offices, which are also situated along the same stretch of coastline.

Upon completion of the development, it will be an awed landmark primed to target investors from China, Taiwan and Singapore.

Construction commencement plans in FY2020 was delayed due to the Covid-19 pandemic. Nevertheless, architectural plans have been completed and submitted to the Timor building authorities for final approval. Construction and selling processes will resume rapidly once global air travel restrictions are eased.



Proposed architectural visuals - Timor Marina Square

PORTFOLIO REVIEW

Land held for future development and/ or for sale

Timor City Square

Dili, Timor-Leste

Strategically located adjacent to the bustling Central Business District and next to the automobile centre in Dili's city centre, the project site has a total area of 5,310 sqm.

Timor City Square S.A. ("TCSS"), in which the Group currently owns a 60% stake, has acquired a 99-year leasehold Surface Rights over the project site. Under Timor-Leste laws, the Surface Rights allow companies holding such rights to establish a horizontal property regime for the land which in turn, allow for properties built on the land to be sold and owned by third party buyers.

TCSS is contractually committed to the landowner to develop a high-rise mixed property within nine years

from 2019, giving it ample grace period to time such development plans to favourable market conditions. In the interim, the Group plans to build low rise shops for short term leasing for use as a wholesale centre, with the intention of generating rental income from it. The building plan has already been approved by the authorities.

Other real estate related activities

Urban Planning and Infrastructure Projects

Dili, Timor-Leste

The Group has a 15% stake in Vico Construction S.A. ("VCSA"), a company incorporated in Timor-Leste, and managed by an experienced Singapore building and construction company, Vico Construction Pte Ltd. VCSA will be actively seeking to participate in urban planning and infrastructure construction projects in Timor-Leste.



Aerial view of site location of land held by Timor City Square

PORTFOLIO REVIEW

Seafront Resort

Dili, Timor-Leste

In July 2019, the Group signed a Memorandum of Understanding (“MOU”) with Dili Development Co. LDA, with the intention to jointly develop a plot of coastal land into a seafront resort.

Located at Fatumanu in Dili, five kilometres from the city centre, the land boasts an array of pristine beaches with crystal clear water home to an abundance of sea corals and marine life, making it one of the most scenic coastal views of Timor-Leste. First of its kind in the

country, the resort seeks to be a luxurious destination for tourists, in particular, Australians and Chinese.

The feasibility study to determine the economic viability of the proposed venture, which includes ensuring firm commitments from various airlines, Chinese especially, to operate or increase the frequency of direct flights to Dili; securing MOU partnerships with overseas travel agencies to offer and market direct tour packages; as well as garnering support from environment officials to endorse and approve the local project, was underway but is currently put on hold due to the ongoing Covid-19 outbreak.

PRINT AND MEDIA

Print

Xpress Print, the Group’s wholly-owned Singapore subsidiary, is a mid-sized printing company supported by a comprehensive network of printing partners in the region. With over 30 years of track record, Xpress Print offers a 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. It also produces corporate brochures, year books, magazines and other commercial publications, collaterals and corporate gifts/premium for its wide global base of local and MNC financial and corporate organisations.



PORTFOLIO REVIEW

Media

A-Smart Media Pte Ltd, the Group's wholly-owned subsidiary, continues to front efforts in Corporate Social Responsibility. In September 2019, together with National Parks Board (Singapore), A-Smart Media successfully organised and executed a large-scale community event for the public at Jurong Lake Gardens. It is the first time an event of such scale was held at the newly opened Jurong Lake Gardens and visitors were treated to a smorgasbord of spectacular lantern designs and sculptures. The event was a great success with overall footfall exceeding 500,000.



OTHER INVESTMENTS

China Supermarket

The Group currently holds a 10% stake in an associated company, Sheng Siong (China) Supermarket Co., Ltd ("SSC").

SSC is managed and majority owned by Sheng Siong Group Ltd, a leading supermarket chain operator in Singapore and it currently has two stores in Kunming that continue to record healthy growth in revenue and net profit. The associated company is maintaining the strategy of gradually expanding the chain of supermarket stores, while promoting the "Singapore brand", which is widely perceived to be superior, locally.



Smart Technologies

As part of its vision to become a one-stop smart technology solutions provider for the F&B and retail industry in Singapore, the Group has developed a food waste digester system utilising advanced green technology for food waste composting and recycling. In line with Singapore's Zero Waste Masterplan, this system is designed to be deployed in locations that typically generate high amounts of food waste, to reduce the food waste significantly using environmentally friendly and sustainable methods. In FY2020, the Group's subsidiary, A-Smart Life Pte Ltd, which has in-house developed the food digester systems, was listed as one of the few authorised agents (endorsed by the Singapore Government) for waste recycling. Its reputation boosted by the stamp of approval from the local authorities, A-Smart Life has seen a significant increase in leads and enquiries. It is also actively marketing its food waste digester systems to various industries, including food manufacturers, central kitchens, commercial buildings with dining outlets, shopping complexes and hotels etc.

The Group has also entered into a partnership with Google to launch Google Home and Google Home Mini, both artificial intelligence devices, in Singapore.

CHAIRMAN'S MESSAGE



Dear Shareholders,

On behalf of the Board of A-Smart Holdings Ltd (“A-Smart” or the “Group”), it is my pleasure to present our Annual Report for the financial year ended 31 July 2020 (“FY2020”).

In FY2020, A-Smart reported a net profit of S\$0.21 million, compared to a net loss of S\$2.49 million for FY2019. The bottom-line for FY2020 benefitted from a higher share of results of associated company as well as a gain on liquidation of a subsidiary corporation. Meanwhile, government grants such as the Jobs Support Scheme, partial rental rebates and lower staff costs helped to cushion the effects of loss of business due to the Circuit Breaker (“CB”). The Group’s balance sheet remained stable with net assets of S\$16.7 million at 31 July 2020, with cash and cash equivalents also increasing to S\$8.9 million from \$4.9 million, bolstered by the proceeds from the exercise of warrants during the financial year.

The outbreak of the COVID-19 pandemic at the start of the year and the consequent Circuit Breaker (“CB”) which occurred during 2H2020 presented challenges to the global economic environment and our business landscape. To remain relevant and competitive in the market, we implemented a range of business activities

as well as operational enhancements primed to tackle the challenges posed. With regards to Smart Technologies, we launched our smart food waste digester systems which have been very positively received. We also continued with our diversification efforts into Property Development and Investment, with a slew of projects lined up in Timor-Leste.

As we weather through this period of uncertainty, we believe that these initiatives are necessary for us to grow and improve, while creating opportunities for ourselves to expand our market segments of exposure.

Print and Media

The printing industry continues to face intensifying challenges from the digital media front. In addition, while the printing segment was allowed to continue operations during the CB as it was part of the essential services, most of the Group’s major clients were closed. To mitigate the impact of these effects, the Group persisted with our focus on upgrading current print technology and improving the range of products. As a result, adverse impacts to revenue were minimized.

Revenue for the printing segment declined by S\$1.75 million for 2H2020 compared to the prior corresponding period, along with a shift in client mix from one initially

CHAIRMAN'S MESSAGE

concentrated on large volume printing of corporate reports to one now diversified with more commercial print products.

As the economy slowly recovers, we will continue to integrate technology into our workflow processes to increase innovation and create even more value for our clients while working towards stabilizing the revenue base over time. We are confident that our efforts will lead to better profitability at the Group level over time.

Smart Technologies

We launched our smart food waste digester systems at the start of the year and are very encouraged by the results we have achieved so far. These in-house developed systems have since obtained its stamp of approval by the local authorities and our subsidiary, A-Smart Life Pte Ltd, has also been listed as one of the few authorized agents endorsed by the Singapore Government for waste recycling.

This has led to nine confirmed orders being commissioned next month with several others - food manufacturers, central kitchens, buildings, shopping complexes and hotels – currently in advanced negotiations. With more companies being receptive towards green and sustainable practices, the Group is looking forward to further interests from more industries. At the same time, more people are becoming increasingly environmentally aware, especially younger consumers who place an emphasis on a brand's sustainability practices in their purchasing decisions¹. With this shift in mind set and behaviour, we are confident that we will see a positive contribution to the bottom line in the next financial year and as such, we intend to increase our manpower for A-Smart Life.

While initial revenues are still small, we expect this to increase in tandem with the eventual increase in adoption rates once public awareness is heightened through government campaigns as well

as the government already announced mandatory implementation of waste composting systems in less than three years. This would also be in line with the growing notion of driving Singapore to become a zero-waste nation.

Property Development and Real Estate

Our proposed property development and real estate business in Timor-Leste continues to gain traction, with us having secured several projects in strategic locations in the capital city of Dili.

Our maiden mixed property development project on prime coastal freehold land, Timor Marina Square ("TMS") has encountered a slight delay in construction due to COVID-19. Nonetheless, architectural plans have since been completed and submitted to the Timor Building Authorities. Upon completion, TMS will comprise of two blocks; one of which is a 23-storey luxury residential apartments while the other is a 19-storey tower comprising retail, office and serviced apartments.

Sales of the properties were initially expected to commence in the second half of the year. However, given that the current situation regarding air travel is still uncertain, the Group feels that it would be more prudent to postpone the pre-sales launch to coincide with the easing of flight restrictions as the majority of our target market are foreign investors, specifically those from East Asia & South East Asia.

As this is the first development project of this scale in Timor-Leste, the Group is confident that both construction and sales processes will get back on track rapidly once global air travel resumes, especially with the vast support of the Timorese Government.

The Group also owns the rights to another plot of 99 year leasehold land that is situated at a prime location adjacent to the Central Business District of Dili, which

1 Companies going green: Sustainability strategies that also make good business sense, <https://www.channelnewsasia.com/news/singapore/companies-going-green-sustainability-business-sense-10555422>

CHAIRMAN'S MESSAGE

is currently held for future development. The project company is contractually committed to the landowner to develop a high-rise mixed property within nine years from 2019, giving us ample grace period to time such development plans to favourable market conditions. In the interim, we are planning to build low rise shops for short term leasing for use as a wholesale centre and the building plan has already been approved by the authorities.

We were also in the midst of studying the feasibility of developing a seafront resort along the coastline in Dili, when the COVID-19 pandemic surfaced and this proposal is now put on hold. On the other hand, the Group completed the dissolution of the Joint Venture company ("JV Co"), A-Smart Dili Development TL. Lda, which reflects the termination of the CBD project in Dili. This is only one of the various projects the Group had undertaken in Timor-Leste and it would not affect other projects.

The Group will continue navigating through these obstacles and explore opportunities for project development in Timor-Leste given the numerous untapped opportunities in the country.

