



**A-Smart Holdings Ltd**  
(FKA Xpress Holdings Ltd)

# POWERING A NEW CHAPTER OF GROWTH

ANNUAL REPORT 2017



# CONTENTS

- 02 Financial Highlights
- 03 Corporate Structure
- 04 Chairman's Message
- 06 Board of Directors
- 08 Key Management
- 09 Corporate Governance

---

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

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

# COMPANY PROFILE

Established in 1986, Xpress was listed on the SGX Mainboard on 28 June 1999. Headquartered in Singapore, the Group offers the full range of print management services including time-sensitive financial printing, conceptualisation, design, copywriting, translation, typesetting, colour proofing, printing, post-press packaging, global distribution and delivery.

In October 2016, Xpress expanded its core businesses to include Smart Technologies Businesses, Publishing Businesses, and Investment Businesses. To better reflect its new profile, business activities and business direction, the Company changed its name from Xpress Holdings Ltd to "A-Smart Holdings Ltd" ("A-Smart").

Under the Smart Technologies Businesses, the Group aims to be a leading developer of one-stop smart IT solutions and applications mainly for the food and beverage ("F&B") and retail industry in Southeast Asia.

The Group's printing arm will continue operations under its subsidiary - Xpress Print Pte Ltd ("Xpress Print") supported by a comprehensive network of printing partners in the region. Xpress Print has over 30 years of track record of innovating one-stop print solutions for its clients including time-sensitive financial research reports, annual reports, asset management reports and IPO prospectuses. It also produces on behalf of its commercial clients, corporate brochures, year books, magazines and other commercial publications, collaterals and corporate gifts/premiums.

The print business has also added publishing services to diversify its revenue streams.



# FINANCIAL HIGHLIGHTS

GROUP FINANCIALS AT 31 JULY	2017 \$'000	2016 \$'000
<b>INCOME STATEMENT</b>		
Revenue	7,874	7,744
Exceptional item – loss on disposal of subsidiary corporations	-	(19,672)
Operating EBITDA <sup>1</sup> of continuing operations excluding exceptional item	496	(393)
Profit/(Loss) before tax of continuing operations excluding exceptional item <sup>2</sup>	131	(683)
Net Profit/(Loss) from continuing operations	131	(20,337)
Net Loss from discontinued operations	-	(1,415)
Net Profit/(Loss) of the Group	131	(21,752)
<b>BALANCE SHEET</b>		
Total assets	10,369	7,977
Net tangible assets <sup>3</sup>	6,042	2,057
Total liabilities	4,327	5,920
Cash and bank balances	3,665	2,768
<b>PER SHARE DATA (SINGAPORE CENTS)<sup>4</sup></b>		
Earnings/(loss) per share – basic	0.12	(23.13)
Earnings/(loss) per share – diluted	0.09	(15.37)
Net tangible assets <sup>3</sup>	5.36	1.92

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

2 The improvement in results for the financial year ended 31 July 2017 ("FY2017") was mainly due to the Group's corporate restructuring efforts in FY2017.

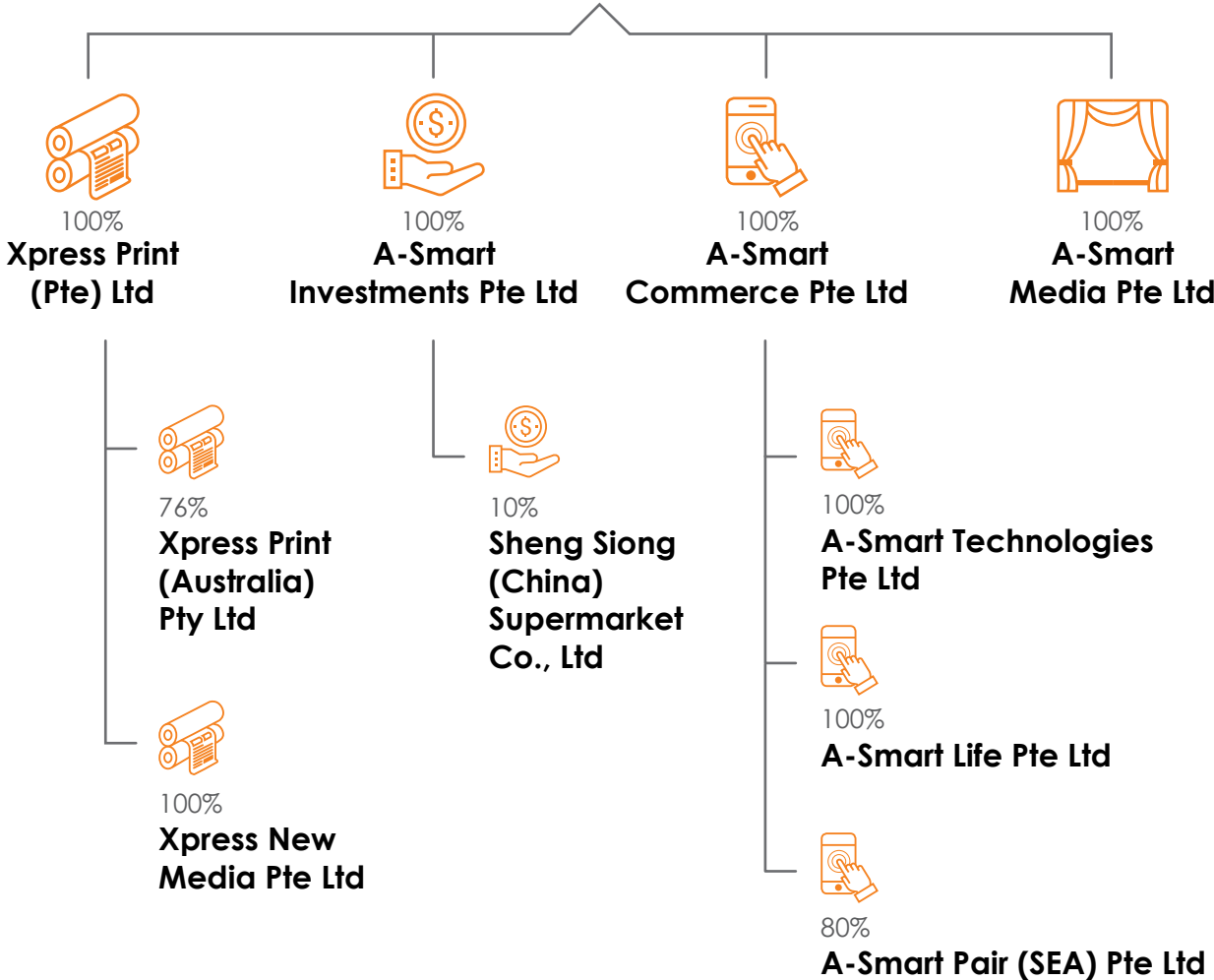
3 The increase in net tangible assets (NTA) was mainly due to the increase in share capital of S\$4.0 million from a share placement exercise in FY2017.

4 Per Share Data is calculated based on the existing issued share capital of 112,626,362 ordinary shares outstanding as at 31 July 2017 (31 July 2016: 106,912,080).

# CORPORATE STRUCTURE



A-Smart Holdings Ltd



Printing



Investment Holding



Smart Technologies



Publication and Event Management

# CHAIRMAN'S MESSAGE



## Dear Shareholders,

In the financial year ended 31 July 2017 ("FY2017"), A-Smart Holdings reported a net profit of S\$0.13 million on the back of our restructuring efforts, compared with net loss of S\$21.75 million in FY2016. At the same time, revenue increased to S\$7.87 million, while operating expenses fell by 22.8% as a result of our corporate streamlining initiatives.

During the year, we also strengthened our cash position while exploring business opportunities for potential additional income streams to enhance our Group's business performance and sustainability.

Building on our current foundation, we will continue to diversify our businesses by providing digital and green technology solutions for urban living. We envisage the development of smart cities globally, through the use of digital, information and automation technologies that would improve business productivity and ecological sustainability. More recently, we have announced a proposed business venture at Timor-Leste.

## Printing

The disposal of the Group's loss-making companies in China, Malaysia, and Hong Kong in the previous financial year resulted in the absence of an S\$21.09 million loss. We also reported a net profit driven by greater sales and ongoing efforts to streamline our operations, compared with a net loss of S\$0.68 million from continuing operations a year ago.

The printing industry continues to face challenges posed by the rise of digital media. However, the Group's printing business was not significantly impacted by the change in SGX listing rules for alternative forms of annual report. During the financial year, we have also secured new contracts for printing periodicals and newsletters for local organisations. We are therefore optimistic about stabilising our recurring revenue base.

Under a new management, the Group is striving to improve the performance of its Printing business. We have implemented technology upgrades and acquired advanced machinery to improve productivity as well as print quality.

We are strengthening security controls, which will provide us with greater higher value sales, and improving waste management practices to enhance our profitability. Currently, our printing company has embarked on an operational and technology roadmapping as we strive to provide higher value-added services and enhance our niche as an efficient and reliable service provider.

### Smart Technologies

Since incorporation of the Smart Technologies segment, our Group has brought in services which include media technologies as well as consultancy and technology solutions for the food and beverages services industry.

We have been participating in marketing exhibitions for our new products and services since mid-2017 and response has been encouraging with follow-up calls from food centres, restaurant chains, and individual businesses. Depending on our customers' needs, we can provide a range of services from supply of media equipment, cashless payment solutions, systems for business processes to technology automation for eating premises. We currently serve multi-brand enterprises and individual restaurants.

As part of its efforts to enhance the growth of smart cities, the Group is focused on serving an important need: food waste management. In mid-2017, we commissioned an on-site circular economy machine for kitchen waste. Following which, there has been significant interest and we are conducting demonstrations for prospective clients. Leveraging on good technology and partnerships, we are also currently looking into commercially viable solution for end-to-end upcycling of kitchen waste, for deployment in Singapore and overseas.

### Investment

Our Group remains invested in Sheng Siong's venture to establish a supermarket chain in China. The first outlet, situated at a busy district centre in Kunming, commenced business in October 2017.

Subject to shareholders' approval, we have proposed to participate in a joint venture for property investment and development in the central business district land in Dili, the capital city of Timor-Leste. For a start, six mixed development buildings will be constructed. Other land, by the seaside and near a container port, will be developed when market conditions are favourable. Timor-Leste, a young country that is in its early growth phase, contains many potential opportunities in areas such as logistics, tourism, hospitality, housing, and education. Our investment in the country's real estate development would give us an early mover advantage.

### Conclusion

The Board is confident that our restructuring efforts remain relevant for positive contributions to the Group. Our commitment remains steadfast – we will transform our Group and deliver greater value to our Shareholders.

On behalf of the Board and the management, I extend my appreciation to our Shareholders for your unwavering support and faith. I would also like to thank my fellow Board members for their wise counsel, our staff and management for their commitment, and our business partners, customers and suppliers for their support. On this note, I would also like to extend a warm welcome to Mr Kenneth Loo to our Board as a Non-Executive Director, and Mr Wong Yu Han to our Group as Chief Operating Officer.

We will remain prudent, adaptable, and resilient, as we continue to build value for our Shareholders by improving profitability of our core businesses and exploring new opportunities for sustainable growth. As we embark on a new and exciting year, we look forward to your continued support.

