

Issuer: A-Smart Holdings Ltd.

Security: A-Smart Holdings Ltd.

Meeting details:

Date: 30 November 2017

Time: 10.00 a.m.

Venue: 25 Tai Seng Avenue, #01-01 KOP Building, Singapore 534104

Company Description

A-Smart Holdings Ltd., an investment holding company, provides a range of print management services in Singapore and internationally. The company operates through Print Media, Corporate and Others, and Smart Technologies segments. The Print Media segment is 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. The Corporate and Others segment operates in media and event management activities. The Smart Technologies segment develops, sells, and redistributes smart IT solutions, gadgets, and software and hardware products. It also engages in publishing; and selling, leasing, servicing, and maintaining technology systems. The company was formerly known as Xpress Holdings Ltd and changed its name to A-Smart Holdings Ltd. in October 2016. A-Smart Holdings Ltd. was founded in 1986 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BQC)

Q1. As noted in the Chairman’s Message (page 4 of the annual report), the group’s core business of print will continue to face challenges posed by the rise of digital media.

As seen in Note 23 (Operating segments), the sales to external customers increased by 2% to hit \$7.7 million in 2017. This could be partly due to management’s success in securing new contracts for printing periodicals and newsletters for local organisations.

- a) **Despite the encouraging performance of the print segment in 2017, can shareholders get better visibility on the percentage of revenue derived from listed companies as the Singapore Exchange has started to allow alternative forms of distribution of the annual reports?**
- b) **How is the board positioning the group to face this major shift away from printed annual reports by listed companies?**
- c) **When will the “operational and technology roadmapping” (page 5) be completed? Will the company update shareholders when the review/roadmapping is completed?**

Q2. The group has also diversified into new businesses, given the challenges in the core printing segment. Shareholders would like to ask the company on the new businesses, specifically:

- a) **Smart Technologies:** As announced on 31 July 2017, the group has been awarded a S\$1.2 million contract for the supply of a smart enterprise business solution comprising hi-tech hardware and software to a Singapore based restaurant chain. **Can management clarify if the system was developed in-house and if the company/group owns the intellectual property of the system?**
- b) **Investment (property investment and development in Dili, Timor-Leste):** Can management explain the level of commercial due diligence carried out with regard to the proposed investment/development in Dili? As the current management team collectively appears to have no/little prior track record or experience in property development (especially in a frontier market like Timor-Leste), how does the group intend to mitigate the risks of carrying out property investment/development in a frontier market?

Q3. Guideline 2.2 of the 2012 Code of Corporate Governance (CG Code) requires independent directors to make up at least half of the Board where the Chairman is not an independent director.

As Mr Ma Weidong is the non-executive non-independent Chairman of the board, under Guideline 2.2 of the CG Code, independent directors have to make up at least half of the board.

As disclosed in Principle 2 of the Corporate Governance Report (page 12), of the six directors on the board, the company has deemed Mr Sam Chong Keen and Ms Chu Hongtao as independent and thus the independent directors make up one-third of the board.

- a) **Would the board and the nominating committee (NC) confirm that the company has not met the requirements of Guideline 2.2 to have independent directors make up half the board where the chairman is not an independent director?**
- b) **What are the board’s near term plans to reconstitute the board to meet the requirements of Guideline 2.2?**

In addition, the question on Mr Sam Chong Keen’s independence is repeated and expanded (based on the questions sent to the company on the Annual Report for the financial year ended 31 July 2016) as the company has not provided any clarification to Mr Sam Chong Keen’s independence.

Mr. Sam Chong Keen has been associated with the group since 2001. In the notes to Principle 2 of the Corporate Governance Code (page 15), it was disclosed that:

“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”.

On page 12, in the Corporate Governance Report, the company has once again stated that:

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

- c) **Can the company explain the seemingly conflicting statements regarding Mr. Sam Chong Keen’s first appointment and his tenure on the board from the date of his first appointment?**
- d) **Would the NC elaborate further on the deliberations it had, if any, on how it had determined Mr. Sam’s independence?**
- e) **Has the company subjected Mr. Sam Chong Keen to a particularly rigorous review of his independence as stated in Guideline 2.4 of the Code of Corporate Governance?**

A copy of the questions for the Annual Report for the financial year ended 31 July 2016 could be found here:

[https://sias.org.sg/qa-on-annual-reports/?company=A-Smart%20Holdings%20Ltd%20\(formerly%20known%20as%20Xpress%20Holdings%20Ltd\)](https://sias.org.sg/qa-on-annual-reports/?company=A-Smart%20Holdings%20Ltd%20(formerly%20known%20as%20Xpress%20Holdings%20Ltd))

The company’s response could be found here: -----