Supermarket Investment

COVID-19 has brought about a paradigm shift in terms of lifestyle habits, one example being grocery shopping. With the increased number of consumers stocking up on food during this stay-home period, the change in consumer behaviour has persisted into the post-stay home period.

The Group's associated company which currently operates two Sheng Siong supermarket stores in Kunming, China, has been able to jump on the

bandwagon and enjoy healthy revenue growth while gradually expanding their chain of supermarket stores. The associated company also seeks to continue its approach of promoting the "Singapore Brand", which is widely perceived to be of a higher standard than local products.

We believe that the associated company's strategy of opening new stores will be a revenue driver and we expect synergies to continue to grow, upon eventual scaling of the supermarket network in China.

Appreciation

The Group's new business segments, together with our restructuring efforts, have shown promising results and we believe that this would not be possible without the strong commitment, positive contribution and hard work of our staff and management team across the A-Smart Group.

As such, on behalf of the Board, I would like to express my sincere appreciation to our team. I would also like to express my heartfelt appreciation to my fellow Board members for their strategic counsel and advice provided to the Group amidst these uncertain and volatile times.

Moving forward, as we continue to leverage on viable opportunities to diversify our revenue base in a sustainable manner and provide additional income streams to enhance our business performance, I am grateful to our loyal shareholders for their unwavering patience and continued support in us.

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 50.31% 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 were 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 the A-Smart Group, 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 Head of Community Relations and Public Affairs, as well as the 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 National Blood Grouping Exercise for the entire population, and also introduce various public education initiatives on emergency preparedness including schools, community groups and workplaces.

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

BOARD OF DIRECTORS

Leadership Institute Board, IMDA Film Appeal Panel, Chinese Publishers Association, Singapore Government Staff Credit Co-operative, China Merchants Association and Business China. He has also been holding the posts of Honorary Chairman of Radin Mas Citizens' Consultative Committee and Honorary 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 the Master degree in Public Policy Administration and Management from the NUS Lee Kuan Yew Policy School, Bachelor degree in Fire Engineering (UK) as well as 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, Sino-Environment Technology Group Limited and Parkson Retail Asia 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

BOARD OF DIRECTORS

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 26 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 sits as Member of the Building and Construction Authority Board and is the Immediate Past President of the Singapore Contractors Association Ltd. He is a council member of National Crime Prevention Council (NCPC), a member of the Singapore Business Federation (SBF), Small and Medium Enterprises Committee (SMEC) 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 an 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 professional qualification from the Association of Chartered Certified Accountants and a Master degree in Accounting & Finance from a UK University and is a fellow member 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.

RIDUWAN ZHANG

General Manager, Financial Research, Xpress Print Pte Ltd

Mr Zhang is the General Manager (Financial Research), responsible for the sales and management of timesensitive financial research reports as well as promoting them in emerging, fast-growing markets such as the PRC, India and Vietnam. He joined the Group on 15 September 1997.

Riduwan is well-versed in the business of financial printing in the PRC, having been seconded to the Group's Hong Kong operations in 2004 to explore new markets and understand the financial services business. He has established strong professional relationships with PRC printers.

Riduwan holds a Masters of Science (Information Studies) degree from the Nanyang Technological University and a Bachelor of Business Systems (Honours) from Monash University.

CORPORATE GOVERNANCE REPORT

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 2018 (“**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: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

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 half year 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.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take objective 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. The Board holds the Management of the Company (“**Management**”) accountable for performance. Directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict. The Directors would abstain from voting and decision involving the issues of conflict.

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.

CORPORATE GOVERNANCE REPORT

The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings for FY2020 are disclosed in the table reflected below:

Name of Director	Board		AC		RC		NC		AGM	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended								
Ma Weidong	4	4	3	3*	2	2	1	1	1	1
Lim Huan Chiang	4	4	3	3*	2	2*	1	1*	1	1
Darlington Tseng Te-Lin	4	4	3	3	1	1*	1	1*	1	1
Sam Chong Keen	4	4	3	3	2	2	1	1	1	1
Chu Hongtao	4	4	3	3	2	2	1	1	1	1
Loo Kenneth	4	4	3	3*	1	1*	1	1*	1	1

*By invitation

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.

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

To enable the Board to fulfil its responsibility, the Management strives to provide Board members with adequate and timely information for Board and Board Committees meetings on an on-going basis. The Board and Board Committees papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings and enabled to make informed decisions.

Directors are given separate and independent access to the Management and Company Secretary to address any enquiries. Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As of the date of this report, the Board comprises one (1) Executive Director, three (3) Non-Executive Director and two (2) Independent Directors as follows:

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")	-	-	-
Loo Kenneth	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

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 13 to 15.

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 coordinates informal meetings for Non-Executive Directors and Independent Directors to meet without the presence of the Management.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

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 when they have concerns which contact through the normal channels of the Non-Executive Chairman or the Management or the Group Financial Controller are inappropriate or inadequate.

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.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following members:

Nominating Committee

Ms. Chu Hongtao (Chairman)

Mr. Sam Chong Keen

Mr. Ma Weidong

CORPORATE GOVERNANCE REPORT

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.

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

Name of Director	Position held on the Board	Date of first to the Board appointment	Date of last re-election as Director
Ma Weidong	Non-Executive Chairman	9 July 2015	30 November 2019
Lim Huan Chiang	Executive Director and CEO	26 October 2015	30 November 2018
Kenneth Loo	Non-Executive Director	2 August 2017	30 November 2017
Darlington Tseng Te-Lin	Non-Executive Director	1 March 2008	30 November 2019
Sam Chong Keen ⁽¹⁾	Lead Independent Director	5 December 2001	30 November 2018
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.

CORPORATE GOVERNANCE REPORT

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. Chu Hongtao, and Mr. Loo Kenneth, 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 10,11 and 34 of the Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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 FY2020, 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 FY2020.

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 FY2020.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her 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.

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.

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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.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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 has adopted the A-Smart Employee Share Option Scheme 2018 ("**A-Smart ESOS**") to enable an opportunity for employees and Directors of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group. The employees of the Group (including Executive Directors), the Non-Executive Directors (including Independent Directors) of the Group and key management personnel are eligible to participate in the A-Smart ESOS. The performance conditions used to determine entitlements under the A-Smart ESOS taking into account criteria such as grantee's rank, responsibilities, performance, years of service and potential for future development, and the performance of the Group. During the financial year ended 31 July 2020, the Company granted 1,752,000 share options, of which 1,658,000 options remained outstanding at the end of the financial year. Details of share options granted are shown in pages F-03, F-04, F-46 and F-47.

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 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Breakdown of Directors' remuneration for FY2020:

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

During FY2020, the Company has identified four key management personnel. Remuneration of top four key management personnel (who are not Directors or the CEO) identified by the Company for FY2020:

	Salary	Bonus	Allowances and Other Benefits	Total
	(%)	(%)	(%)	(%)
<u>Below S\$250,000</u>				
Yo Ngan Kia	100	-	-	100
Foong Sow Peng	100	-	-	100
Fong Sau Kwan	100	-	-	100
Riduwan Zhang	100	-	-	100

The aggregate total remuneration of the top four Key Management Personnel (who are not Directors or the CEO) amounted to S\$677,210. In FY2020, 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 or the CEO) of the Group is only set out in bands of S\$250,000 and above. The profiles of the top four key management personnel are found on page 16.

CORPORATE GOVERNANCE REPORT

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\$100,000 in the Company's employment during FY2020.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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 FY2020 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 adequate and 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 there were no material weaknesses being identified and the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 July 2020.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

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;
- 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;

CORPORATE GOVERNANCE REPORT

- 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. Audit fees paid/ payable to the external auditors of the Company amounted to S\$96,000 for FY2020 (2019: S\$104,000).

In October 2015, the ACRA introduced the Audit Quality Indicators ("**AQIs**") Disclosure Framework ("**Framework**"), which aims, to equip AC with information that allows AC to exercise their professional judgements on elements that contribute to or are indicative of audit quality. The AQIs were further enhanced in August 2016 which ACRA introduced six targets on selected AQIs to provide AC with a common yardstick for comparison and to facilitate meaningful audit quality conversations with the auditors. As part of ongoing efforts to raise audit quality, ACRA has on 7 February 2020 introduced the AQIs Disclosure Framework that revised in January 2020 ("**Revised AQIs Framework**"). The Revised AQIs Framework comprises audit quality indicators to provide relevant and useful information to help AC in their evaluation of statutory auditors. Accordingly, the AC had evaluated the performance of the external auditors as well as the resolution for reappointment of the external auditors based on the AQIs set out in the Revised AQIs Framework.

The AC has also reviewed the independence of the external auditors annually. The AC 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 2021 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 foreign-incorporated subsidiary that were active and significant to the Group for the financial year ended 31 July 2020.

CORPORATE GOVERNANCE REPORT

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 Function

The Company 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.

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 and has appropriate standing within the industry. The AC is also satisfied that the internal audit function is effective and 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.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Right and Conduct of General Meeting

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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.

The Company's AGMs are the principal forums for dialogue with shareholders. Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay apprised of the Group's strategies and growth plans. 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. The notices of the general meetings are also advertised in a national newspaper and announced via the SGXNet.

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. The instrument appointing a proxy must be deposited at the place specified in the notice of the general meetings not less than forty-eight (48) hours before the time appointed for holding the general meetings.

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.

Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each separate and distinct issue at general meetings. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution together with the respective percentages.

All Directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC, as well as the EA are intended to be present at the forthcoming AGM to address any relevant queries by Shareholders.

Voting by absentia by mail, facsimile or email is currently not provided in the Company's Constitution as such voting methods would need to be cautiously studied for its feasibility to ensure that the integrity of the information and the authenticity of the Shareholder's identity is not compromised.

The Company will publish the minutes of general meetings of shareholders on the SGX website via SGXNet within one month from the date of AGM. The minutes record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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;
- 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 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 FY2020 in order to conserve cash for future expansion of the Group’s businesses.

The Company does not practise selective disclosure. Price sensitive information is first publicly released through SGXNet, even before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with notice of AGM by post and published in the newspapers within the mandatory period, which is held within four months after the close of the financial year.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company acknowledges the importance of establishing effective communication among its stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals. Ongoing communication with stakeholders is an integral part of the Company's day-to-day operations.

The Company has identified six stakeholders' groups, namely, shareholders, investors and media, employees, customers, regulators, industry associations and suppliers who are able to impact the Group's business and operations. The Company's approach to the engagement with key stakeholders and materiality assessment were disclosed in the Company's Sustainability Report for FY2019, where the Company would continue to monitor and improve to ensure the best interest of the Company.