**MA WEIDONG**

Non-Executive Chairman

# BOARD OF DIRECTORS



## 1. 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 41% shareholdings in the Company's shares.

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

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

With foresight, great business acumen and resourcefulness, Mr Ma employs his sharp analytical skills in highly challenging economic situations to seek out and develop business opportunities. Under his strong leadership, both local and international enterprises are able to accurately ride on trends

and make timely strategic adaptations to the ever-changing economic landscape. His acute business sense guides enterprises to build a strong foundation, grow exponentially and fully reach their potential.

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

## 2. LIM HUAN CHIANG JP

**Chief Executive Officer and Non-Independent Director**

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

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



In the area of social involvement, he currently holds appointments in a number of government boards and associations such as the National Community Leadership Institute Board, MDA Film Appeal Panel, Chinese Publishers Association, Singapore Government Staff Credit Co-operative and Business China. He has also been holding the posts of Chairman of Radin Mas Citizens' Consultative Committee and President of the Chinese Press Club for years.

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

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

### 3. SAM CHONG KEEN

#### Lead Independent and Non-Executive Director

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

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

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

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

### 4. DARLINGTON TSENG TE-LIN

#### Non-Executive Director

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

Before joining A-Smart, Mr Tseng held a senior executive position at BASF Taiwan Ltd, from 2005 to 2007. He gained extensive knowledge of the region's

business climate during his tenure with BASF's regional business unit, where he collected vast market analyses and formulated strong marketing strategies. Between 1998 and 2002, Mr. Tseng worked in the chemical industry for AGI Corporation based in Taiwan where he was responsible for the company's overseas markets and successfully set up the company's Mexico manufacturing plant producing specialty varnish for the printing/ coating industry.

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

### 5. 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.

### 6. KENNETH LOO

#### Non-Executive Director

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

Mr Loo has more than 23 years of experience in the property development and construction industry. He was appointed as the Director of Straits Construction Group Pte Ltd (SC Group) in 2008 and subsequently, as Executive Director and Chief Operating Officer of SC Group in September 2014.

Mr Loo also holds various appointments in government agencies which include the President of the Singapore Contractors Association Ltd and Member of the Building and Construction Authority Board. He is a member of various consultative committees in government ministries such as the Ministry of Manpower, Ministry of National Development and the Future Economy Council.

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

# KEY MANAGEMENT

## WONG YU HAN

**Chief Operating Officer, A-Smart Holdings Ltd**

Mr Wong served as assistant to the CEO till his appointment as the Chief Operating Officer in June 2017. He is responsible for daily operations of the Group, managing efficiency of the businesses and driving its sustainable growth.

Mr Wong had a distinguished career in the Singapore Armed Forces from 1991 to 2016. His appointments included Director (Strategy) in the Cyber Security Agency of Singapore, Chairman of Executive Committee for the 49<sup>th</sup> National Day Parade, Division Commander in the Singapore Army, National Contingent Commander for the International Security Assistance Force in Afghanistan, and Army Attaché in Jakarta, Indonesia. In 2012, he was awarded the Public Administration Medal (Silver) (Military).

From 2011 to 2015, Mr Wong served as Board Director for Unicorn International, Singapore Technologies Engineering. From 2009 to 2011, he served on the Board of Singapore Technologies Electronics (InfoComm Systems).

A recipient of the Singapore Armed Forces Overseas Scholarship, Mr Wong holds a Master of Engineering degree with First Class Honors from Imperial College London of the UK, and a Masters of Science in Management (Sloan Fellows) from the Graduate School of Business of Stanford University.

## RONNIE YO

**Group Financial Controller, A-Smart Holdings Ltd**

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

## BOARD MATTERS

### The Board’s Conduct of its Affairs

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

The Board meets regularly. During the financial year ended 31 July 2017 ("**FY2017**"), the Board held a total of 4 Board meetings. Ad-hoc meetings are convened when circumstances require. The Company's Constitution ("**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction.

The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings for FY2017 are disclosed in the table reflected below:

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

\*By invitation

Note:

- (1) Mr. Ma Weidong was re-designated as the Non-Executive Chairman on 30 November 2016.  
 (2) Mr. Kenneth Loo was appointed as a Non-Executive Director on 2 August 2017.

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION AND GUIDANCE

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

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

Name of Director	Position held on the Board	AC	NC	RC
Ma Weidong <sup>(1)</sup>	Non-Executive Chairman	-	Member	Member
Lim Huan Chiang	Executive Director and Chief Executive Officer ("CEO")	-	-	-
Kenneth Loo <sup>(2)</sup>	Non-Executive Director	-	-	-
Darlington Tseng Te-Lin	Non-Executive Director	Member	-	-
Sam Chong Keen	Lead Independent Director	Member	Member	Member
Chu Hongtao	Independent Director	Chairman	Chairman	Chairman

Notes:

(1) Mr. Ma Weidong was re-designated as the Non-Executive Chairman on 30 November 2016

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

The responsibilities of the Chairman include:

- (1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- (2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;
- (3) Ensuring the Group's compliance with the Code; and
- (4) 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.

# CORPORATE GOVERNANCE REPORT

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

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

## **BOARD MEMBERSHIP**

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

The NC comprises the following members:

### **Nominating Committee**

Ms. Chu Hongtao (Chairman)  
Mr. Sam Chong Keen  
Mr. Ma Weidong

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

- a. to make recommendations to the Board on all Board appointments having regard to the Director's contribution and performance;
- b. determining annually whether or not a Director is independent; and
- c. 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:

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



# CORPORATE GOVERNANCE REPORT

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 <sup>(1)</sup>	Non-Executive Chairman	9 July 2015	30 November 2016
Lim Huan Chiang	Executive Director and CEO	26 October 2015	22 January 2016
Kenneth Loo <sup>(2)</sup>	Non-Executive Director	2 August 2017	-
Darlington Tseng Te-Lin	Non-Executive Director	1 March 2008	22 January 2016
Sam Chong Keen <sup>(3)</sup>	Lead Independent Director	5 December 2001	30 November 2016
Chu Hongtao	Independent Director	9 July 2015	22 January 2016

Notes:

- (1) Mr. Ma Weidong was re-designated as the Non-Executive Chairman on 30 November 2016.
- (2) Mr. Kenneth Loo was appointed as a Non-Executive Director on 2 August 2017.
- (3) 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 as Non-Executive Chairman on 9 July 2015.

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

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

# CORPORATE GOVERNANCE REPORT

The NC has recommended to the Board that Mr. Kenneth Loo, Mr. Darlington Tseng Te-Lin and Ms. Chu Hongtao, 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 page 31 of the Annual Report.

## **BOARD PERFORMANCE**

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

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the Board Committees to assess each Director's contribution to the Board's effectiveness. During FY2017, all Directors are requested to complete the 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 FY2017.

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 focus on a set of performance criteria which includes 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.

Although the Directors are not evaluated individually for FY2017, the factors taken into consideration with regards to the re-nomination of Directors are based on their attendance and contributions made at the Board and Board Committees meetings.

The NC had recommended the adoption of the formal annual evaluation form for the individual directors to further enhance the effectiveness of the Board. The Board has accepted the NC's recommendation and the formal annual evaluation form for the individual directors would be adopted for the financial year ended 31 July 2018.

# CORPORATE GOVERNANCE REPORT

## ACCESS TO INFORMATION

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

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

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

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

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

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

The RC comprises the following members:

### Remuneration Committee

Ms. Chu Hongtao (Chairman)  
Mr. Sam Chong Keen  
Mr. Ma Weidong

# CORPORATE GOVERNANCE REPORT

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:

- a) 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;
- b) 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;
- c) reviewing and recommending to the Board the terms of renewal of service contracts of Directors;
- d) administering the share incentive plans of the Company, if any;
- e) appointing or retaining such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties hereunder satisfactory; and
- f) 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.

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.

# CORPORATE GOVERNANCE REPORT

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

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

The Company does not have a share option scheme.

## **Level and Mix of Remuneration**

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## DISCLOSURE ON REMUNERATION

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

Breakdown of directors' remuneration for FY2017:

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

- (1) Mr. Ma Weidong was re-designated as the Non-Executive Chairman on 30 November 2016. Mr Ma has voluntarily waived his director's fee for FY2017.
- (2) Mr. Kenneth Loo was appointed as a Non-Executive Director after FY2017 on 2 August 2017. Therefore, there was no proposed director's fee for Mr. Loo in relation to FY2017.

# CORPORATE GOVERNANCE REPORT

Remuneration of top four key executives (who are not directors) identified by the Company for FY2017:

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

The aggregate total remuneration of the top four Key Management Personnel (who are not Directors or the CEO) amounted to S\$596,000. In FY2017, 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 executives (who are not directors) of the Group is only set out in bands of S\$250,000 and above. The profiles of the top four key executives are found on page 8.

## Immediate Family Member of Directors or Substantial Shareholders

There were no employees who are immediate family members of directors or substantial shareholders whose remuneration exceeds S\$50,000 in the Company's employment during FY2017.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### Accountability

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

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

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

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

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

### Risk Management and Internal Controls

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

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



# CORPORATE GOVERNANCE REPORT

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.

The external auditors provide feedbacks to the AC highlighting matters that require the attention of the Management. The AC keeps under review the effectiveness of the Group's system of accounting and internal financial controls, for which the directors are responsible.

The Directors have 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 CEO and Group Financial Controller have assured the Board that:

- (a) The financial records have been properly maintained and the financial statements for the FY2017 give a true and fair view in all material respects, of the Company's operations and finances; and
- (b) The Group's internal control and risk management systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls established and maintained by the Group, feedbacks provided by the external auditors and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the Group's risk management systems and internal controls are adequate and effective in addressing the financial, operational, compliance and information technology control risks of the Group as at 31 July 2017.

## **Audit Committee**

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

The AC comprises the following members:

### **Audit Committee**

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

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

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

# CORPORATE GOVERNANCE REPORT

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:

- a) 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;
- b) 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 and any other relevant statutory or regulatory requirements;
- c) 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;
- d) 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;
- e) 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;
- f) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
- g) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- h) review potential conflicts of interest, if any;
- i) 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
- j) 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.

# CORPORATE GOVERNANCE REPORT

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

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

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

The AC meets with the external auditors, Nexia TS Public Accounting Corporation ("**Nexia**"), separately without the presence of the Management and has reviewed all non-audit services provided by the external auditors to the Group. For the financial year under review, there were no fees paid/payable to the external auditors for non-audit services for the financial year ended 31 July 2017. Audit fees paid/payable to the external auditors of the Company amounted to S\$118,000 for FY2017 (2016:S\$105,000).

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

The AC has also reviewed and confirmed that Nexia is a suitable firm to meet the Company's audit obligations having regard to the adequacy of resources and experience of the firm and the assigned audit engagement partner, Nexia's other audit engagements, size and complexity of the A-Smart Group, member and experience of supervisory and professional staff assigned to the audit. Accordingly, the AC has recommended to the Board the re-appointment of Nexia, as external auditors for the financial year ending 31 July 2018 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 in relation to its auditing firms. Nexia has been engaged to audit the accounts of the Company and all its Singapore incorporated subsidiaries. The Group does not currently have any significant foreign-incorporated subsidiary and the financial statements of one foreign-incorporated subsidiary which is not considered significant to the Group was audited by a local audit firm in Australia.

# CORPORATE GOVERNANCE REPORT

## **Whistle blowing policy**

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

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

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

## **Internal Audit**

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

The Board supports the need of an internal audit function that is adequately resourced and independent of the activities it audits to maintain an internal controls system and processes. The internal auditor team is expected to meet the standards set by nationally or internationally recognized professional bodies including the Standards for the professional Practice of Internal Auditing of the Institute of Internal Auditors.

During the financial year under review, the internal controls assessment for the Group was undertaken by the Management and the EA has also conducted internal controls testing during their EA field works. The Board will look into the possibility of outsourcing its internal audit function to a qualified professional as and when is appropriate. The AC approves the hiring, removal, evaluation and compensation of the internal audit function. Such qualified professionals when engaged, will have unfettered access to all the Group's documents, records, properties and personnel including access to the AC and report directly to the AC on audit matter as well as report administratively to the Chairman.

In view of the above, the AC is satisfied that the effectiveness of the existing internal control systems put in place by the Management is adequate.

The AC would annually review the adequacy and effectiveness of the internal control systems of the Company.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS

### SHAREHOLDER RIGHTS

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

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

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

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

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

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

- Annual report that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGMs**"). The notice of AGM and EGM are also advertised in a national newspaper;

# CORPORATE GOVERNANCE REPORT

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

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has a team of investor relations (IR) personnel who focus on facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investors 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 FY2017 in order to conserve cash for future expansion of the Group's businesses.

## CONDUCT OF SHAREHOLDER MEETING

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

## **DEALINGS IN SECURITIES**

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

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

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

## **RISK MANAGEMENT**

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

## **MATERIAL CONTRACTS**

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

# CORPORATE GOVERNANCE REPORT

## 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 FY2017.

## USE OF PROCEEDS

The Company received net proceeds from the Share Placement of 5,714,282 shares on 21 October 2016. As at 31 July 2017, the net proceeds that have been utilised are as follows:

	<b>Use of Proceeds from Share Placement (S\$'000)</b>
Net proceeds received	<b>3,948</b>
<u>Less:</u>	
Investment in newly incorporated subsidiaries	<b>293</b>
Working capital requirements:	<b>1,748</b>
- Long and outstanding trade and other payables	196
- Corporate expenses (legal, professional and compliance fees)	352
- Purchase of plant and equipment	335
- Purchase of inventories	280
- Outstanding staff salaries	462
- Directors' fees	123
Balance proceeds as at 31 July 2017	<b>1,907</b>



# 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, Nominating Committee and Remuneration Committee	5 December 2001	30 November 2016	<ul style="list-style-type: none"> <li>Stamford Tyres Corporation Ltd</li> <li>Lion, Asiapac Ltd</li> </ul>	-
Mr. Darlington Tseng Te-Lin	Non-Executive Director	Board Member and Member of Audit Committee	1 March 2008	22 January 2016	-	-
Mr. Ma Weidong	Non-Executive Chairman <sup>(1)</sup>	Board Member, Member of Nominating Committee and Remuneration Committee	9 July 2015	30 November 2016	<ul style="list-style-type: none"> <li>Kunming Tianlongrun Sugar, Tobacco and Wine Co., Ltd</li> <li>Kunming Luchen Group Co., Ltd</li> </ul>	-
Ms. Chu Hongtao	Independent Director	Board Member, Chairman of Audit Committee, Nominating Committee and Remuneration Committee	9 July 2015	22 January 2016	-	-
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	-	-	-

(1) Mr. Ma Weidong was re-designated as the Non-Executive Chairman on 30 November 2016.

# FINANCIAL CONTENTS

F-02	Directors' Statement
F-08	Independent Auditor's Report
F-12	Statements of Financial Position
F-13	Consolidated Income Statement
F-14	Consolidated Statement of Comprehensive Income
F-15	Consolidated Statement of Changes In Equity
F-17	Consolidated Statement of Cash Flows
F-18	Notes to the Financial Statements
F-68	Statistics of Shareholdings
F-70	Notice of Annual General Meeting
	Proxy Form

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2017

The directors present their statement to the members together with the audited consolidated financial statements of A-Smart Holdings Ltd (formerly known as Xpress Holdings Ltd) (the "Company") and its subsidiary corporations (collectively known as the "Group") for the financial year ended 31 July 2017 and the statement of financial position of the Company as at 31 July 2017.

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-12 to F-67 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 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## **DIRECTORS**

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

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

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

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

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2017

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Shareholdings registered in the name of the directors or their nominees			Shareholdings in which the directors are deemed to have an interest		
	At 1.8.16 or date of appointment, if later	At 31.7.17	At 21.8.17	At 1.8.16 or date of appointment, if later	At 31.7.17	At 21.8.17
<u>The Company</u> (No. of ordinary shares)						
Ma Weidong	45,714,000	45,714,000	45,714,000	353,000	353,000	353,000
Lim Huan Chiang	725,000	725,000	725,000	-	-	-
Darlington Tseng Te-Lin	278,825	278,825	278,825	-	-	-

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

## SHARE OPTIONS

### EXECUTIVES' SHARE OPTION SCHEME

- (a) Pursuant to the approval by the members of the Company at the Extraordinary General Meeting ("EGM") held on 25 June 2001, the Company adopted the Executives' Share Option Scheme 2001 (the "SOS"). The SOS had expired on its 10th anniversary on 25 June 2011 as the Company did not seek a renewal mandate from the shareholders which was a requirement under the Terms and Conditions of the SOS.
- (b) According to the revised Terms of Reference of the Remuneration Committee ("RC"), the SOS is administered by the RC. The members of the RC are as follows:

Chu Hongtao (Chairman)  
Sam Chong Keen  
Ma Weidong

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2017

## SHARE OPTIONS (CONT'D)

### EXECUTIVES' SHARE OPTION SCHEME (CONT'D)

- (c) The number of options available under the SOS shall not exceed 15% of the total issued shares of the Company on the day preceding the relevant date of grant.

Options granted under the SOS to full-time employees and executive directors of the Group shall be subject to an option period of 10 years, commencing from the date of grant and expiring on the day immediately preceding the 10th anniversary of the date of grant. The non-executive directors of the Group shall be subject to an option period of 5 years commencing from the date of grant and expiring on the day immediately preceding the 5th anniversary of the date of grant. The options are exercisable on the first anniversary of the date of grant. Unissued ordinary shares of the Company under options that were issued are as follows:

<b>Date of grant</b>	<b>Balance at 1.8.2016</b>	<b>Cancelled/ lapsed/ forfeited during the year</b>	<b>Balance at 31.7.2017</b>	<b>Exercise price</b>	<b>Expiry date</b>
04.12.2006	22,500	(22,500)	-	S\$6.25	03.12.2016
01.03.2007	75,000	(75,000)	-	S\$5.78	28.02.2017
	<u>97,500</u>	<u>(97,500)</u>	<u>-</u>		

At 31 July 2017, Nil (2016: 97,500) share options were exercisable.

The weighted average remaining contractual life of share options outstanding at 31 July 2017 is Nil (2016: 0.5) years.

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2017

## SHARE OPTIONS (CONT'D)

### EXECUTIVES' SHARE OPTION SCHEME (CONT'D)

- (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 SGX Listing Manual Rules (the "Rules"):

Name of participants	Aggregate options granted during the effective period of the SOS	Aggregate options cancelled/ forfeited/ lapsed during the financial year	Aggregate options outstanding at end of the financial year
<b>Participants who received 5% or more of total available options other than directors</b>			
Eleanor Fong Sau Kwan	50,000	(50,000)	-
Foong Sow Peng	25,000	(25,000)	-
Sub-total	75,000	(75,000)	-
<b>Participants who received 5% or less of total available options other than directors</b>			
Other employees	22,500	(22,500)	-
Sub-total	22,500	(22,500)	-
Total	97,500	(97,500)	-

- (e) These options do not entitle the holder to participate, by virtue of such holdings, to any right to participate in any share issue of any other corporation.
- (f) No shares were issued during the financial year to which this statement relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary corporation.

There were no unissued shares of the Company or its subsidiary corporations under options granted by the Company at the end of the financial year.

# DIRECTORS' STATEMENT

For the financial year ended 31 July 2017

## AUDIT COMMITTEE

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

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

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

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

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 management has taken 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 year and management's responses;
  - the effectiveness of the Company'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 audit;
- 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 2017

## 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

7 November 2017



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD (FORMERLY KNOWN AS XPRESS HOLDINGS LTD)

## Report on the Financial Statements

### Opinion

We have audited the accompanying financial statements of A-Smart Holdings Ltd (formerly known as Xpress Holdings Ltd) (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 July 2017, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages F-12 to F-67.

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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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 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 2.2 and 16 to the financial statements)

#### Risk:

The Group generated total revenue of S\$7.9 million through print media and events management of 97.3% and 2.7% respectively. Revenue is generally recognised when the risks and rewards of the underlying products have been transferred to the customer and tends not to have multiple deliverable elements. Due to the magnitude and significant volume of transactions, minor errors, could in aggregate, have a material impact on the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD (FORMERLY KNOWN AS XPRESS HOLDINGS LTD)

## **Key Audit Matters (continued)**

### **Revenue recognition (continued)**

#### Our response:

In obtaining sufficient audit evidence, we:

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

#### Our findings:

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

## **Other Information**

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

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

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

## **Responsibilities of Management and Directors for the Financial Statement**

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD (FORMERLY KNOWN AS XPRESS HOLDINGS LTD)

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SMART HOLDINGS LTD (FORMERLY KNOWN AS XPRESS HOLDINGS LTD)

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

- 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.

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

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

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

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

## **Nexia TS Public Accounting Corporation**

*Public Accountants and Chartered Accountants*

Singapore

7 November 2017

# STATEMENTS OF FINANCIAL POSITION

As at 31 July 2017

	Note	Group		Company	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Assets</b>					
<b>Non-current</b>					
Plant and equipment	4	1,814	1,956	124	106
Investments in subsidiary corporations	5	-	-	6,010	6,000
Investment in an associated company	6	1,377	-	-	-
		<b>3,191</b>	1,956	<b>6,134</b>	6,106
<b>Current</b>					
Amounts due from subsidiary corporations	7	-	-	3,717	2,816
Inventories	8	495	112	278	-
Trade receivables	9	1,090	1,179	-	-
Other receivables	9	1,928	1,962	1,527	1,596
Cash and bank balances	10	3,665	2,768	2,071	1,944
		<b>7,178</b>	6,021	<b>7,593</b>	6,356
<b>Total assets</b>		<b>10,369</b>	7,977	<b>13,727</b>	12,462
<b>Equity</b>					
<b>Capital and reserves attributable to owners of the Company</b>					
Share capital	11	134,220	130,301	134,220	130,301
Reserves	12	(128,293)	(128,422)	(138,162)	(121,176)
Equity attributable to owners of the Company		5,927	1,879	(3,942)	9,125
Non-controlling interests	5	115	178	-	-
		<b>6,042</b>	2,057	<b>(3,942)</b>	9,125
<b>Liabilities</b>					
<b>Non-current</b>					
Finance lease liabilities	13	869	1,314	42	78
		<b>869</b>	1,314	<b>42</b>	78
<b>Current</b>					
Amounts due to subsidiary corporations	7	-	-	16,862	1,000
Finance lease liabilities	13	522	520	33	30
Trade and other payables	14	2,914	4,064	732	2,229
Current income tax liabilities		22	22	-	-
		<b>3,458</b>	4,606	<b>17,627</b>	3,259
<b>Total liabilities</b>		<b>4,327</b>	5,920	<b>17,669</b>	3,337
<b>Total equity and liabilities</b>		<b>10,369</b>	7,977	<b>13,727</b>	12,462