The Company maintains a corporate website at <http://www.a-smart.sg/> to communicate and engage with stakeholders. The Company's financial information, corporate announcements, press releases, Annual Reports and profile of the Group can be accessed through the Company's website.

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.

CORPORATE GOVERNANCE REPORT

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 FY2020.

USE OF PROCEEDS

- (a) On 9 January 2018, the Company received net proceeds of S\$4.94 million from a Share Placement of 7,150,000 shares. As at the date of this report, the net proceeds have been fully utilised for the following purposes:

	Use of Proceeds From Share Placement (S\$'000)
Net proceeds received	4,939
Less:	
Development property – purchase of land at Timor-Leste	2,533
Development deposit for property development projects at Timor-Leste	206
Working capital loans to subsidiary corporations for: - property development projects in Timor-Leste - manufacture of food waste digester	1,854 74
Preliminary expenses for property development projects in Timor-Leste	272
Balance proceeds as at the date of this report	-

- (b) The Company raised total net proceeds of S\$8,201,000 from the issuance of i) 8,950,000 new shares pursuant to the exercise of 8,950,000 Share Warrants by the warrant holder on 15 February 2019; and ii) 20,336,000 new shares pursuant to the exercise of 20,336,000 Share Warrants by the warrant holder on 20 July 2020 (the “**Share Issuance**”). To-date, the net proceeds from the Share Issuance 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	Stamford Tyres Corporation Ltd Lion Asiapac Ltd Parkson Retail Asia Limited	-
Mr. Darlington Tseng Te-Lin	Non-Executive Director	Board Member and Member of Audit Committee	1 March 2008	30 November 2019	-	-
Mr. Ma Weidong	Non-Executive Chairman	Board Member, Member of Nominating Committee and Member of Remuneration Committee	9 July 2015	30 November 2019	Kunming Tianlongrun Sugar, Tobacco and Wine Co., Ltd Kunming Luchen Group Co., Ltd	-
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	Straits Construction Pte Ltd	-

CORPORATE GOVERNANCE REPORT

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(6) of the Listing Manual of the SGX-ST:

Details	Name of Director	
	Ms. Chu Hongtao	Mr. Loo Kenneth
Date of Appointment	9 July 2015	2 August 2017
Date of last re-appointment (if applicable)	30 November 2017	30 November 2017
Age	48	55
Country of principal residence	China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The re-election of Ms. Chu Hongtao was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Ms. Chu's qualifications, experience, and overall contribution since she was appointed as a Director of the Company.</p> <p>The Board considers Ms. Chu Hongtao to be independent for the purpose of Rule 704(7) of the listing Rules</p>	<p>The re-election of Mr. Loo Kenneth was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Mr. Loo's qualifications, experience, and overall contribution since he was appointed as a Director of the Company.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.	Independent Director, Chairman of Audit Committee, Chairman of Nominating Committee and Chairman of Remuneration Committee	Non-Executive Director
Professional qualifications	Bachelor degree in Accountancy from Dongbei University, and subsequently obtained an MBA from the Business and Tourism School of the Yunnan University in 2013.	Bachelor of Engineering (Civil) from the University of New South Wales in 1990 and has an MBA in Technology Management from Deakin University Australia/APESMA.

CORPORATE GOVERNANCE REPORT

Details	Name of Director	
	Ms. Chu Hongtao	Mr. Loo Kenneth
Working experience and occupation(s) during the past 10 years	<p>February 1992 to August 2013 – Financial Controller of Yunnan Province Kunming Bao Shan Hotel</p> <p>August 2013 to present – Financial Controller of Yunnan De Yi Hao Equity Management Co., Ltd.</p>	<p>Mr. Loo Kenneth was appointed as the Director of Straits Construction Group Pte. Ltd. in Year 2008.</p> <p>He was subsequently appointed as the Executive Director (“ED”) and General Manager of SC Group in July 2011 and ED and Chief Operating Officer in September 2014.</p>
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	No	<p>Director of the followings companies:-</p> <ul style="list-style-type: none"> ● A-Smart Property Holdings Pte Ltd ● Straits Construction Group Pte Ltd ● Straits Construction Singapore Pte Ltd ● Greyform Pte Ltd ● Bathsystem Singapore Pte Ltd ● Structure Focus Pte Ltd ● SC Ferrotech Pte Ltd ● Investment Focus Pte Ltd ● Sustainable Focus Pte Ltd ● Climbsafe Pte Ltd ● SCAL Dormitory Pte Ltd ● Singapore Construction Mediation Centre Pte Ltd

CORPORATE GOVERNANCE REPORT

Details	Name of Director		
	Ms. Chu Hongtao	Mr. Loo Kenneth	
The general statutory disclosures of the Directors are as follows:			
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c.	Whether there is any unsatisfied judgment against him?	No	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

Details		Name of Director	
		Ms. Chu Hongtao	Mr. Loo Kenneth
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—		
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE REPORT

Details		Name of Director	
		Ms. Chu Hongtao	Mr. Loo Kenneth
ii.	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii.	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv.	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Information required Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange?		Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.
If yes, please provide details of prior experience.		Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.

FINANCIAL CONTENTS

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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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 2020 and the statement of financial position of the Company as at 31 July 2020.

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-11 to F-66 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 2020 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

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 under "Share options" in this statement.

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 31.7.2020	At 1.8.2019	At 31.7.2020	At 1.8.2019
The Company				
(No. of ordinary shares)				
Ma Weidong	75,000,000	54,664,000	353,000	353,000
Lim Huan Chiang	787,000	725,000	-	-
Darlington Tseng Te-Lin	278,825	278,825	-	-

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

Directors' interests in shares or debentures (Cont'd)

- (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.
- (c) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the A-Smart Employee Share Option Scheme as set out below and under "Share Options" below.

	No. of unissued ordinary shares under option	
	At 31.7.2020	At 1.8.2019
Ma Weidong	350,000	-
Lim Huan Chiang	350,000	-
Chu Hongtao	100,000	-
Sam Chong Keen	90,000	-
Darlington Tseng Te-Lin	80,000	-
Kenneth Loo	80,000	-

- (d) The directors' interests in the ordinary shares of the Company as at 21 August 2020 were the same as those as at 31 July 2020.

Share options

- (a) A-Smart Employee Share Option Scheme

Pursuant to the approval by the members of the Company at the Extraordinary General Meeting held on 30 November 2018, the Company adopted the A-Smart Employee Share Option Scheme 2018 (the "ESOS" or "Scheme"), which shall be administered by the Remuneration Committee comprising the following Board members:

- i) Chu Hongtao (Chairman)
- ii) Ma Weidong
- iii) Sam Chong Keen

Under the Scheme, options to subscribe for the ordinary shares of the Company are granted to Directors, key management personnels and employees who are confirmed in his employment with a Group Company or an Associated Company, attained the age of 21 years on or before the date of grant and not be an undischarged bankrupt and must not have entered into a composition with his creditors. The Options may be granted at an exercise price equal to the market price of the Shares, determined by taking the average closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant (a "Market Price Option") or at a discount to such Market Price of up to 20% (a "Discounted Option"). A Market Price Option shall only be exercisable after one year from the date of grant of such Option while a Discounted Option shall only be exercisable after two years from the date of grant of such Discounted Option. The date of expiry of the Options shall be determined by the Remuneration Committee in its sole discretion but shall in any case, not exceed the fifth anniversary of the date of grant of the relevant Option. Options not exercised prior to their expiry date shall immediately lapse and become null and void and the relevant Grantee shall have no claim against the Company.

The number of options available under the ESOS shall not exceed 15% of the total issued shares of the Company on the day preceding the relevant date of grant.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

Share options (Cont'd)

(a) A-Smart Employee Share Option Scheme (Cont'd)

The following table summarises the information on the options granted under the Scheme to Directors and Participants as required to be disclosed under the rules of the SGX Listing Manual:

Name of participants	Aggregate options granted since commencement of ESOS to the beginning of the financial year	Options granted during the financial year	Aggregate options granted since commencement of ESOS to the end of the financial year	Aggregate options cancelled/ forfeited/ lapsed since commencement of ESOS to the end of the financial year	Aggregate options exercised since commencement of ESOS to the end of the financial year	Aggregate options outstanding at end of financial year
Directors						
Ma Weidong (Controlling Shareholder)	-	350,000	350,000	-	-	350,000
Lim Huan Chiang	-	350,000	350,000	-	-	350,000
Chu Hongtao	-	100,000	100,000	-	-	100,000
Sam Chong Keen	-	90,000	90,000	-	-	90,000
Darlington Tseng Te-Lin	-	80,000	80,000	-	-	80,000
Kenneth Loo	-	80,000	80,000	-	-	80,000
	-	1,050,000	1,050,000	-	-	1,050,000
Participants other than Directors						
Other employees	-	702,000	702,000	(94,000)	-	608,000
	-	1,752,000	1,752,000	(94,000)	-	1,658,000

None of the Directors and/or other employees received 5% or more of total available options under the Scheme.

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the A-Smart Employee Share Option Scheme outstanding at the end of the financial year was as follows:

Date of grant	Balance at 1.8.2019	Granted during the financial year	Cancelled/ forfeited/ lapsed during the financial year	Exercised during the financial year	Balance at 31.7.2020	Exercise price	Expiry date
17.02.2020	-	1,752,000	(94,000)	-	1,658,000	S\$0.356	16.02.2025

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

Audit committee

The members of Audit Committee ("AC") at the end of the financial year were as follows:

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

All members of the Audit Committee were non-executive directors.

The AC carried out its functions in accordance with 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.

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 2020

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

4 November 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD.

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 2020, 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.

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 (International) ("SFRS(I)s") 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 2020 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 2.3 and 19 to the financial statements)

Risk:

The Group generated total revenue of S\$5.37 million through provision of print media services, smart technologies services and events management.

The core principle of SFRS(I) 15 Revenue from Contracts with Customers 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.

The Group recognises revenue when the Group satisfies its performance obligation at a point in time, which is when the customer obtains control of a good or service.

Revenue recognition is a presumed fraud risk. Due to the magnitude and 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.

Key Audit Matters (Cont'd)

Revenue recognition (Cont'd)

Our response:

In obtaining sufficient audit evidence, we:

- Evaluated management's assessment of the application of SFRS(I) 15 and considered the appropriateness of the Group's revenue recognition accounting policies.
- Understood, evaluated and validated key controls over the sales and collection cycle.
- Tested a sample of sales transactions to underlying invoices, delivery documents if applicable and cash receipts to validate their occurrence.
- Tested transactions occurring within proximity of the financial year end, including subsequent to the financial year end through obtaining evidence to support the appropriate timing of revenue recognition based on delivery documents.