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

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 July 2017

	Note	2017 S\$'000	2016 S\$'000
<b>Continuing operations</b>			
Revenue	16	<b>7,874</b>	7,744
Changes in inventories of raw materials and consumables		<b>383</b>	(21)
Raw materials and consumables used	8	<b>(2,709)</b>	(2,080)
Loss on disposal of investments in subsidiary corporations	10	-	(19,672)
Depreciation of plant and equipment	4	<b>(300)</b>	(197)
Other income	17(a)	<b>120</b>	349
Staff costs	17(b)	<b>(3,607)</b>	(4,344)
Other expenses	17(c)	<b>(1,567)</b>	(2,029)
Exchange gain/(loss), net		<b>2</b>	(12)
Interest income	18(a)	-	8
Finance costs	18(b)	<b>(65)</b>	(101)
Profit/(loss) before taxation		<b>131</b>	(20,355)
Income tax credit	19	-	18
Profit/(loss) from continuing operations		<b>131</b>	(20,337)
<b>Discontinued operations</b>			
Net loss from discontinued operations	20	-	(1,415)
Total profit/(loss)		<b>131</b>	(21,752)
Attributable to:			
Equity holders of the Company		<b>132</b>	(21,750)
Non-controlling interests		<b>(1)</b>	(2)
		<b>131</b>	(21,752)
Earnings per share for profit/(loss) from continuing and discontinued operations attributable to equity holders of the Company (cents)			
<b>Basic earnings/(loss) per share</b>			
From continuing operations	21	<b>0.12</b>	(21.62)
From discontinued operations	21	-	(1.51)
<b>Diluted earnings/(loss) per share</b>			
From continuing operations	21	<b>0.09</b>	(14.37)
From discontinued operations	21	-	(1.00)

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 July 2017

	2017 S\$'000	2016 S\$'000
<b><u>Continuing operations</u></b>		
<b>Net profit/(loss) from continuing operations</b>	<b>131</b>	<b>(20,337)</b>
<b>Other comprehensive loss, net of tax</b>		
<b>Items that may be classified subsequently to profit or loss:</b>		
Translation differences relating to financial statements of foreign operations	31	(82)
Translation differences arising on monetary items forming part of net investments in foreign operations	(34)	-
Reclassification adjustment	(62)	-
<b>Other comprehensive loss from continuing operations</b>	<b>(65)</b>	<b>(82)</b>
<b>Total comprehensive income/(loss) from continuing operations</b>	<b>66</b>	<b>(20,419)</b>
<b><u>Discontinued operations</u></b>		
<b>Net loss from discontinued operations</b>	-	(1,415)
<b>Other comprehensive income/(loss):</b>		
Translation reserve transferred to income statement upon disposal	-	12,253
Translation differences relating to financial statements of foreign operations	-	(1,418)
Translation differences arising on monetary items forming part of net investments in foreign operations	-	(838)
<b>Other comprehensive income from discontinued operations</b>	-	9,997
<b>Total comprehensive income from discontinued operations</b>	-	8,582
<b>Total comprehensive income/(loss) attributable to:</b>		
Equity holders of the Company	129	(11,835)
Non-controlling interests	(63)	(2)
<b>Total comprehensive income/(loss)</b>	<b>66</b>	<b>(11,837)</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2017

	Share capital S\$'000 Note 11	Currency translation reserve S\$'000 Note 12	Share option reserve S\$'000 Note 12	Accumulated losses S\$'000 Note 12	Total S\$'000	Non-controlling interests S\$'000 Note 5	Total equity S\$'000
At 1 August 2015	125,033	(9,997)	706	(107,296)	8,446	180	8,626
<b>Total comprehensive loss for the year</b>							
Loss for the financial year	-	-	-	(21,750)	(21,750)	(2)	(21,752)
Other comprehensive income/(loss)							
Translation reserve transferred to income statement upon disposal of subsidiary corporations	-	12,253	-	-	12,253	-	12,253
Translation differences arising from translation of foreign operations	-	(1,500)	-	-	(1,500)	-	(1,500)
Translation differences arising from monetary items forming part of net investments in foreign operations	-	(838)	-	-	(838)	-	(838)
Total other comprehensive income	-	9,915	-	-	9,915	-	9,915
<b>Total comprehensive income/(loss) for the financial year</b>	-	9,915	-	(21,750)	(11,835)	(2)	(11,837)
<b>Transactions with owners of the Company, recognised directly in equity</b>							
Contributions by and distributions to owners							
Exercise of share warrants	5,038	-	-	-	5,038	-	5,038
Capitalisation of expenses for placement share	230	-	-	-	230	-	230
Share Options lapsed	-	-	(649)	649	-	-	-
Total contributions by owners	5,268	-	(649)	649	5,268	-	5,268
<b>At 31 July 2016</b>	130,301	(82)	57	(128,397)	1,879	178	2,057

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2017

	Share capital S\$'000 Note 11	Currency translation reserve S\$'000 Note 12	Share option reserve S\$'000 Note 12	Accumulated losses S\$'000 Note 12	Total S\$'000	Non-controlling interests S\$'000 Note 5	Total equity S\$'000
At 1 August 2016	130,301	(82)	57	(128,397)	1,879	178	2,057
<b>Total comprehensive loss for the year</b>							
<i>Profit for the financial year</i>	-	-	-	132	132	(1)	131
<i>Other comprehensive income/(loss)</i>							
Translation differences arising from translation of foreign operations	-	31	-	-	31	-	31
Translation differences arising from monetary items forming part of net investments in foreign operations	-	(34)	-	-	(34)	-	(34)
Reclassification adjustment	-	-	-	-	-	(62)	(62)
<i>Total other comprehensive loss</i>	-	(3)	-	-	(3)	(62)	(65)
<b>Total comprehensive income/(loss) for the financial year</b>	-	(3)	-	132	129	(63)	66
<b>Transactions with owners of the Company, recognised directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Issuance of ordinary shares pursuant to share placement	3,970	-	-	-	3,970	-	3,970
Expenses on issuance of ordinary share pursuant to share placement	(51)	-	-	-	(51)	-	(51)
Share Options lapsed	-	-	(57)	57	-	-	-
<i>Total contributions by owners</i>	3,919	-	(57)	57	3,919	-	3,919
<b>At 31 July 2017</b>	134,220	(85)	-	(128,208)	5,927	115	6,042

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 July 2017

	Note	2017 S\$'000	2016 S\$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation including discontinued operations		131	(21,770)
Adjustments for:			
Depreciation of plant and equipment	4	300	828
Gain on disposal of plant and equipment		-	(67)
Plant and equipment written off	17(c)	-	19
Interest income	18(a)	-	(8)
Interest expense	18(b)	65	101
Loss on disposal of investments in subsidiary corporations		-	19,672
		<b>496</b>	<b>(1,225)</b>
Changes in working capital, net of effects from disposal of subsidiary corporations			
- Inventories		(383)	68
- Trade and other receivables		123	2,052
- Trade and other payables		(1,838)	(3,106)
Cash used in operations		<b>(1,602)</b>	<b>(2,211)</b>
Income tax refunded		-	18
<b>Cash flows used in operating activities</b>		<b>(1,602)</b>	<b>(2,193)</b>
<b>Cash flows from investing activities</b>			
Interest received		-	8
Purchase of plant and equipment		(157)	(575)
Disposal of subsidiary corporations, net of cash disposed of		-	75
Disposal of plant and equipment		-	246
Payment for investment in an associated company		(689)	-
<b>Cash flows used in investing activities</b>		<b>(846)</b>	<b>(246)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(65)	(101)
Repayment of finance lease liabilities		(443)	(425)
Share issue expense	11	(81)	-
Proceeds from issuance of shares	11	4,000	-
Proceeds from share warrants exercised	11	-	5,038
Redemption of fixed deposits pledged		-	540
<b>Cash flows generated from financing activities</b>		<b>3,411</b>	<b>5,052</b>
<b>Net increase in cash and bank balances</b>		<b>963</b>	<b>2,613</b>
Cash and bank balances at beginning of financial year		2,768	2,051
Effects of currency translation on cash and bank balances		(66)	(1,896)
<b>Cash and bank balances at end of financial year</b>	10	<b>3,665</b>	<b>2,768</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

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 (formerly known as Xpress 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 5 to the financial statements.

On 14 October 2016, the Company has changed its name from Xpress Holdings Ltd to A-Smart Holdings Ltd.

## 2 BASIS OF PREPARATION

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

### **Interpretations and amendments to published standards effective in 2017**

On 1 August 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

The preparation of financial statements in conformity with FRS 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

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

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

#### Impairment of non-financial assets

Plant and equipment and investments in subsidiary corporations 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 income statement for the differences.

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

No impairment losses were recognised for the financial year ended 31 July 2017 as management assessed that there were no indication that the carrying amount of plant and equipment and investments in subsidiary corporations may not be recoverable.

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

#### Useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be within the range as indicated in the accounting policy for plant and equipment. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, leading to potential changes in future depreciation charges, impairment losses and/or write-offs. If the actual useful lives of these items of plant and equipment were to differ by 10% from management's estimates, the carrying amount of the plant and equipment would be an estimated S\$0.03 million (2016: S\$0.02 million) higher or lower.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Allowance for doubtful receivables

Allowance for doubtful receivables of the Group is based on an evaluation of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying amount of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed. The carrying amount of trade receivables and other receivables of the Group and the Company at the statement of financial position date amounted to S\$1.1 million (2016: S\$1.2 million), S\$1.9 million (2016: S\$2.0 million), S\$nil (2016: S\$nil) and S\$1.5 million (2016: S\$1.6 million) respectively. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's and the Company's allowance for impairment will increase by S\$0.3 million (2016: S\$0.3 million) and S\$0.2 million (2016: S\$0.2 million) respectively.

#### Uncertain tax positions

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

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

The Group has unabsorbed tax losses, unabsorbed wear and tear allowances and unabsorbed investment allowance of approximately S\$0.8 million (2016: S\$2.6 million), S\$1.7 million (2016: S\$1.7 million) and S\$1.5 million (2016: S\$1.5 million) respectively. These losses relate to subsidiary corporations that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiary corporations have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

### 2.1 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 August 2017 or later periods and which the Group and the Company has not early adopted:

#### Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 *Disclosure Initiative*
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses

#### Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
  - Illustrative Examples
  - Implementation Guidance
  - Amendments to Guidance on Other Standards
- FRS 115 Revenue from Contracts with Customers

(The effective date of FRS 115 Revenue from contracts with customers has been deferred from 1 January 2017 to 1 January 2018)

#### Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

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

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitment of S\$1.3 million (Note 22). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

Effective date of this Amendments had been revised from 1 January 2016 to a date to be determined by ASC

- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

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

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

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

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

Interest income is recognised using the effective interest method.

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

#### Government grant

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### **Group accounting**

##### 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 when 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 but are considered 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.

##### 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 the fair value of 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Group accounting (cont'd)

##### Acquisitions (cont'd)

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.

##### Disposals

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

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

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

##### 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.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### 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 Dollars, which is the functional currency of the Company.

##### Transactions and balances

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Currency translation (cont'd)

##### Translation of Group entities' financial statements (cont'd)

- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to income statement on disposal or partial disposal of the entity giving rise to such reserve.

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

#### Plant and equipment

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### **Inventories**

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

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

##### *Plant and equipment*

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Financial assets

##### Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 9) and "Cash and bank balances" (Note 10) on the statement of financial position.

##### (ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

##### 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 financial asset, the difference between the carrying amount and the sale proceeds is recognised in income statement. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to income statement.

##### Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Financial assets (cont'd)

##### Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in income statement and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

##### Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

#### (i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income statement.

The impairment allowance is reduced through income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost and had no impairment been recognised in prior periods.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Financial assets (cont'd)

##### Impairment (cont'd)

##### (ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in above (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in income statement. The impairment loss recognised as an expense on equity securities are not reversed through income statement.

#### Offsetting of financial instruments

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

#### Financial guarantees

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Cash and bank balances

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

#### Share capital

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

#### Leases

##### (a) *When the Group is the lessee*

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

##### (i) *Lessee – Finance leases*

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

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

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

##### (ii) *Lessee – Operating leases*

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Employee benefits

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

#### Defined contribution plans

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

#### Share-based payments

The Group operates on 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 the end of each reporting period, 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 income statement, 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 share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

#### Trade and other payables

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

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

#### Borrowings

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### **Borrowings (cont'd)**

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

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

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

#### **Income taxes**

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

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

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

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

Deferred income tax is measured:

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 2 BASIS OF PREPARATION (CONT'D)

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

#### Income taxes (cont'd)

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

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

#### Segment reporting

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

## 3 GOODWILL

	2017 S\$'000	2016 S\$'000
<b><u>Group</u></b>		
<b>Cost</b>		
At 1 August	-	64,484
Disposal	-	(64,484)
At 31 July	-	-
<b>Accumulated impairment loss</b>		
At 1 August	-	(64,484)
Disposal	-	64,484
At 31 July	-	-
<b>Carrying amount</b>		
	-	-

Goodwill on consolidation arose from the acquisition of the Precise Media Group Limited and its subsidiary corporations ("CGU") and the Group had previously recognised a full impairment loss on the goodwill.

The Group disposed of the subsidiary corporations that were allocated the goodwill during the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 4 PLANT AND EQUIPMENT

<b>Group</b>	Machineries S\$'000	Motor vehicles S\$'000	Office equipment S\$'000	Furniture and fittings S\$'000	Total S\$'000
<b>Cost</b>					
At 1 August 2015	17,580	1,095	8,501	2,968	30,144
Disposal of subsidiary corporations	(8,769)	(18)	(1,007)	(2,186)	(11,980)
Exchange differences	(1,188)	(22)	(149)	(226)	(1,585)
Additions	1,505	76	46	34	1,661
Disposals	-	(739)	(44)	-	(783)
Written off	-	-	(119)	(20)	(139)
<b>At 31 July 2016</b>	<b>9,128</b>	<b>392</b>	<b>7,228</b>	<b>570</b>	<b>17,318</b>
Exchange differences	-	-	4	-	4
Additions	62	78	2	15	157
Written off	(4,739)	-	(1,701)	(331)	(6,771)
Transfer between categories	67	-	(45)	(22)	-
<b>At 31 July 2017</b>	<b>4,518</b>	<b>470</b>	<b>5,488</b>	<b>232</b>	<b>10,708</b>

### Accumulated depreciation and impairment losses

At 1 August 2015	10,852	732	8,220	2,071	21,875
Disposal of subsidiary corporations	(2,833)	(52)	(896)	(1,682)	(5,463)
Exchange differences	(841)	(15)	(136)	(162)	(1,154)
Depreciation for the financial year					
- Continuing operations	53	83	29	32	197
- Discontinuing operations	424	36	23	148	631
Disposals	-	(560)	(44)	-	(604)
Written off	-	-	(100)	(20)	(120)
<b>At 31 July 2016</b>	<b>7,655</b>	<b>224</b>	<b>7,096</b>	<b>387</b>	<b>15,362</b>
Exchange differences	-	-	3	-	3
Depreciation for the financial year	179	58	28	35	300
Written off	(4,739)	-	(1,701)	(331)	(6,771)
<b>At 31 July 2017</b>	<b>3,095</b>	<b>282</b>	<b>5,426</b>	<b>91</b>	<b>8,894</b>

### Carrying amount

At 31 July 2016	1,473	168	132	183	1,956
<b>At 31 July 2017</b>	<b>1,423</b>	<b>188</b>	<b>62</b>	<b>141</b>	<b>1,814</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 4 PLANT AND EQUIPMENT (CONT'D)

Company	Machineries S\$'000	Motor vehicles S\$'000	Office equipment S\$'000	Total S\$'000
<b>Cost</b>				
At 1 August 2015 / 1 August 2016	-	256	40	296
Additions	62	-	2	64
At 31 July 2017	<b>62</b>	<b>256</b>	<b>42</b>	<b>360</b>
<b>Accumulated depreciation</b>				
At 1 August 2015	-	107	40	147
Depreciation for the financial year	-	43	-	43
At 31 July 2016	-	<b>150</b>	<b>40</b>	<b>190</b>
Depreciation for the financial year	<b>3</b>	<b>42</b>	<b>1</b>	<b>46</b>
At 31 July 2017	<b>3</b>	<b>192</b>	<b>41</b>	<b>236</b>
<b>Carrying amount</b>				
At 31 July 2016	-	106	-	106
At 31 July 2017	<b>59</b>	<b>64</b>	<b>1</b>	<b>124</b>

- (a) Details of the carrying amounts of plant and equipment secured under finance lease agreements (Note 13) are as follows:

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Motor vehicles	<b>186</b>	166	<b>64</b>	106
Machineries	<b>1,351</b>	1,502	-	-
	<b>1,537</b>	1,668	<b>64</b>	106

- (b) During the financial year ended 31 July 2017, plant and equipment amounting to S\$0.08 million (2016: S\$1.1 million) were acquired through finance lease arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 5 INVESTMENTS IN SUBSIDIARY CORPORATIONS

### Company

	2017 S\$'000	2016 S\$'000
Unquoted equity shares, at cost, at beginning	18,651	85,233
Add: Incorporation of subsidiary corporations	10	2,000
Less: Disposals	-	(68,582)
Unquoted equity shares, at cost, at end	18,661	18,651
Less: Impairment losses	(12,651)	(12,651)
	<b>6,010</b>	<b>6,000</b>

### Movement in impairment losses - Investment in subsidiary corporations

At 1 August	12,651	81,233
Reversal due to disposal	-	(68,582)
At 31 July	<b>12,651</b>	<b>12,651</b>

Name of subsidiary corporations	Country of business incorporation	Proportion of ordinary shares held by Group		Proportion of ordinary shares held by non-controlling interests		Principal activities
		2017	2016	2017	2016	
		%	%	%	%	
Xpress Print (Pte) Ltd <sup>(1)</sup>	Singapore	100	100	-	-	Provision of general printing, multimedia and pre-press work
Xpress New Media Ltd <sup>(1)</sup>	Singapore	100	100	-	-	Provision of one-stop print related services and printer consultancy services
Xpress Print (Australia) Pty Ltd <sup>(2)</sup>	Australia	76	76	24	24	Pre-press work
Xpress Print (Vietnam) Co., Ltd <sup>(2)</sup>	Vietnam	100	100	-	-	Inactive
Xpress Media Philippines Inc. <sup>(2)</sup>	Philippines	100	100	-	-	Inactive

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

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

Name of subsidiary corporations	Country of business incorporation	Proportion of ordinary shares held by Group		Proportion of ordinary shares held by non-controlling interests		Principal activities
		2017	2016	2017	2016	
		%	%	%	%	
A-Smart Commerce Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Investment holding
A-Smart Investments Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	-	-	Investment holding
A-Smart Media Pte. Ltd. <sup>(1)</sup>	Singapore	100	-	-	-	Publishing and event management
A-Smart Technologies Pte. Ltd. <sup>(1)</sup>	Singapore	100	-	-	-	Development, resale and distribution of technology products
A-Smart Life Pte. Ltd. <sup>(1)</sup>	Singapore	100	-	-	-	Development, resale and distribution of smart IT solutions and applications
A-Smart Pair (SEA) Pte. Ltd. <sup>(1)</sup>	Singapore	80	-	20	-	Selling, leasing, servicing and maintaining green technology systems as part of smart city solutions

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

<sup>(2)</sup> The subsidiary corporations are dormant and are not required to be audited as they are not significant to the Group.

*Carrying value of non-controlling interests*

	2017	2016
	S\$'000	S\$'000
Xpress Print (Australia) Pty Ltd	<u>115</u>	<u>178</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

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

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

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

There were no transactions with non-controlling interests for the financial years ended 31 July 2017 and 2016.

*Summarised statement of financial position*

	Xpress Print (Australia) Pty Ltd	
	2017	2016
	S\$'000	S\$'000
Current		
Assets	921	839
Liabilities	(346)	(259)
Total current net assets	<u>575</u>	<u>580</u>
Accumulated NCI	<u>138</u>	<u>139</u>

*Summarised income statement*

	2017	2016
	S\$'000	S\$'000
Revenue	8	14
<b>Loss before income tax</b>	<b>(4)</b>	<b>(17)</b>
Income tax expense	-	-
<b>Loss for the financial year</b>	<b>(4)</b>	<b>(17)</b>

	2017	2016
	S\$'000	S\$'000
<u>Cash flows from operating activities</u>		
Cash generated from operations	62	64
<b>Net cash generated from operating activities</b>	<b>62</b>	<b>64</b>
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>
Net increase in cash and bank balances	62	64
Cash and bank balances at the beginning of the financial year	115	51
<b>Cash and bank balances at end of the financial year</b>	<b>177</b>	<b>115</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 6 INVESTMENT IN AN ASSOCIATED COMPANY

<b>Group</b>	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
Equity investment at cost	<b>1,377</b>	-

Set out below is the associated company of the Group as at 31 July 2017, which, in the opinion of the directors, are material to the Group. The associated company was listed below have share capital consisting solely of registered capital, which are held directly by the Group; the country of incorporation is also their principal place of business.

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

Management has assessed the level of influence that the Group has on Sheng Siong (China) Supermarket Co Ltd and determined that it has significant influence of 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.

## 7 AMOUNTS DUE FROM / TO SUBSIDIARY CORPORATIONS

<b>Company</b>	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
Current		
Amounts due from subsidiary corporations		
- trade	-	-
- non-trade	<b>3,717</b>	2,816
	<b>3,717</b>	2,816
Less: Impairment loss		
At 1 August	-	(64,979)
Impairment loss utilised	-	64,979
At 31 July	-	-
	<b>3,717</b>	2,816
Amounts due to subsidiary corporations		
- trade	<b>59</b>	-
- non-trade	<b>16,803</b>	1,000
	<b>16,862</b>	1,000

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 8 INVENTORIES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Finished goods held for sale	278	-	278	-
Raw materials and consumables	152	112	-	-
Work in progress	65	-	-	-
	<b>495</b>	112	<b>278</b>	-

Cost of inventories recognised as expense was included in "Raw materials and consumables used" in the consolidated income statement amounting to S\$2.7 million (2016: S\$2.1 million).