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 SFRS(I)s, 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD.

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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 Titus Kuan Tjian.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
4 November 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2020

	Note	Group		Company	
		31 July	31 July	31 July	31 July
		2020	2019	2020	2019
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current					
Property, plant and equipment	4	2,426	1,617	145	175
Investments in subsidiary corporations	6	-	-	6,228	6,228
Investment in an associated company	7	1,348	1,234	-	-
		3,774	2,851	6,373	6,403
Current					
Amounts due from subsidiary corporations	8	-	-	8,659	7,133
Inventories	9	506	480	-	-
Development properties	10	6,648	3,659	-	-
Trade receivables	11	683	1,064	-	-
Other receivables	11	1,645	1,893	650	932
Financial asset, at FVPL	13	22	-	22	-
Cash and cash equivalents	12	8,884	4,910	7,429	3,516
		18,388	12,006	16,760	11,581
Total assets		22,162	14,857	23,133	17,984
Equity					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	147,360	141,665	147,360	141,665
Reserves	15	(130,810)	(131,010)	(142,639)	(141,751)
		16,550	10,655	4,721	(86)
Non-controlling interests	6	168	(259)	-	-
Total equity		16,718	10,396	4,721	(86)
Liabilities					
Non-current					
Lease liabilities	16	2,952	429	56	66
Provision for reinstatement costs	17	30	-	-	-
		2,982	429	56	66
Current					
Amounts due to subsidiary corporations	8	-	-	18,115	17,567
Lease liabilities	16	661	281	12	22
Trade and other payables	18	1,780	3,730	229	415
Current income tax liabilities		21	21	-	-
		2,462	4,032	18,356	18,004
Total liabilities		5,444	4,461	18,412	18,070
Total equity and liabilities		22,162	14,857	23,133	17,984

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

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Note	2020 S\$'000	2019 S\$'000
Revenue	19	5,365	6,920
Raw materials and consumables used		(1,875)	(2,552)
Depreciation of property, plant and equipment	4	(560)	(347)
Other income	19(a)	603	84
Staff costs	19(b)	(2,720)	(4,008)
Other expenses	19(c)	(757)	(2,360)
Foreign currency (loss)/gain - net		(11)	8
Impairment loss on financial assets		-	(214)
Interest income	20(a)	108	62
Finance costs	20(b)	(56)	(60)
Share of profit/(loss) of an associated company	7	113	(20)
Profit/(loss) before taxation		210	(2,487)
Income tax	21	-*	-
Net profit/(loss)		210	(2,487)
Attributable to:			
Equity holders of the Company		141	(2,053)
Non-controlling interests	6	69	(434)
		210	(2,487)
Earnings/(loss) per share for loss attributable to equity holders of the Company (cents)			
Basic earnings/(loss) per share	22	0.11	(1.65)
Diluted earnings/(loss) per share	22	0.11	(1.65)

* Less than S\$1,000

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Note	2020 S\$'000	2019 S\$'000
Net profit/(loss)		210	(2,487)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Translation differences arising from translation of foreign operations	15(i)	44	(33)
Items that will not be reclassified subsequently to profit or loss:			
Translation differences arising from translation of foreign operations		-*	3
Other comprehensive income/(loss)		44	(30)
Total comprehensive income/(loss)		254	(2,517)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		185	(2,086)
Non-controlling interests		69	(431)
		254	(2,517)

* Less than S\$1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Share capital S\$'000 Note 14	Currency translation reserve S\$'000 Note 15	Share option reserve S\$'000 Note 15	Accumulated losses S\$'000 Note 15	Total S\$'000	Non-controlling interests S\$'000 Note 6	Total equity S\$'000
At 1 August 2019	141,665	(58)	-	(130,952)	10,655	(259)	10,396
Total comprehensive income for the financial year							
<i>Profit for the financial year</i>	-	-	-	141	141	69	210
<i>Other comprehensive income</i>							
Translation differences arising from translation of foreign operations	-	44	-	-	44	-	44
<i>Total other comprehensive income</i>	-	44	-	-	44	-	44
Total comprehensive income for the financial year	-	44	-	141	185	69	254
Transactions with owners of the Company, recognised directly in equity							
<i>Contributions by and distributions to owners</i>							
Issuance of ordinary shares pursuant to exercise of warrants by warrant holder	5,695	-	-	-	5,695	-	5,695
Employee share option scheme - value of employee services	-	-	15	-	15	-	15
Liquidation of a subsidiary corporation	-	-	-	-	-	358	358
<i>Total contributions by owners</i>	5,695	-	15	-	5,710	358	6,068
At 31 July 2020	147,360	(14)	15	(130,811)	16,550	168	16,718

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

A-SMART HOLDINGS LTD.

	Share capital S\$'000 Note 14	Currency translation reserve S\$'000 Note 15	Share option reserve S\$'000 Note 15	Accumulated losses S\$'000 Note 15	Total S\$'000	Non-controlling interests S\$'000 Note 6	Total equity S\$'000
At 1 August 2018	139,159	(25)	-	(128,899)	10,235	118	10,353
Total comprehensive (loss)/income for the financial year							
<i>Loss for the financial year</i>	-	-	-	(2,053)	(2,053)	(434)	(2,487)
<i>Other comprehensive loss</i>							
Translation differences arising from translation of foreign operations	-	(33)	-	-	(33)	3	(30)
<i>Total other comprehensive (loss)/income</i>	-	(33)	-	-	(33)	3	(30)
Total comprehensive loss for the financial year	-	(33)	-	(2,053)	(2,086)	(431)	(2,517)
Transactions with owners of the Company, recognised directly in equity							
<i>Contributions by and distributions to owners</i>							
Issuance of ordinary shares pursuant to exercise of warrants by warrant holder	2,506	-	-	-	2,506	-	2,506
Acquisition of subsidiary corporations	-	-	-	-	-	54	54
<i>Total contributions by owners</i>	2,506	-	-	-	2,506	54	2,560
At 31 July 2019	141,665	(58)	-	(130,952)	10,655	(259)	10,396

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Note	2020 S\$'000	2019 S\$'000
Profit/(loss) before taxation		210	(2,487)
Adjustments for:			
Depreciation of property, plant and equipment	4	560	347
Employee share option expense	19(b)	15	-
Fair value gain on financial asset, at FVPL	19(a)	(15)	-
Interest income	20(a)	(108)	(62)
Dividend income	19(a)	(7)	-
Interest expense	20(b)	56	60
Impairment loss on financial assets		-	214
(Gain)/loss on disposal of property, plant and equipment		(3)	17
(Gain on liquidation)/loss on disposal of subsidiary corporations	19(a)/19(c)	(116)	154
Recovery of bad debts written off in prior years	19(a)	(7)	-
Write down of inventories		-	111
Share of profit/(loss) of an associated company	7	(113)	20
		472	(1,626)
Changes in working capital:			
- Inventories		(26)	(37)
- Development properties		(869)	(3,659)
- Trade and other receivables		684	(348)
- Trade and other payables		(1,411)	1,415
Cash used in operations		(1,150)	(4,255)
Income tax paid		-*	-
Net cash used in operating activities		(1,150)	(4,255)
Cash flows from investing activities			
Dividend received		7	-
Interest received		46	62
Purchase of property, plant and equipment		(59)	(141)
Proceeds from disposal of property, plant and equipment		3	1
Net cash used in investing activities		(3)	(78)
Cash flows from financing activities			
Interest paid		(56)	(60)
Principal payment of lease liabilities		(497)	(406)
Proceeds from issuance of ordinary shares	14	5,695	2,506
Net cash provided by financing activities		5,142	2,040
Net increase/(decrease) in cash and cash equivalents		3,989	(2,293)
Cash and cash equivalents at beginning of financial year		4,910	7,202
Effects of currency translation on cash and cash equivalents		(15)	1
Cash and cash equivalents at end of financial year	12	8,884	4,910

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

Reconciliation of liabilities arising from financing activities

	1 August 2019 S\$'000	Principal and interest payments S\$'000	Non-cash changes				31 July 2020 S\$'000
			Adoption of SFRS(I) 16 S\$'000	Addition S\$'000	Interest expense S\$'000	Foreign exchange movement S\$'000	
Lease liabilities	710	(553)	2,177	1,280	56	(57)	3,613

	1 August 2018 S\$'000	Principal and interest payments S\$'000	Non-cash changes		31 July 2019 S\$'000
			Addition S\$'000	Interest expense S\$'000	
Lease liabilities	984	(466)	132	60	710

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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 6 to the financial statements.

2 Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2020

On 1 August 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") 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 SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

Adoption of SFRS(I) 16 Leases

When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2020 (Cont'd)

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 August 2019 and that were previously identified as leases under SFRS(I) 1-17 Leases and SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- ii) On a lease-by-lease basis, the Group has:
 - a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 August 2019 as short-term leases;
 - d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 August 2019.

For leases previously classified as operating leases on 1 August 2019, the Group has applied the following transition provisions:

- i) On a lease-by-lease basis, the Group chose to measure its ROU assets at amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application (i.e 1 August 2019).
- ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 August 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- iii) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 August 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2020 (Cont'd)

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 August 2019 are as follows:

	Increase S\$'000
Development properties	2,177
Lease liabilities	<u>2,177</u>

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 July 2019 and the lease liabilities recognised in the statement of financial position as at 1 August 2019 are as follows:

	S\$'000
Operating lease commitment as at 31 July 2019	20,254
Less: Short-term leases	(243)
Less: Discounting effect using weighted average incremental borrowing rate of 8%	(17,834)
Add: Finance lease liabilities recognised as at 31 July 2019	710
Lease liabilities recognised as at 1 August 2019	<u>2,887</u>

2.2 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 over 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 2020

2 Significant accounting policies (Cont'd)

2.2 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 profit or loss 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 profit or loss.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.2 Group accounting (Cont'd)

(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. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

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.

(iii) Disposals

Investment in an associated company is derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.3 Revenue recognition

Revenue is recognised when the Group satisfied a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from print media services and smart technologies product is recognised at point in time when the Group has delivered its product to its customers and customers have obtained control of the product.

Events management income is recognised at point in time 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, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.4 Government grants

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.

2.5 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 profit or loss.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.6 Currency translation (Cont'd)

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 reporting date are recognised in profit or loss. 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 profit or loss, 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.

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 profit or loss on disposal or partial disposal with loss of control 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.

2.7 Property, plant and equipment

Property, 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 property, 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. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.7 Property, plant and equipment (Cont'd)

Depreciation on property, 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>
Leasehold premises	3 years
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 property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

Subsequent expenditure relating to property, 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 profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other expenses".