## 9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade receivables – non-related parties	1,203	1,279	-	-
Less: Impairment loss	(113)	(100)	-	-
	<b>1,090</b>	1,179	-	-
Sundry receivables – non-related parties	406	435	494	600
Advances to staff	5	27	-	25
Receivable from disposal of subsidiary corporations	900	900	900	900
Deposits	526	573	46	48
	<b>1,837</b>	1,935	<b>1,440</b>	1,573
Advance payment to paper suppliers	-	4	-	3
Prepayments	91	23	87	20
	<b>1,928</b>	1,962	<b>1,527</b>	1,596

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 10 CASH AND BANK BALANCES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash at bank	<b>3,665</b>	2,768	<b>2,071</b>	1,944

### Disposal of subsidiary corporations

During the previous financial year, the Company disposed of its entire interest in the issued share capital of Xpress Print (Shenzhen) Co. Ltd, Precise Media Group Limited, Xpress Print (K.L.) Sdn Bhd, Xpress Print (H.K.) Limited and Shenzhen Jiayingda Printing Co. Ltd for a cash consideration of S\$1.0 million. The effects of the disposal on the cash flows of the Group were as follows:

	Note	Group 2016 S\$'000
<u>Carrying amounts of assets and liabilities disposed of</u>		
Plant and equipment	4	6,517
Inventories		1,183
Trade and other receivables		2,552
Cash and bank balances		25
Trade and other payables		(1,858)
Net assets disposed		8,419
Realisation of currency translation reserves		12,253
		20,672
Loss on disposal of subsidiary corporations		(19,672)
Cash proceeds from disposal		1,000
Less: Cash and bank balances in subsidiary corporations disposed of		(25)
Less: Consideration receivable		(900)
Net cash inflow on disposal		75

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 11 SHARE CAPITAL

	No. of shares		2017 S\$'000	2016 S\$'000
	2017 '000	2016 '000		
Issued and fully paid:				
<i>Ordinary Shares</i>				
At 1 August	<b>106,912</b>	88,698	<b>130,301</b>	125,033
Exercise of warrants (ii)	-	18,214	-	5,038
Capitalisation of expenses related to placement shares	-	-	<b>(81)</b>	230
Issue of placement shares (iii)	<b>5,714</b>	-	<b>4,000</b>	-
	<b>112,626</b>	106,912	<b>134,220</b>	130,301

- (i) During the previous financial year, the Company completed a share consolidation exercise where every forty (40) Existing Shares registered in the name of each Shareholder was consolidated to constitute one (1) Consolidated Share (the "Share Consolidation"). For illustrative purposes, comparative figures for the number of shares were adjusted to reflect the effect of the Share Consolidation.
- (ii) During the previous financial year, 300,000,000 warrants (or 7,500,000 warrants after adjusting for the Share Consolidation) were exercised before the Share Consolidation (net proceeds: S\$2.071 million) and 10,714,000 warrants were exercised after the Share Consolidation (net proceeds: S\$2.967 million). There was no exercise of warrants in FY2017.
- The total net proceeds received for the issue of shares due to the conversion of warrants was S\$5.038 million and were fully utilised in FY2017.
- (iii) In FY2017, the Company issued 5,714,282 new shares via a share placement exercise to six (6) individual investors for total proceeds of S\$4.0 million of which S\$2.09 million has been utilised at the date of this report.
- (iv) 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 11 SHARE CAPITAL (CONT'D)

### Capital Management (cont'd)

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

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

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

## 12 RESERVES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Composition:				
Currency translation reserve	(85)	(82)	-	-
Share option reserve	-	57	-	57
Accumulated losses	(128,208)	(128,397)	(138,162)	(121,233)
	<b>(128,293)</b>	<b>(128,422)</b>	<b>(138,162)</b>	<b>(121,176)</b>

Movements:

### (i) Currency translation reserve

At 1 August	(82)	(9,997)	-	-
Translation reserve transferred to income statement upon disposal of subsidiary corporations	-	12,253	-	-
Translation differences arising from translation of foreign operations	31	(1,500)	-	-
Translation differences arising from monetary items forming part of net investments in foreign operations	(34)	(838)	-	-
At 31 July	<b>(85)</b>	<b>(82)</b>	<b>-</b>	<b>-</b>

Movements:

### (ii) Share option reserve

At 1 August	57	706	57	706
Share options lapsed	(57)	(649)	(57)	(649)
At 31 July	<b>-</b>	<b>57</b>	<b>-</b>	<b>57</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 13 FINANCE LEASE LIABILITIES

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

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Lease payments payable:				
Not later than one year	<b>584</b>	585	<b>38</b>	35
Later than one year and not later than five years	<b>967</b>	1,478	<b>50</b>	91
Later than five years	<b>25</b>	6	-	-
Future minimum lease payments	<b>1,576</b>	2,069	<b>88</b>	126
Less: Amounts representing future finance charges	<b>(185)</b>	(235)	<b>(13)</b>	(18)
Present value of minimum lease payments	<b>1,391</b>	1,834	<b>75</b>	108

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

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Not later than one year	<b>522</b>	520	<b>33</b>	30
Later than one year:				
Between one year and five years	<b>848</b>	1,309	<b>42</b>	78
Later than five years	<b>21</b>	5	-	-
	<b>869</b>	1,314	<b>42</b>	78
	<b>1,391</b>	1,834	<b>75</b>	108

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

	Group		Company	
	2017	2016	2017	2016
Not later than one year	<b>3.05%</b>	3.10%	<b>2.28%</b>	2.28%

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 14 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade payables – non-related parties	686	1,628	26	613
Sundry payables – non-related parties	1,506	1,405	384	974
Accruals for operating expenses	464	780	200	552
Accrued directors' fees	122	99	122	90
Rental deposit	136	152	-	-
	<b>2,228</b>	2,436	<b>706</b>	1,616
	<b>2,914</b>	4,064	<b>732</b>	2,229

## 15 EMPLOYEE COMPENSATION

### Share option scheme

The Executives' Share Option Scheme (the "SOS") was approved by its members at an Extraordinary General Meeting held on 25 June 2001. The SOS is administered by the Remuneration Committee.

Other information regarding the SOS is set out below:

- Options granted to employees and executive directors have a contractual life of 10 years commencing from the date of grant and expiring on the day immediately preceding the 10th anniversary of the date of grant.
- Options granted to non-executive directors of the Group have a contractual life of 5 years commencing from the date of grant and expiring on the day immediately preceding the 5th anniversary of the date of grant.
- The options vest one year from the date of grant.
- All options are settled by physical delivery of shares.

The SOS had expired on its 10th anniversary on 25 June 2011 as the Company did not seek a renewal mandate from the shareholders as required under the Terms and Conditions of the SOS.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 15 EMPLOYEE COMPENSATION (CONT'D)

### Share option scheme (cont'd)

Details of the share options are as follows:

<b>Date of Grant</b>	<b>Balance at 01.08.2016</b>	<b>Balance at 31.07.2017</b>	<b>Exercise price</b>	<b>Expiry date</b>
04.12.2006	22,500	-	S\$6.25	03.12.2016
01.03.2007	75,000	-	S\$5.78	28.02.2017
	<u>97,500</u>	<u>-</u>		

The share options outstanding have been adjusted for the effect of the Share Consolidation of 40 shares to 1 share (see note 11 (i)).

During the financial year ended 31 July 2017, 97,500 (2016: Nil) share options forfeited and expired.

As at 31 July 2017, nil (2016: 97,500) share options were exercisable at the weighted average price of S\$5.89.

The weighted average remaining contractual life of share options outstanding at 31 July 2017 is nil (2016: 0.5) years.

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

## 16 REVENUE

<b>Group</b>	<b>2017 S\$'000</b>	<b>2016 S\$'000</b>
Print media services	<b>7,663</b>	7,744
Media and events	<b>211</b>	-
	<u><b>7,874</b></u>	<u>7,744</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 17(a) OTHER INCOME

Group	2017 S\$'000	2016 S\$'000
Rental income	20	-
Bad debts recovered	5	12
Gain on disposal of plant and equipment	1	40
Government grants	51	244
Miscellaneous income	43	53
	<b>120</b>	<b>349</b>

## 17(b) STAFF COSTS

Group	2017 S\$'000	2016 S\$'000
<u>Directors' fees:</u>		
• directors of the Company		
- Current financial year	123	123
- Prior financial years	-	(86)
• directors of a subsidiary corporation	-	25
<u>Directors' remuneration other than fees:</u>		
• directors of the Company	480	369
- contributions to defined contribution plans	6	5
• directors of a subsidiary corporation	262	238
- contributions to defined contribution plans	11	10
<u>Key management personnel (other than directors):</u>		
• salaries, wages and other related costs	334	925
• contributions to defined contribution plans	21	38
Key management personnel compensation	<b>1,237</b>	1,647
Other than directors and key management personnel:		
• salaries, wages and other related costs	2,037	2,371
• contributions to defined contribution plans	333	326
	<b>3,607</b>	<b>4,344</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 17(c) OTHER EXPENSES

<b>Group</b>	<b>2017</b> <b>S\$'000</b>	2016 S\$'000
Allowance for doubtful receivables	-	31
Corporate and legal expenses	<b>106</b>	498
Audit fees	<b>118</b>	105
Bank charges	<b>12</b>	14
Insurance expense	<b>21</b>	31
Marketing expenses	<b>79</b>	113
Operating lease expense	<b>698</b>	461
Penalties and fines	<b>32</b>	-
Printing expenses and postage	<b>46</b>	27
Plant and equipment written off	-	19
Rental of copier	-	272
Repair and maintenance of equipment	<b>37</b>	70
Telecommunication expense	<b>71</b>	91
Utilities	<b>125</b>	137
Upkeep of motor vehicles	<b>113</b>	105
Upkeep of premises	<b>11</b>	-
Donation	<b>20</b>	-
Others	<b>78</b>	55
	<b>1,567</b>	2,029

## 18(a) INTEREST INCOME

<b>Group</b>	<b>2017</b> <b>S\$'000</b>	2016 S\$'000
Interest income on fixed deposits	-	8

## 18(b) FINANCE COSTS

<b>Group</b>	<b>2017</b> <b>S\$'000</b>	2016 S\$'000
Interest expense		
- Bank overdraft	-	9
- Finance lease liabilities	<b>65</b>	92
	<b>65</b>	101

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 19 INCOME TAX CREDIT

### (a) Income tax expense – income statement

<b>Group</b>	<b>2017</b> <b>S\$'000</b>	<b>2016</b> <b>S\$'000</b>
Current tax credit		
Overprovision in prior financial years	-	(18)
		<u>(18)</u>
<b>Reconciliation of effective tax rate</b>		
<b>Group</b>	<b>2017</b> <b>S\$'000</b>	<b>2016</b> <b>S\$'000</b>
Profit/(loss) before tax, including discontinued operations	<b>131</b>	(21,770)
Adjustments for:		
Loss on disposal of investments in subsidiary corporations	-	19,672
Profit/(loss) before income tax	<b>131</b>	(2,098)
		<u>(2,098)</u>
Tax calculated at tax rate of 17% (2016: 17%)	<b>22</b>	(356)
Effects of:		
- Non-deductible expenses	<b>138</b>	280
- Effects of tax rates in foreign jurisdictions	-	(10)
- Utilisation of previously unrecognised tax benefits	<b>(333)</b>	-
- Deferred tax assets not recognised	<b>173</b>	86
- Overprovision in prior financial years	-	(18)
	<u>-</u>	<u>(18)</u>

Under the group tax relief system introduced by the Inland Revenue Authority of Singapore ("IRAS"), a Singapore incorporated company may, upon satisfaction of the criteria set out by the IRAS, transfer its current year's unabsorbed capital allowances, trade losses and donations to another company belonging to the same group, to be deducted against the assessable income of the latter company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 19 INCOME TAX CREDIT (CONT'D)

### (b) Income tax expense – other comprehensive income, net of tax

Disclosure of tax effect relating to each component of other comprehensive income:	2017			2016		
	Before tax S\$'000	Tax expense S\$'000	Net of tax S\$'000	Before tax S\$'000	Tax expense S\$'000	Net of tax S\$'000
Currency translation differences	-	-	-	9,915	-	9,915

At the date of the statement of financial position, the Group had unabsorbed tax losses, unabsorbed wear and tear allowances and unabsorbed investment allowance of approximately S\$0.8 million (2016: S\$2.6 million), S\$1.7 million (2016: S\$1.7 million) and S\$1.5 million (2016: S\$1.5 million), respectively, that are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiary corporations operate.