2.8 Development properties

Development properties comprise properties in the course of development and leasehold land held for future development or for sale in the ordinary course of business. Development properties are measured at lower of cost and net realisable value. Net realisable value of development properties is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of development properties comprises costs that relate directly to the development, such as cost of land and construction and related costs that are attributable to development activities and can be allocated to the development project.

When it is probable that cost of development properties will exceed sale proceed of the development properties, the expected loss is recognised as an expense immediately.

The development properties in progress have operating cycle longer than one year.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.10 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

2.11 Impairment of non-financial assets

Property, plant and equipment

Investments in subsidiary corporations and associated company

Property, 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 profit or loss.

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 profit or loss.

2.12 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.12 Financial assets (Cont'd)

(a) Classification and measurement (Cont'd)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise of trade receivables, other receivables and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flows characteristics of the assets.

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised costs and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) *Equity instruments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which changes arise and presented in "other gains and losses". Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 25(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.12 Financial assets (Cont'd)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.13 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.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting 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 profit or loss over the period of the borrowings using the effective interest method.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.16 Leases

(a) The accounting policy for leases before 1 August 2019 is as follows:

(i) *When the Group is the lessee:*

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

- *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 property, 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 profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

- *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 profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) The accounting policy for leases from 1 August 2019 is as follows:

(i) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.16 Leases (Cont'd)

(b) The accounting policy for leases from 1 August 2019 is as follows: (Cont'd)

(i) *When the Group is the lessee: (Cont'd)*

- Right-of-use assets (Cont'd)

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment" and "Development properties".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component based on the relative stand-alone price of the lease and non-lease components. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.16 Leases (Cont'd)

(b) The accounting policy for leases from 1 August 2019 is as follows: (Cont'd)

(i) *When the Group is the lessee: (Cont'd)*

- Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.17 Employee benefits

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

(a) 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.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.18 Provision

(a) General

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(b) Asset dismantlement, removal and restoration

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2.19 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 reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2 Significant accounting policies (Cont'd)

2.19 Income taxes (Cont'd)

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 reporting date; and
- (ii) based on the tax consequences that will follow from the manner in which the Group expects, at the reporting 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 profit or loss, 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.

2.20 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.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 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.

3 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.

Impairment of non-financial assets

Property, 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.

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 profit or loss for the differences.

Determining whether property, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

3 Critical accounting estimates, assumptions and judgements (Cont'd)

Impairment of non-financial assets (Cont'd)

No impairment losses were recognised for the financial year ended 31 July 2020 as management assessed that there were no indication that the carrying amount of property, plant and equipment and investments in subsidiary corporations and an associated company may not be recoverable.

The carrying amounts of property, plant and equipment and investment in subsidiary corporations and an associated company are disclosed in Notes 4, 6 and 7 to the financial statements respectively.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within the range as indicated in the accounting policy for property, 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.

Impairment of trade and other receivables

Expected credit losses ("ECL") on trade and other receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group measured the loss allowance of trade receivables at an amount equal to lifetime ECL using a provision matrix. In determining the ECL for other receivables, loss allowance is generally measured at an amount equal to 12-month ECL. When the credit quality deteriorates and the resulting credit risk of other receivables increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical observed default rate, customers' and other receivables' ability to pay and adjusted with forward-looking information. At every reporting date the historical observed default rate will be updated and changes in the forward-looking estimates will be analysed.

Notwithstanding the above, the Group evaluates the ECL on customers and other receivables in financial difficulties separately.

The carrying amounts of trade and other receivables are disclosed in Note 11 to the financial statements.

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 and unabsorbed investment allowance of approximately S\$3.9 million (2019: S\$4.7 million) and S\$3,000 (2019: S\$0.2 million) respectively. The 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

4 Property, plant and equipment

Group	Leasehold premises S\$'000	Machineries S\$'000	Motor vehicles S\$'000	Office equipment S\$'000	Furniture and fittings S\$'000	Total S\$'000
Cost						
At 31 July 2018	-	4,470	470	5,710	135	10,785
Currency translation differences	-	-	-	(4)	-	(4)
Additions	-	-	142	107	24	273
Written off	-	-	-	(32)	-	(32)
Disposal	-	-	(42)	(22)	-	(64)
Disposal of subsidiary corporations	-	-	-	(95)	-	(95)
At 31 July 2019	-	4,470	570	5,664	159	10,863
Currency translation differences	-	-	-	2	-	2
Additions	1,310	7	-	52	-	1,369
Written off	-	-	-	(3,182)	-	(3,182)
Disposal	-	-	-	(230)	-	(230)
At 31 July 2020	1,310	4,477	570	2,306	159	8,822
Accumulated depreciation						
At 31 July 2018	-	3,169	353	5,475	74	9,071
Currency translation differences	-	-	-	(4)	-	(4)
Depreciation	-	162	63	98	24	347
Written off	-	-	-	(32)	-	(32)
Disposal	-	-	(42)	(4)	-	(46)
Disposal of subsidiary corporations	-	-	-	(90)	-	(90)
At 31 July 2019	-	3,331	374	5,443	98	9,246
Currency translation differences	-	-	-	2	-	2
Depreciation	218	162	51	103	26	560
Written off	-	-	-	(3,182)	-	(3,182)
Disposal	-	-	-	(230)	-	(230)
At 31 July 2020	218	3,493	425	2,136	124	6,396
Carrying amount						
At 31 July 2019	-	1,139	196	221	61	1,617
At 31 July 2020	1,092	984	145	170	35	2,426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

4 Property, plant and equipment (Cont'd)

Company	Machineries S\$'000	Motor vehicles S\$'000	Office equipment S\$'000	Total S\$'000
Cost				
At 31 July 2018	62	256	42	360
Additions	-	142	-	142
At 31 July 2019 and 31 July 2020	62	398	42	502
Accumulated depreciation				
At 31 July 2018	9	234	42	285
Depreciation	7	35	-	42
At 31 July 2019	16	269	42	327
Depreciation	6	24	-	30
At 31 July 2020	22	293	42	357
Carrying amount				
At 31 July 2019	46	129	-	175
At 31 July 2020	40	105	-	145

- (a) Right-of-use assets acquired under leasing agreement are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 5(a).
- (b) Included within additions in the 2019's consolidated financial statements are motor vehicle amounting to S\$84,000 and office equipment amounting to S\$48,000 acquired under finance leases.

5 Leases – The Group as a lessee

Nature of the Group's leasing activities

Property

The Group leases office premises, factory and warehouse facilities for the purpose of back office operations and printing operations.

Leasehold land

The Group has made annual lease payments for a leasehold land parcel. The right-of-use of the land is classified as development properties – land held for future development (Note 10).

There are no externally imposed covenants on these lease agreements.

Office equipment, machineries and motor vehicles

The Group leases motor vehicles to render logistic services and leases office equipment and machineries for the printing division to manufacture and produce printing products.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

5 Leases – The Group as a lessee (Cont'd)

(a) *Carrying amount*

ROU assets classified within Property, plant and equipment

	31 July 2020 S\$'000	1 August 2019 S\$'000
Leasehold premises	1,092	-
Motor vehicles	143	194
Machineries	843	1,050
Office equipment	60	113
	2,138	1,357

ROU assets classified within Development properties

The right-of-use assets relating to the leasehold land presented under development properties (Note 10) is stated at cost and has a carrying amount at reporting date of S\$2,120,000 (1 August 2019: S\$Nil).

(b) *Depreciation charge during the financial year*

	2020 S\$'000
Leasehold premises	218
Motor vehicles	37
Machineries	140
Office equipment	53
Total	448

(c) *Interest expense*

	2020 S\$'000
Interest expense on lease liabilities (Note 20(b))	56

(d) *Lease liabilities not capitalised in lease liabilities*

	2020 S\$'000
Lease expense – short-term leases (Note 19(c))	255

(e) Total cash outflow for all leases in 2020 was S\$808,000.

(f) Addition of ROU assets during the financial year 2020 was S\$3,430,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

6 Investments in subsidiary corporations

	Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000
<i>Unquoted equity shares, at cost</i>		
Beginning of financial year	18,879	18,879
Less: Impairment losses	(12,651)	(12,651)
End of financial year	6,228	6,228

Movement in impairment losses is as follows:

	31 July 2020 S\$'000	31 July 2019 S\$'000
At beginning and end of the financial year	12,651	12,651

Name	Country of business/ incorporation	Proportion of ordinary shares held by the non-controlling interests				Principal activities
		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by the non-controlling interests		
		31 July 2020 %	31 July 2019 %	31 July 2020 %	31 July 2019 %	
<i>Held by the company</i>						
Xpress Print (Pte) Ltd ⁽¹⁾	Singapore	100	100	-	-	Provision of general printing, multimedia and pre-press work
A-Smart Property Holdings Pte. Ltd. ⁽¹⁾	Singapore	100	100	-	-	Real estate developers and property investment activities
Xpress Print (Vietnam) Co., Ltd ⁽²⁾	Vietnam	100	100	-	-	Inactive
A-Smart Commerce Pte. Ltd. ⁽¹⁾	Singapore	100	100	-	-	Investment holding
A-Smart Investments Pte. Ltd. ⁽¹⁾	Singapore	100	100	-	-	Investment holding
A-Smart Media Pte. Ltd. ⁽¹⁾	Singapore	100	100	-	-	Publishing and event management

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

6 Investments in subsidiary corporations (Cont'd)

Name	Country of business incorporation	Proportion of ordinary shares held by the				Principal activities
		Group		non-controlling interests		
		31 July 2020	31 July 2019	31 July 2020	31 July 2019	
		%	%	%	%	
<u>Held by Xpress Print (Pte) Ltd</u>						
Xpress Print (Australia) Pty Ltd ⁽²⁾	Australia	76	76	24	24	Inactive
<u>Held by A-Smart Commerce Pte. Ltd.</u>						
A-Smart Technologies Pte. Ltd. ⁽¹⁾	Singapore	100	100	-	-	Development, resale and distribution of technology products
A-Smart Life Pte. Ltd. ⁽¹⁾	Singapore	100	100	-	-	Development, resale and distribution of smart IT solutions and applications
A-Smart Pair (SEA) Pte. Ltd. ⁽¹⁾	Singapore	80	80	20	20	Selling, leasing, servicing and maintaining green technology systems as part of smart city solutions
<u>Held by A-Smart Property Holdings Pte. Ltd.</u>						
A-Smart Dili Development Co, Lda ⁽⁵⁾	Timor-Leste	-	51	-	49	Property development in Timor-Leste
Timor Marina Square S.A. ⁽³⁾⁽⁴⁾	Timor-Leste	69	60	31	40	Property development in Timor-Leste
Timor City Square S.A. ⁽³⁾	Timor-Leste	60	60	40	40	Property development in Timor-Leste

⁽¹⁾ Audited by Nexia TS Public Accounting Corporation.