## 20 DISCONTINUED OPERATIONS

During the previous financial year, with the approval obtained from the Company's shareholders on 14 June 2016 to dispose its entire interest in Xpress Print (Shenzhen) Co. Ltd, Precise Media Group Limited, Xpress Print (K.L.) Sdn Bhd, Xpress Print (H.K.) Limited and Shenzhen Jiaxingda Printing Co. Ltd (collectively known as "sale companies") for a cash consideration of S\$1.0 million, the entire assets and liabilities related to the disposal group net of the sale consideration were taken to the income statement as gain or loss on disposal of subsidiary corporations. The entire results of the disposal group are presented separately on the consolidated income statement as "Discontinued operations".

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	<b>Group</b> 2016 S\$'000
Revenue	315
Expenses	(1,730)
Loss before tax from discontinued operations	(1,415)
Tax	-
Loss after tax from discontinued operations	(1,415)
Total comprehensive loss attributable to equity shareholders	(1,415)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 20 DISCONTINUED OPERATIONS (CONT'D)

- (a) The results of the discontinued operations and the re-measurement of the disposal group are as follows: (cont'd)

	<b>Group</b>
	2016
	S\$'000
Cumulative loss recognised in other comprehensive income	
Relating to disposal group classified as held-for-sale are as follows:	
- Currency translation differences	<u>(12,253)</u>

- (b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	<b>Group</b>
	2016
	S\$'000
Operating cash outflows	(149)
Investing cash outflows	(25)
Foreign currency translations	135
Total cash outflows	<u>(39)</u>

- (c) The carrying amounts of assets and liabilities as at the date of disposal (31 July 2016) were:

	<b>Group</b>
	2016
	S\$'000
Plant and equipment	6,517
Inventories	1,183
Trade and other receivables	2,552
Cash and bank balances	25
Total assets	<u>10,277</u>
Total liabilities	<u>1,858</u>
Net assets	<u>8,419</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 21 EARNINGS/(LOSS) PER SHARE

### Basic

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

### Diluted

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

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

	2017	2016
Profit/(loss) attributable to owners of the company (\$'000)		
- continuing operations	131	(20,335)
- discontinued operations	-	(1,415)
	<u>131</u>	<u>(21,750)</u>
Weighted average number of ordinary shares in issue ('000)	111,202	94,029
Warrants ('000)	36,786	47,500
	<u>147,988</u>	<u>141,529</u>
Basic earnings/(loss) per share (cents)		
- continuing operations	0.12	(21.62)
- discontinued operations	-	(1.51)
	<u>0.12</u>	<u>(23.13)</u>
Diluted earnings/(loss) per share (cents)		
- continuing operations	0.09	(14.37)
- discontinued operations	-	(1.00)
	<u>0.09</u>	<u>(15.37)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 22 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.

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

<b>Group</b>	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
<b>Lease rentals payable:</b>		
Not later than one year	<b>589</b>	609
Later than one year and not later than five years	<b>730</b>	1,319
	<b>1,319</b>	1,928

### (b) Capital commitments

<b>Group</b>	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
<u>Commitments in respect of:</u>		
- Capital contribution in investment in associated company	-	1,380
- Acquisition of 70% of the equity interest of Amplify Me Pte Ltd <sup>(1)</sup>	-	500
	-	1,880

<sup>(1)</sup> The proposed acquisition was discontinued by the Group and therefore not completed.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 23 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) Corporate and others – involved media and events management; investment holdings and Corporate Office which incurs general corporate expenses and derives revenue from management fees and interest income from subsidiary corporations.
- (c) Smart technologies – involved the development, sale and redistribution of smart IT solutions, gadgets, software and hardware products.

Segment accounting policies are the same as the policies described in Note 2.2. Intra- and inter-segment transactions were carried out at terms agreed between the parties during the financial year. Intra- and inter-segment transactions were eliminated on consolidation.

### **Segment revenue and expense:**

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

### **Segment assets and liabilities:**

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 23 OPERATING SEGMENTS (CONT'D)

### Segment assets and liabilities: (cont'd)

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

	Print Media		Corporate and others		Smart Technologies		Eliminations		Continuing Operations		Discontinued Operations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	7,663	7,517	211	227	-	-	-	-	7,874	7,744	-	315	7,874	8,059
Inter-segment sales	70	132	-	-	-	-	(70)	(132)	-	-	-	-	-	-
<b>Segment revenue</b>	<b>7,733</b>	<b>7,649</b>	<b>211</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>(70)</b>	<b>(132)</b>	<b>7,874</b>	<b>7,744</b>	<b>-</b>	<b>315</b>	<b>7,874</b>	<b>8,059</b>
Segment results	1,413	(11,476)	(1,214)	(22,731)	-	-	(3)	13,953	196	(20,254)	-	(1,415)	196	(21,669)
Finance costs	-	-	-	-	-	-	-	-	(65)	(101)	-	-	(65)	(101)
Profit/(Loss) before income tax	-	-	-	-	-	-	-	-	131	(20,355)	-	(1,415)	131	(21,770)
Income tax credit	-	-	-	-	-	-	-	-	-	18	-	-	-	18
<b>Profit/(Loss) for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>(20,337)</b>	<b>-</b>	<b>(1,415)</b>	<b>131</b>	<b>(21,752)</b>
<b>Assets and liabilities:</b>														
Segment assets	3,317	3,063	3,322	2,146	65	-	-	-	6,704	5,209	-	-	6,704	5,209
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	3,665	2,768
Total assets													<u>10,369</u>	<u>7,977</u>
Segment liabilities	1,476	2,227	1,429	1,837	8	-	-	-	2,913	4,064	-	-	2,913	4,064
Income tax payable	-	-	-	-	-	-	-	-	-	-	-	-	22	22
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	1,392	1,834
Total liabilities													<u>4,327</u>	<u>5,920</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 23 OPERATING SEGMENTS (CONT'D)

### Segment assets and liabilities: (cont'd)

	Print Media		Corporate and others		Smart Technologies		Eliminations		Continuing Operations		Discontinued Operations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$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
<b>Other segment information:</b>														
Capital expenditure	93	1,577	64	-	-	-	-	-	157	1,577	-	84	157	1,661
Depreciation of plant and equipment	254	154	46	43	-	-	-	-	300	197	-	631	300	828
Interest expense	60	91	5	10	-	-	-	-	65	101	-	-	65	101
Plant and equipment written off	-	19	-	-	-	-	-	-	-	19	-	-	-	19
Gain on disposal of plant and equipment	-	(40)	-	-	-	-	-	-	-	(40)	-	(27)	-	(67)
Impairment loss on trade receivables	13	31	-	-	-	-	-	-	13	31	-	-	13	31

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

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

	Revenue from external customers		Segment assets		Capital expenditure	
	Continuing	Discontinued	2016	2017	Continuing	Discontinued
	2017	2016	2016	2017	2016	2017
	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000
Singapore	7,870	7,730	-	10,192	7,706	157
Malaysia	-	-	78	-	-	-
China and Hong Kong	-	-	237	-	-	-
Others	4	14	-	177	271	-
<b>Total</b>	<b>7,874</b>	<b>7,744</b>	<b>-</b>	<b>10,369</b>	<b>7,977</b>	<b>157</b>
					1,577	84

Revenue of \$S\$2.9 million (2016: \$S\$2.1 million) are derived from 3 (FY2016: 3) external customers.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT

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

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

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

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

<b>Group</b>	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
<b>Loans and receivable at amortised cost</b>		
Trade receivables	1,090	1,179
Other receivables	1,837	1,935
Cash and bank balances	3,665	2,768
	<b>6,592</b>	5,882
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	2,914	4,064
Finance lease liabilities	1,391	1,834
	<b>4,305</b>	5,898
<b>Company</b>		
<b>Loans and receivable at amortised cost</b>		
Amounts due from subsidiary corporations (current)	3,717	2,816
Other receivables	1,440	1,573
Cash and bank balances	2,071	1,944
	<b>7,228</b>	6,333
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	732	2,229
Amounts due to subsidiary corporations	16,862	1,000
Finance lease liabilities	75	108
	<b>17,669</b>	3,337

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Credit risk

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

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

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

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

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

The trade receivable of the Group comprise 4 debtors (2016: 3 debtors) that individually represented 5-10% of trade receivables.

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

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Trade receivables</b>				
<b><u>By geographical areas</u></b>				
Singapore	1,090	1,177	-	-
Others	-	2	-	-
	<b>1,090</b>	<b>1,179</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

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

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Other receivables</b>				
<b><u>By geographical areas</u></b>				
Singapore	1,837	1,934	1,440	1,573
Others	-	1	-	-
	<b>1,837</b>	<b>1,935</b>	<b>1,440</b>	<b>1,573</b>

#### Impairment losses

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

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Trade receivables</b>				
Not past due and not impaired	419	528	-	-
Past due less than 3 months	417	325	-	-
Past due more than 3 months but less than 6 months	113	150	-	-
Past due more than 6 months but less than 12 months	99	81	-	-
Past due more than 12 months	42	95	-	-
	<b>1,090</b>	<b>1,179</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

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

#### Impairment losses (cont'd)

The carrying amount of project receivables, trade receivables and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Impairment loss – Project receivable</b>				
At 1 August	-	8,265	-	-
Amount utilised	-	(8,265)	-	-
At 31 July	-	-	-	-
<b>Impairment loss – Trade receivables</b>				
At 1 August	100	49,996	-	-
Amount recognised	13	-	-	-
Amount utilised	-	(49,896)	-	-
At 31 July	113	100	-	-
<b>Impairment loss – Other receivables</b>				
At 1 August	-	13,821	-	-
Amount utilised	-	(13,821)	-	-
At 31 July	-	-	-	-

As of 31 July 2017, trade receivables of S\$0.1 million (2016: S\$0.1 million) were impaired. The individually impaired receivables mainly relate to overdue customer balances which are not considered recoverable.

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

Except as disclosed above, management believes that no additional impairment allowance is necessary on the Group's receivables past due and not past due as at 31 July 2017 based on payment histories and the counterparties' credit standing.