⁽²⁾ Dormant subsidiary corporation not considered significant to the Group.

⁽³⁾ Subsidiary corporation yet to commence operations.

⁽⁴⁾ On 4 October 2019, the Group through its wholly-owned subsidiary corporation, A-Smart Property Holdings Pte. Ltd. acquired an additional 9% equity interest in Timor Marina Square S.A.. As a result, the Group's shareholding interest in Timor Marina Square S.A. has increased to 69%.

⁽⁵⁾ As at 26 March 2020, the subsidiary corporation, A-Smart Dili Development Co, Lda was liquidated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

6 Investments in subsidiary corporations (Cont'd)

Carrying value of non-controlling interests

	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	31 July 2020	31 July 2019	31 July 2020	31 July 2019
	S\$'000	S\$'000	S\$'000	S\$'000
A-Smart Dili Development Co, Lda	66	(434)	-	(431)
Xpress Print (Australia) Pty Ltd	-*	-*	108	108
Other subsidiary corporations with immaterial non-controlling interests	3	-*	60	64
	69	(434)	168	(259)

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.

Summarised statement of financial position

	A-Smart Dili Development Co, Lda		Xpress Print (Australia) Pty Ltd	
	31 July 2020	31 July 2019	31 July 2020	31 July 2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Assets	-	7	1,067	955
Liabilities	-	(913)	(479)	(365)
Total net current assets represent net assets	-	(906)	588	590

*Less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

6 Investments in subsidiary corporations (Cont'd)

Summarised financial information of subsidiary corporations with material non-controlling interests – Cont'd

Summarised income statements

	A-Smart Dili Development Co, Lda		Xpress Print (Australia) Pty Ltd	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Revenue	-	-	4	11
Profit/(loss) before income tax	135	(886)	(2)	3
Income tax expense	-	-	-	-
Profit/(loss) for the financial year	135	(886)	(2)	3

Summarised cash flows

Net cash generated from operating activities	-	-	92	93
Net cash used in investing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
	-	-	92	93

7 Investment in an associated company

	Group	
	31 July 2020 S\$'000	31 July 2019 S\$'000
Equity investment		
Beginning of financial year	1,234	1,289
Share of profit/(loss) of an associated company	113	(20)
Currency translation differences	1	(35)
End of financial year	1,348	1,234

Details of the Group's associated company are as follows. The associated company as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group.

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

The principal activities of Sheng Siong (China) Supermarket Co., Ltd is supermarket operations in China.

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 2020

7 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.

<u>Summarised statement of financial position</u>	31 July 2020 S\$'000	31 July 2019 S\$'000
Current assets	6,697	5,919
Current liabilities	(2,943)	(3,085)
Non-current assets	2,820	2,685
Net assets	6,574	5,519
 <u>Summarised statement of comprehensive income</u>		
	2020 S\$'000	2019 S\$'000
Net profit/(loss) for the financial year	1,130	(200)
Other comprehensive income	-	-
Total comprehensive income/(loss)	1,130	(200)

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

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:

	31 July 2020 S\$'000	31 July 2019 S\$'000
Net assets at date of acquisition	6,932	6,932
Accumulated profit/(losses)	53	(1,077)
Foreign exchange adjustment	(411)	(336)
At 31 July	6,574	5,519
 Interest in associated company (10%)	 657	 552
Capital contribution due to the associated company (Note 18)	685	685
Foreign exchange adjustment	6	(3)
Carrying value	1,348	1,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

8 Amounts due from / to subsidiary corporations

	Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000
<u>Current</u>		
Amounts due from subsidiary corporations		
- trade	552	552
- non-trade	8,107	6,581
	8,659	7,133
Amounts due to subsidiary corporations		
- trade	152	152
- non-trade	17,963	17,415
	18,115	17,567

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

9 Inventories

	Group	
	31 July 2020 S\$'000	31 July 2019 S\$'000
<u>At cost</u>		
Finished goods	293	353
Raw materials and consumables	213	127
	506	480

Costs of inventories recognised as expense was included in "Raw materials and consumables used" in the consolidated income statement and amount to S\$1,875,000 (2019: S\$2,552,000).

Included in "Raw materials and consumables used", is inventories written down of S\$Nil (2019: S\$111,000) during the financial year.

10 Development properties

	Group	
	31 July 2020 S\$'000	31 July 2019 S\$'000
Land in the course of development in Timor-Leste	3,830	3,289
Land held for future development or for sale in Timor-Leste	2,818	370
	6,648	3,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

10 Development properties (Cont'd)

Development properties comprise the land cost of properties in the course of development; and land held for future development or for sale. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

Location	Tenure	Site area (sq m)	Description of proposed development	Existing use	Group's effective interest in the property	
					31 July 2020	31 July 2019
Lecidere, Dili, Timor-Leste (See Note a)	Freehold	3,204	Mixed development of 2 blocks of 20 storey building comprising retail, office and residential apartment units.	Vacant	69%	60%
CBD, Dili, Timor- Leste (See Note b)	99 years	5,310	Not applicable.	Vacant	60%	60%

(a) Structural plans for the project completed and submitted to the Timor Building Authorities.

(b) Plans not finalised for this project site.

11 Trade and other receivables

	Group		Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000	31 July 2020 S\$'000	31 July 2019 S\$'000
Trade receivables – non-related parties	683	1,064	-	-
Sundry receivables – non-related parties	141	109	27	11
Interest receivables – related party	62	-	-	-
Advances to staff	4	4	-	-
Receivable from disposal of subsidiary corporations	600	900	600	900
Deposits	754	754	3	-
	1,561	1,767	630	911
Advance payment to suppliers	46	33	1	-
Prepayments	38	93	19	21
	1,645	1,893	650	932

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

12 Cash and cash equivalents

	Group		Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000	31 July 2020 S\$'000	31 July 2019 S\$'000
Cash at bank and on hand	7,869	2,410	6,414	1,016
Short-term bank deposits	1,015	2,500	1,015	2,500
	8,884	4,910	7,429	3,516

13 Financial asset, at FVPL

	Group and Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000
Beginning of financial year	-	-
Additions	7	-
Fair value gains (Note 19 (a))	15	-
End of financial year	22	-
<u>Current</u>		
Non-listed equity security - Singapore	22	-

The instrument is all mandatorily measured at fair value through profit or loss. The fair value is within level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

14 Share capital

	No. of shares		Amount	
	31 July 2020 '000	31 July 2019 '000	31 July 2020 S\$'000	31 July 2019 S\$'000
Issued and fully paid:				
<i>Ordinary Shares</i>				
Beginning of financial year	128,726	119,776	141,665	139,159
Issuance of shares pursuant to exercise of share warrants ⁽ⁱ⁾	20,336	8,950	5,695	2,506
End of financial year	149,062	128,726	147,360	141,665

(i) During the financial year, 20,336,000 new shares (2019: 8,950,000 shares) were issued to a warrant holder for the exercise of 20,336,000 share warrants (2019: 8,950,000 share warrants) at the exercise price of S\$0.28 per share (2019: S\$0.28 per share). The total proceeds received for the shares issued in FY 2020 and FY 2019 were approximately S\$5.7 million and S\$2.5 million respectively. As at to-date, no part of either proceeds have been utilised.

The newly issued shares *pari passu* in all aspects with the previously issued shares.

At the date of this report, the Company has no outstanding share warrants (2019: 27,836,000 share warrants) as the unexercised warrants expired on 19 July 2020.

(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.

(a) Share options

Share options were granted to directors, key management personnel and employees who are confirmed in his employment with the Group, attained the age of 21 years on or before the date of grant and not be an undischarged bankrupt and must not have entered into a composition with his creditors under A-Smart Employee Share Option Scheme 2018, which became operative on 17 February 2020.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant (the "Market Price Options"). At the discretion of the Committee, share options may be granted at a discount, subject to the listing rules of the SGX-ST (the "Discounted Options"). The vesting of the options is one year from the date of grant for Market Price Options and 2 years from the date of grant for Discounted Options.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

14 Share capital (Cont'd)

(a) Share options (Cont'd)

Once they have vested, the options are exercisable over a period of four years. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company of the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 17 February 2020, options to subscribe for 1,752,000 ordinary shares in the Company at an exercise price of \$0.356 per ordinary share were granted pursuant to the Scheme ("2018 Options"). The 2018 Options are exercisable from 17 February 2021 and expire on 16 February 2025.

Movements in the number of unissued ordinary shares under the A-Smart Employee Share Option Scheme and their exercise prices are as follows:

	No. of ordinary shares under option			Exercise price	Exercise period	
	Beginning of financial year	Granted during financial year	Forfeited during financial year			
Group and Company						
2020						
2018 Options	-	1,752,000	(94,000)	1,658,000	\$0.356	17.02.2021-16.02.2025
	-	1,752,000	(94,000)	1,658,000		

No share options issued during the financial year can be exercised at the reporting date.

The fair value of options granted on 17 February 2020, determined using the Binomial Valuation Model was S\$30,000. The significant inputs into the model were the share price of S\$0.35 at the grant date, the exercise price of S\$0.356, standard deviation of expected share price returns of 23%, dividend yield of 0%, the option life shown above and the annual risk-free interest rate of 1.65%. The volatility measured on the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last 30 months.

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 Group and the Company are not subject to externally imposed capital requirements.

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 2020

15 Reserves

	Group		Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000	31 July 2020 S\$'000	31 July 2019 S\$'000
Composition:				
Currency translation reserve	(14)	(58)	-	-
Share option reserve	15	-	15	-
Accumulated losses	(130,811)	(130,952)	(142,654)	(141,751)
	(130,810)	(131,010)	(142,639)	(141,751)

Movements:

(i) Currency translation reserve

	Group	
	31 July 2020 S\$'000	31 July 2019 S\$'000
At 1 August	(58)	(25)
Net currency translation differences arising from translation of foreign operations	44	(33)
At 31 July	(14)	(58)

(ii) Share option reserve

	Group		Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000	31 July 2020 S\$'000	31 July 2019 S\$'000
At 1 August	-	-	-	-
Employee share option scheme				
Value of employee services (Note 19(b))	15	-	15	-
At 31 July	15	-	15	-

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

16 Lease liabilities

	Group		Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000	31 July 2020 S\$'000	31 July 2019 S\$'000
Current				
Lease liabilities	661	281	12	22
Non-current				
Lease liabilities	2,952	429	56	66
	3,613	710	68	88

(a) Security granted

The lease liabilities of S\$1,492,000 (2019: S\$710,000) and S\$68,000 (2019: S\$88,000) for the Group and the Company respectively are secured over certain leasehold premises, motor vehicles, machineries and office equipment of the Group.

As at 31 July 2019, 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.

Finance lease liabilities were reclassified to lease liabilities on 1 August 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

	Group 31 July 2019 S\$'000
Lease payments payable:	
Not later than one year	323
Later than one year and not later than five years	477
Later than five years	19
Future minimum lease payments	819
Less: Amounts representing future finance charges	(109)
Present value of finance lease liabilities	710

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

16 Lease liabilities (Cont'd)

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

	Group 31 July 2019 S\$'000
Not later than one year	281
Later than one year:	
Between one year and five years	411
Later than five years	18
	<u>429</u>
Total	<u><u>710</u></u>

17 Provision for reinstatement costs

	Group	
	31 July 2020 S\$'000	31 July 2019 S\$'000
Beginning of financial year	-	-
Additions	30	-
End of financial year	<u>30</u>	<u>-</u>

The provision relates to the Group's obligation to reinstate leased premises to its original condition upon termination of lease and is based on the management's estimate in similar situations. The Group expects to incur the liability upon the expiration of lease.

18 Trade and other payables

	Group		Company	
	31 July 2020 S\$'000	31 July 2019 S\$'000	31 July 2020 S\$'000	31 July 2019 S\$'000
Trade payables – non-related parties	162	482	-	-
Sundry payables – non-related parties	478	1,678	3	172
Amount due to an associated company (Note 7)	685	685	-	-
Accruals for operating expenses	285	680	128	121
Accrued directors' fees	98	122	98	122
Deposits received from customers	72	83	-	-
	<u>1,618</u>	<u>3,248</u>	<u>229</u>	<u>415</u>
	<u><u>1,780</u></u>	<u><u>3,730</u></u>	<u><u>229</u></u>	<u><u>415</u></u>

The amount due to an associated company is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

19 Revenue

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines.

Group	2020 S\$'000	2019 S\$'000
Print media services	5,118	6,871
Media and events	205	4
Smart technologies	42	45
	5,365	6,920

19(a) Other income

Group	2020 S\$'000	2019 S\$'000
Dividend income	7	-
Recovery of bad debts written off in prior years	7	-
Rental income	15	19
Gain on disposal of property, plant and equipment	3	3
Government grants	415	44
Fair value gains – Financial asset, at FVPL (Note 13)	15	-
Miscellaneous income	25	18
Gain on liquidation of a subsidiary corporation	116	-
	603	84

The Group's dividend income includes dividend recognised from investment in equity instrument designated at FVPL of S\$7,000 (2019: S\$Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

19(b) Staff costs

Group	2020 S\$'000	2019 S\$'000
<u>Directors' fees:</u>		
• directors of the Company		
- Current financial year	98	122
• director of subsidiary corporations		
- Current financial year	13	-
<u>Directors' remuneration other than fees:</u>		
• directors of the Company	375	360
- contributions to defined contribution plans	8	7
- share option expense (Note 15(ii))	10	-
• directors of a subsidiary corporation	272	267
- contributions to defined contribution plans	12	11
- share option expense (Note 15(ii))	1	-
<u>Key management personnel (other than directors):</u>		
• salaries, wages and other related costs	360	385
• contributions to defined contribution plans	33	27
• share option expense (Note 15(ii))	1	-
Key management personnel compensation	1,183	1,179
Other than directors and key management personnel:		
• salaries, wages and other related costs	1,338	2,121
• contributions to defined contribution plans	196	325
• accrued performance bonuses	-	383
• share option expense (Note 15(ii))	3	-
	2,720	4,008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

19(c) Other expenses

Group	2020 S\$'000	2019 S\$'000
Corporate and legal expenses	154	228
Audit fees		
- Current year:		
Auditor of the company	96	104
- Under provision in prior financial years:		
Other auditors	-	3
Bank charges	7	7
Insurance expenses	20	20
Marketing expenses	39	66
Lease expenses (Note 5(d))	255	491
Penalties and fines	-	1
Printing expenses and postage	9	22
Repair and maintenance of equipment	59	49
Telecommunication expenses	27	42
Utilities	100	103
Upkeep of motor vehicles	56	80
Upkeep of premises	4	10
Preliminary expenses (recovered)/incurred for overseas property projects	(137)	897
Loss on disposal of subsidiary corporations	-	154
Loss on disposal of property, plant and equipment	-	20
Others	68	63
	757	2,360

A-SMART HOLDINGS LTD.

20(a) Interest income

Group	2020 S\$'000	2019 S\$'000
Interest income from:		
- Fixed deposits	46	62
- Loan to a related party	62	-
	108	62

20(b) Finance costs

Group	2020 S\$'000	2019 S\$'000
Interest expense - lease liabilities (Note 5(c))	56	60

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

21 Income tax

Group	2020 S\$'000	2019 S\$'000
Current income tax	-*	-

*Less than S\$1,000

Reconciliation of effective tax rate

Group	2020 S\$'000	2019 S\$'000
Profit/(loss) before taxation	210	(2,487)
Share of (profit)/loss of an associated company	(113)	20
Profit/(loss) before taxation and share of profit/(loss) of an associated company	97	(2,467)
Tax calculated using Singapore tax rate of 17% (2019: 17%)	16	(419)
Non-deductible expenses	81	141
Effects of tax rates in foreign jurisdictions	(2)	-
Income not subject to tax	(57)	-
Utilisation of previously unrecognised tax benefits	(204)	(113)
Utilisation of group relief	-	(1)
Deferred tax assets not recognised	166	392
	-	-

At the date of the statement of financial position, the Group had unabsorbed tax losses and unabsorbed investment allowance of approximately S\$3.9 million (2019: S\$4.7 million) and S\$3,000 (2019: S\$0.2 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. The tax losses have no expiry date.

22 Earnings/(loss) per share

Basic

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

Diluted

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares: share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

22 Earnings/(loss) per share (Cont'd)

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

	2020	2019
Profit/(loss) attributable to owners of the Company (S\$'000)	<u>141</u>	<u>(2,053)</u>
Weighted average number of ordinary shares in issue ('000)	130,453	124,215
Warrants ('000)	-	27,836
	<u>130,453</u>	<u>152,051</u>
Basic earnings/(loss) per share (cents)	<u>0.11</u>	<u>(1.65)</u>
Diluted earnings/(loss) per share (cents)	<u>0.11</u>	<u>(1.65)*</u>

* As loss was recorded for the financial year ended 31 July 2019, the dilutive potential shares from warrants outstanding at the end of the financial years were anti-dilutive and hence no adjustment is made to the share capital base in computing the diluted loss per share.

23 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.

As at 31 July 2019, the future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	31 July 2019
Group	S\$'000
Lease rentals payable:	
Not later than one year	243
Later than one year	20,011
	<u>20,254</u>

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 August 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position as at 31 July 2020, except for short-term and low value leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

23 Commitments (Cont'd)

(b) Capital commitments

Group	31 July 2020 S\$'000	31 July 2019 S\$'000
Commitments in respect of:		
- Procurement of food waste digester machines	<u>796</u>	<u>-</u>

24 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) Property – involved in the property development business.
- (c) Smart Technologies - involved the development, sale and redistribution of smart IT solutions, gadgets, software and hardware products.
- (d) Corporate and Others - involved media and events management, property investment, investment holdings and Corporate Office which incurs general corporate expenses.

Intra-segment and inter-segment transactions were carried out at terms agreed between the parties during the financial year. Intra-segment and inter-segment transactions were eliminated on consolidation.

Segment revenue and expenses:

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 property, 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 lease liabilities and current income tax liabilities.

The Board of Directors ("Board"), who are the Chief Operating Decision Maker assess the performance of the operating segments based on a measure of segment results 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 the Board separately analysed. Finance costs are not allocated to segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

A-SMART HOLDINGS LTD.

24 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 Board.

	Print Media		Property		Corporate and Others		Smart Technologies		Eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	5,118	6,871	-	-	205	4	42	45	-	-	5,365	6,920
Inter-segment sales	32	43	-	-	-	68	-	-	(32)	(111)	-	-
Segment revenue	5,150	6,914	-	-	205	72	42	45	(32)	(111)	5,365	6,920
Segment results	879	269	268	(923)	(763)	(1,372)	(199)	(301)	(32)	(80)	153	(2,407)
Finance costs											(56)	(60)
Share of profit/(loss) of an associated company											113	(20)
Profit/(loss) before taxation											210	(2,487)
Income tax											-*	-
Net profit/(loss) for the financial year											210	(2,487)
*Less than S\$1,000												
Assets and liabilities:												
Segment assets	3,544	3,040	7,245	4,201	2,166	2,340	323	366	-	-	13,278	9,947
Unallocated assets											8,884	4,910
Total assets											22,162	14,857
Segment liabilities	490	1,224	355	1,379	921	1,100	14	27	-	-	1,780	3,730
Current income tax liabilities											21	21
Unallocated liabilities											3,643	710
Total liabilities											5,444	4,461

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

24 Operating segments (Cont'd)

	Print Media		Property		Corporate and Others				Smart Technologies		Eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other segment information:														
Capital expenditure	59	131	-	-	-	142	-	-	-	-	-	-	59	273
Depreciation of property, plant and equipment	530	305	-	-	30	42	-	-	-	-	-	-	560	347
Interest expense	51	53	-	-	5	7	-	-	-	-	-	-	56	60
(Gain)/loss on disposal of property, plant and equipment	(3)	17	-	-	-	-	-	-	-	-	-	-	(3)	17
Impairment loss on financial assets	-	29	-	-	-	185	-	-	-	-	-	-	-	214
(Gain on liquidation)/loss on disposal of subsidiary corporations	-	49	(116)	-	-	105	-	-	-	-	-	-	(116)	154
Preliminary expenses (recovered)/incurred for overseas property projects	-	-	(137)	897	-	-	-	-	-	-	-	-	(137)	897

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

24 Operating segments (Cont'd)

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

	Revenue from external customer		Non-current assets		Capital expenditure	
	2020	2019	31 July 2020	31 July 2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	5,362	6,914	3,774	2,851	59	273
Timor-Leste	-	-	-	-	-	-
Others	3	6	-	-	-	-
Total	5,365	6,920	3,774	2,851	59	273

Revenue of S\$1.8 million (2019: S\$2.5 million) is derived from 2 (2019: 3) external customers. These revenues are attributable to Singapore print media segment.