#### Exposure to credit risk

As the Company and the Group 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

### (c) Market risk

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

#### *Foreign currency risk*

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

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

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

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

Group	USD	HKD	Other	Total
SGD equivalent	S\$'000	S\$'000	currencies S\$'000	S\$'000
<b><u>At 31 July 2017</u></b>				
<b>Financial assets:</b>				
Cash and bank balances	-	54	1	55
<b>Financial liabilities:</b>				
Trade and other payables	(690)	-	(44)	(734)
<b>Net currency exposure</b>	<b>(690)</b>	<b>54</b>	<b>(43)</b>	<b>(679)</b>
<b><u>At 31 July 2016</u></b>				
<b>Financial assets:</b>				
Cash and bank balances	-	-	1	1
<b>Financial liabilities:</b>				
Trade and other payables	-	-	(45)	(45)
<b>Net currency exposure</b>	<b>-</b>	<b>-</b>	<b>(44)</b>	<b>(44)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

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

#### *Foreign currency risk (cont'd)*

As at 31 July 2016 and 2017, the Company does not have foreign currency exposures as all its financial assets and financial liabilities are denominated in Singapore dollars which is its functional currency.

#### *Sensitivity analysis - Foreign currency risk*

A 5% strengthening of the above currencies against the functional currencies of the respective Group entities at the reporting date would have increased/decreased 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.

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

Group	USD S\$'000	HKD S\$'000	Other currencies S\$'000	Total S\$'000
<b>2017</b>				
Increase in profit after tax	35	(3)	2	34
Increase in equity	(35)	3	(2)	(34)
<b>2016</b>				
Increase in profit after tax	-	-	2	2
Increase in equity	-	-	(2)	(2)

#### *Interest rate risk*

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, the Group's income is substantially independent of changes in market interest rates.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

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

#### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, and is not exposed to any movement in market prices.

### (d) Liquidity risk

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

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

	Carrying amount S\$'000	Contractual undiscounted cash flows			
		Total S\$'000	Less than 1 year S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<b>Group</b>					
<b><u>At 31 July 2017</u></b>					
Trade and other payables	<b>2,914</b>	<b>2,914</b>	<b>2,914</b>	-	-
Finance lease liabilities	<b>1,391</b>	<b>1,576</b>	<b>584</b>	<b>967</b>	<b>25</b>
	<b>4,305</b>	<b>4,490</b>	<b>3,498</b>	<b>967</b>	<b>25</b>
<b><u>At 31 July 2016</u></b>					
Trade and other payables	4,064	4,064	4,064	-	-
Finance lease liabilities	1,834	2,069	585	1,478	6
	5,898	6,133	4,649	1,478	6
<b>Company</b>					
<b><u>At 31 July 2017</u></b>					
Trade and other payables	<b>732</b>	<b>732</b>	<b>732</b>	-	-
Finance lease liabilities	<b>75</b>	<b>88</b>	<b>38</b>	<b>50</b>	-
	<b>807</b>	<b>820</b>	<b>770</b>	<b>50</b>	-
<b><u>At 31 July 2016</u></b>					
Trade and other payables	2,229	2,229	2,229	-	-
Finance lease liabilities	108	126	35	91	-
	2,337	2,355	2,264	91	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

### (e) Fair values of financial instruments

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the assets or liability that are not based on observable market data.

Finance lease liabilities

The fair values of finance lease liabilities are estimated by discounting expected future cash flows, discounted at market interest rates for similar types of lease agreements at the reporting data.

Financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and bank balances, trade and other payables, current borrowings) approximate their fair values because of the short period to maturity.

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the statement of financial position as at 31 July are presented in the following table:

	2017		2016	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
<b>Group</b>				
Finance lease liabilities	<b>1,391</b>	<b>1,576</b>	1,834	2,069
<b>Company</b>				
Finance lease liabilities	<b>75</b>	<b>88</b>	108	126

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## 25 SIGNIFICANT RELATED PARTY TRANSACTIONS

### Identity of related parties

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

## 26 EVENTS OCCURRING AFTER STATEMENT OF FINANCIAL POSITION DATE

### *Proposed investment in Timor-Leste*

The Group announced on 26 July 2017 that it has entered into a conditional term sheet to enter into a joint venture agreement to undertake a mixed property development project in Timor-Leste (the "Proposed Mixed Development"), subject to shareholders' approval at an extraordinary general meeting ("EGM"). The EGM will be convened in due course.

The construction costs for the Proposed Mixed Development is estimated between US\$13.0 million to US\$16.0 million (equivalent to approximately S\$17.7 million to S\$21.8 million) and the Group's share of 51% of the working capital commitment, if approved by shareholders at the EGM, will be between US\$6.6 million and US\$8.2 million (equivalent to approximately S\$9.0 million and S\$11.1 million).

As announced on 17 October 2017, the Company plans to carry out a proposed share placement to issue 7,150,000 new shares at the issue price of S\$0.70 per new share to a local investor to raise estimated proceeds of S\$5.0 million. In addition, the Company will be able to further raise S\$10.3 million in proceeds when warrant holders exercise the outstanding 36,786,000 warrants (at the exercise price of S\$0.28 per new share). The proceeds raised from the exercise of warrants will be reserved for funding the Timor-Leste project. These capital raising exercises are contingent on the successful completion of the joint venture agreement.

### *Update of legal proceedings*

The Company announced on 6 May 2016 regarding the receipt of a writ of summons filed by Fuji Offset Plates Manufacturing Ltd ("Fuji Offset") and issued against the Company and its former chief operating officer Mr Fong Kah Kuen, for a sum of S\$830,550 or damages to be assessed, together with interest and costs.

On 3 November 2017, the Company announced that the parties have reached an amicable resolution to the legal proceedings in an out-of-court settlement and Fuji Offset has since filed a notice of discontinuance with the Singapore Courts. The Company will not be making any payment or incurring any costs pursuant to the out-of-court settlement, save for its own legal costs. The legal costs incurred by the Company is not expected to have a significant impact on the consolidated net asset per share and the consolidated earnings per share of the Group for the financial year ending 31 July 2018.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2017

## **27 AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements of the Group and the Company for the financial year ended 31 July 2017 were authorised for issue in accordance with a resolution of the directors on 7 November 2017.

# STATISTICS OF SHAREHOLDINGS

As at 01 November 2017

Class of Shares	:	Ordinary Share
No. of Shares (excluding treasury shares)	:	112,626,362
Voting rights	:	One vote per share
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	5,968	44.08	226,700	0.20
100 - 1,000	4,976	36.76	1,592,267	1.42
1,001 - 10,000	2,086	15.41	6,941,788	6.16
10,001 - 1,000,000	497	3.67	27,582,855	24.49
1,000,001 AND ABOVE	11	0.08	76,282,752	67.73
<b>TOTAL</b>	<b>13,538</b>	<b>100.00</b>	<b>112,626,362</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	MA WEIDONG	45,714,000	40.59
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	10,147,830	9.01
3.	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,597,538	4.97
4.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	4,173,404	3.71
5.	NG CHOON MENG	2,557,000	2.27
6.	CHUA GEOK LIN	1,970,387	1.75
7.	DBSN SERVICES PTE. LTD.	1,428,571	1.27
8.	WONG SIEW CHING	1,259,747	1.12
9.	GOH CHUNG HEE	1,231,075	1.09
10.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,199,325	1.06
11.	NG SOH KIOW	1,003,875	0.89
12.	UOB KAY HIAN PRIVATE LIMITED	825,065	0.73
13.	YAP HUI MENG @ SIN HUI MENG	733,547	0.65
14.	LIAO SHENG-TUNG	714,285	0.63
15.	YEP GEE KUARN	700,000	0.62
16.	DORA HOAN BENG MUI	684,285	0.61
17.	OW SONG CHUA	666,600	0.59
18.	OCBC SECURITIES PRIVATE LIMITED	640,725	0.57
19.	DBS NOMINEES (PRIVATE) LIMITED	572,134	0.51
20.	NG CHOONG KENG	565,835	0.50
	<b>TOTAL</b>	<b>82,385,228</b>	<b>73.14</b>

# STATISTICS OF SHAREHOLDINGS

As at 01 November 2017

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

NO.	NAME	DIRECT INTEREST		DEEMED INTERESTS	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1.	Ma Weidong <sup>(1)</sup>	45,714,000	40.59	353,000	0.31
2.	Tseng An Hsiung Andy <sup>(2)</sup>	-	-	7,879,674	7.00

### 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.
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 Companies Act, Chapter 50;
  - b) 44,800 ordinary shares held by his spouse, Mrs Tseng Shu Eng Eng by virtue of Section 7 of the Companies Act, Chapter 50; and
  - c) 4,012,032 ordinary shares held by Dai Dai Development International Holdings Limited by virtue of Section 7 of the Companies Act, Chapter 50.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 01 November 2017, 51.21% 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 25 Tai Seng Avenue, #01-01 KOP Building, Singapore 534104, on Thursday, 30 November 2017 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 2017 together with the Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of S\$123,000 for the financial year ended 31 July 2017 (2016: S\$123,000). **(Resolution 2)**
3. To re-elect the following Directors of the Company who retire pursuant to Regulations 76 and 94(2) of the Constitution of the Company:
 

**Regulation 76**  
Mr. Kenneth Loo **(Resolution 3)**

**Regulation 94(2)**  
Mr. Darlington Tseng Te-Lin **(Resolution 4)**  
Ms. Chu Hongtao **(Resolution 5)**

[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 6)**
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

# NOTICE OF ANNUAL GENERAL MEETING

- (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

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

(the "**Share Issue Mandate**")

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and



# NOTICE OF ANNUAL GENERAL MEETING

- (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 7)**

By Order of the Board

Shirley Tan Sey Liy  
Company Secretary  
Singapore, 15 November 2017

## **Explanatory Notes:**

- (i) Mr. Darlington Tseng Te-Lin will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered non-independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

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

- (ii) Resolution 7 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.

# 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 appoint two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
4. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 61 Tai Seng Avenue, #03-03, Print Media Hub @ Paya Lebar iPark 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.

# 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.

This page has been intentionally left blank.

# A-SMART HOLDINGS LTD.

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

## 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 Investors") 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.** (the "**Company**"), hereby appoint:

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

\*and/or (delete as appropriate)

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

as my/our proxy/proxies\* to vote for me/us\* on my/our\* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 25 Tai Seng Avenue, #01-01 KOP Building, Singapore 534104 on Thursday, 30 November 2017 at 10.00 a.m. and at any adjournment thereof. I/We\* direct my/our proxy/proxies\* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies\* will vote or abstain from voting at his/her\* discretion.

No.	Resolutions relating to:	No. of Votes 'For'**	No. of Votes 'Against'**
	<b>Ordinary Business</b>		
1	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 July 2017		
2	Approval of Directors' fees amounting to S\$123,000 for the financial year ended 31 July 2017 (2016: S\$123,000)		
3	Re-election of Mr. Kenneth Loo as a Director		
4	Re-election of Mr. Darlington Tseng Te-Lin as a Director		
5	Re-election of Ms. Chu Hongtao as a Director		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors and to authorise the Directors of the Company to fix their remuneration		
	<b>Special Business</b>		
7	Authority to issue new shares		

\* Delete where inapplicable

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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 Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

\* A Relevant Intermediary is:

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

**General:**

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

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 November 2017.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr Ma Weidong**  
Non-Executive Chairman

**Mr Lim Huan Chiang**  
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** (ACIS)

## 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  
100 Beach Road, #30-00 Shaw Tower  
Singapore 189702

## AUDIT PARTNER-IN-CHARGE

Mr Low See Lien  
(Appointment since financial year ended  
31 July 2015)

Principal Bankers  
The Development Bank of Singapore Limited  
Malayan Banking Berhad

Company Registration No.: 199902058Z

## A-Smart Holdings Ltd Group of Companies





**A-Smart Holdings Ltd**

(formerly known as Xpress Holdings Limited)

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