25 Financial risk management

The Group's activities expose it to market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

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"), Hong Kong dollar ("HKD") and Australian Dollar ("AUD").

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

25 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

Currency risk (Cont'd)

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

Group SGD equivalent	USD S\$'000	HKD S\$'000	AUD S\$'000	Total S\$'000
At 31 July 2020				
Financial assets:				
Cash and cash equivalents	13	126	-	139
Trade receivables	-	-	20	20
Financial liabilities:				
Trade and other payables	(685)	-	-	(685)
Net currency exposure	(672)	126	20	(526)
At 31 July 2019				
Financial assets:				
Cash and cash equivalents	13	212	-	225
Trade receivables	-	-	23	23
Financial liabilities:				
Trade and other payables	(685)	-	-	(685)
Net currency exposure	(672)	212	23	(437)

As at 31 July 2020 and 31 July 2019, the Company does not have significant foreign currency exposures as its financial assets and financial liabilities are mainly denominated in Singapore dollars which is its functional currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

25 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

Currency risk (Cont'd)

Sensitivity analysis - Currency risk

A 5% strengthening of the above currencies against the SGD 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.

Group SGD equivalent	USD S\$'000	HKD S\$'000	AUD S\$'000	Total S\$'000
31 July 2020				
(Decrease)/Increase in profit after tax	(28)	5	1	(22)
31 July 2019				
(Decrease)/Increase in profit after tax	(28)	9	1	(18)

A 5% weakening of the above currencies against the SGD 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 Group has no significant interest-bearing assets and liabilities at variable rates, the Group's income is substantially independent of changes in market interest rates.

Equity price risk

The Group is exposed to insignificant equity security price risk arising from the investment held by the Group which is classified as financial asset at FVPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

25 Financial risk management (Cont'd)

(b) Credit risk

Credit risk refers to the risk that a counterparty will 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.

For customers, the Group performs credit reviews on new customers before acceptance and an annual review for existing customers. Credit reviews take into account customers' financial strength, the Group's past experiences with the customers and other relevant factors.

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.

The trade receivables of the Group comprise 4 (31 July 2019: 2) debtors, that individually represented 5 - 10% of trade receivables.

Impairment of financial assets

The Group has the following financial assets where the expected credit loss model has been applied:

- Trade receivables

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for all trade receivables. The provision matrix is based on actual credit loss expenses over the past years.

Loss allowance for trade receivables are measured at an amount equal to lifetime expected credit losses ("ECL") via provision matrix as these items do not have a significant financing component. In measuring the expected credit losses, customers are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group has recognised a loss allowance of S\$Nil (31 July 2019: S\$160,000) against trade receivables as at 31 July 2020. No other loss allowance is recognised as the management believes that the amounts that are past due are collectable, based on historical payment behavior and credit-worthiness of the customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

25 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Impairment of financial assets (Cont'd)

- Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of cash and cash equivalents and other receivables.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group or the Company, and a failure to make contractual payments.

The Group has recognised a loss allowance of S\$Nil (2019: S\$54,000) against other receivables as at 31 July 2020. No other loss allowance against other financial assets, at amortised cost is recognised as the management believes that the amounts are collectible, based on historical payment behaviour and credit-worthiness of these receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

25 Financial risk management (Cont'd)

(c) 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 1 and 5 years S\$'000	Over 5 years S\$'000
Group					
<u>At 31 July 2020</u>					
Trade and other payables	1,780	1,780	1,780	-	-
Lease liabilities	3,613	21,088	713	1,392	18,983
	5,393	22,868	2,493	1,392	18,983
<u>At 31 July 2019</u>					
Trade and other payables	3,730	3,730	3,730	-	-
Lease liabilities	710	819	323	477	19
	4,440	4,549	4,053	477	19
Company					
<u>At 31 July 2020</u>					
Trade and other payables	229	229	229	-	-
Lease liabilities	68	75	14	61	-
	297	304	243	61	-
<u>At 31 July 2019</u>					
Trade and other payables	415	415	415	-	-
Lease liabilities	88	100	26	55	19
	503	515	441	55	19

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

25 Financial risk management (Cont'd)

(d) Fair values of financial instruments

The fair value of financial instruments that are not trade in an active market is determined by valuation techniques. Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

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

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	31 July 2020 S\$'000	31 July 2019 S\$'000
Group		
Financial asset, at FVPL	22	-
Financial assets, at amortised cost	11,128	7,741
Financial liabilities, at amortised cost	5,393	4,440
	31 July 2020 S\$'000	31 July 2019 S\$'000
Company		
Financial asset, at FVPL	22	-
Financial assets, at amortised cost	16,718	11,560
Financial liabilities, at amortised cost	18,412	18,070

26 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were no significant transactions between the Group and related parties during the financial year on terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

27 Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations in Singapore and planned projects in Timor-Leste were affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 July 2020:

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2020, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business production and volume in 2020, resulting in a negative impact on the Group's financial performance for 2020.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 July 2020.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for next financial year. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

28 New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

29 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 4 November 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 23 OCTOBER 2020

Class of Shares	:	Ordinary Shares
Voting Right	:	One vote per share
No. of Shares (excluding treasury shares and subsidiary holdings)	:	149,062,362
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	5,944	45.61	226,152	0.15
100 - 1,000	4,710	36.14	1,487,935	1.00
1,001 - 10,000	1,890	14.50	6,273,113	4.21
10,001 - 1,000,000	477	3.66	27,239,890	18.27
1,000,001 AND ABOVE	12	0.09	113,835,272	76.37
TOTAL	13,033	100.00	149,062,362	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MA WEIDONG	75,000,000	50.31
2	CITIBANK NOMINEES SINGAPORE PTE LTD	9,944,612	6.67
3	WONG SWEE CHUN	7,400,000	4.96
4	LIAO SHENG-TUNG	5,164,485	3.46
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,918,795	3.30
6	NG CHOON MENG	2,581,900	1.73
7	CHUA GEOK LIN	2,218,787	1.49
8	GOH CHUNG HEE	1,824,875	1.22
9	DBSN SERVICES PTE. LTD.	1,428,571	0.96
10	WONG SIEW CHING	1,262,547	0.85
11	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,086,825	0.73
12	NG SOH KIW	1,003,875	0.67
13	DBS NOMINEES (PRIVATE) LIMITED	935,734	0.63
14	LEE BON LEONG	757,985	0.51
15	UOB KAY HIAN PRIVATE LIMITED	738,415	0.50
16	YEP GEE KUARN	700,000	0.47
17	LIM YUXIANG (LIN YUXIANG)	624,800	0.42
18	NG CHOONG KENG	565,835	0.38
19	OW SONG CHUA	538,400	0.36
20	TAN THUAN TJER BERNARD	522,215	0.35
	TOTAL	119,218,656	79.97

STATISTICS OF SHAREHOLDINGS

AS AT 23 OCTOBER 2020

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 ⁽¹⁾	75,000,000	50.31	353,000	0.24
2.	Tseng An Hsiung Andy ⁽²⁾	-	-	7,879,674	5.29

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 23 October 2020, 38.48% 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

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, 27 November 2020 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 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$97,920 for the financial year ended 31 July 2020 (2019: S\$122,400). **(Resolution 2)**
3. To re-elect the following Directors of the Company who retire pursuant to Regulations 94(2) of the Constitution of the Company:

Regulation 94(2)
Ms. Chu Hongtao **(Resolution 3)**
Mr. Loo Kenneth **(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

- (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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Listing Manual of the SGX-ST; and
 - (c) any subsequent consolidation or subdivision of shares;

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) of the Listing Manual of the SGX-ST are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (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)

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to issue shares under the A-Smart Employee Share Option

That pursuant to Section 161 of the Companies Act and the provisions of the A-Smart Employee Share Option Scheme (“**A-Smart ESOS**”), the Directors of the Company be authorised and empowered to offer and grant share options under the A-Smart ESOS and to issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of share options granted by the Company under the A-Smart ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the A-Smart ESOS shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 7)

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 11 November 2020

Explanatory Notes:

- (i) Ms. Chu Hongtao will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, Chairman of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered non-independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Loo Kenneth will, upon re-election as a Director of the Company, remain as the Non-Executive Director.

Please refer to page 35 to 39 in the Annual Report for the detailed information for Ms. Chu Hongtao and Mr. Loo Kenneth required pursuant to Rule 720(6) 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.

- (iii) Resolution 7 above, if passed, will empower the Directors of the Company, from the date of this AGM until 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 allot and issue Shares pursuant to the exercise of share options granted or to be granted under the A-Smart ESOS provided that the aggregate additional Shares to be allotted and issued pursuant to the A-Smart ESOS do not exceed in total (for the entire duration of the A-Smart ESOS) fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

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 appoints 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.

* 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.

Measures to Minimise Risk of Community Spread of 2020 Novel Coronavirus ("COVID-19"):

In view of the evolving COVID-19 situation, the Company reserves the right to take such precautionary measures as may be appropriate at the AGM, including any precautionary measures as may be required or recommended by government agencies, in order to minimise the risk of community spread of COVID-19. Such measures may include the following:

1. All persons attending the AGM will be required to undergo a temperature check and sign a health declaration form (which may also be used for the purposes of contact tracing, if required).
2. Any person who has a fever or is exhibiting flu-like symptoms will be declined entry to the AGM.

Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the AGM. Shareholders and other attendees are also advised to arrive at the AGM venue early given that the above-mentioned measures may cause delay in the registration process. The Company seeks the understanding and cooperation of all shareholders and other attendees to minimise the risk of community spread of COVID-19.

NOTICE OF ANNUAL GENERAL MEETING

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.

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			

or failing him/her*, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies* to vote for me/us* on my/our* behalf at the Meeting of the Company to be held at 61 Tai Seng Avenue, #05-14 Print Media Hub @ Paya Lebar iPark, Singapore 534167 on Friday, 27 November 2020 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our proxy/proxies* to vote for or against or abstain from voting on the Resolutions proposed at the AGM 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'**	No. of Votes 'Abstain'**
Ordinary Business				
1	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 July 2020			
2	Approval of Directors' fees amounting to S\$97,920 for the financial year ended 31 July 2020 (2019: S\$122,400)			
3	Re-election of Ms. Chu Hongtao as a Director			
4	Re-election of Mr. Loo Kenneth 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			
Special Business				
6	Authority to allot and issue new shares			
7	Authority to issue shares under the A-Smart Employee Share Option Scheme			

* Delete where inapplicable

** If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2020

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 11 November 2020.

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A-SMART HOLDINGS LTD.

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www.a-smart.sg