

ASIA VETS HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201003501R)

RESPONSES TO QUERIES RAISED BY SINGAPORE EXCHANGE REGULATION ON 3 JANUARY 2022

The board of directors (the “**Board**”) of Asia Vets Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) sets out its responses to the following queries raised by the Singapore Exchange Regulation (“**SGX**”) on 3 January 2022 in respect of the Company’s announcement dated 30 December 2021 relating to the Company’s proposed acquisition of Aldigi Holdings Pte. Ltd. (the “**Target**”) (the “**Proposed Acquisition**” or “**RTO**”) (the “**Announcement**”).

Unless otherwise defined, all capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Announcement.

SGX Query 1

The Target was incorporated in Singapore on 3 June 2021. The purchase consideration of S\$45 million was based on, inter alia, (i) a preliminary indicative desktop valuation on the Target Group; and (ii) the average forecasted profit after tax of RHT DigiCapital Pte. Ltd. (being a 60% subsidiary of the Target and the single largest forecasted profit contributor of the Target Group) for the 3 financial years ending 31 December 2022, 31 December 2023 and 31 December 2024, and considering an earnings multiple of 17.2 (being the median of comparable transactions as sourced from CapitalIQ and Bloomberg), and a 20% discount due to the lack of marketability.

- (a) *Has the Company identified or appointed an independent valuer? If so, please name the valuer and provide the Board’s assessment on experience and track record of the valuer. If not, please provide updates to shareholders upon such appointment.*
- (b) *Has RHT DigiCapital Pte. Ltd. commenced operations? Are there existing order book on hand and has it started generating revenue for the Target Group? Otherwise, what is the forecasted profit after tax of RHT DigiCapital based on?*
- (c) *The consideration is based on PE of 17.2, being the median of comparable transactions. Please provide information of such comparable transactions, including names, industry, country of operations and dates of M&A.*

Company’s Response

- (a) The Company has identified an independent valuer (“**Valuer**”), Chay Corporate Advisory Pte. Ltd (“**CCAPL**”), to conduct the valuation of the Target Group for the purpose of the Proposed Acquisition. The Company intends to appoint CCAPL as the Valuer in due course, upon completion of its review of CCAPL’s engagement letter as the Valuer.

The Board is of the view that CCAPL is suitable to be appointed as the Valuer, taking into account among others, the adequacy of the resources, experience and track record of CCAPL and its signing partner, Mr Chay Yiowmin (“**Mr Chay**”), including but not limited to, CCAPL’s previous engagements as valuer in respect of a valuation for a trading company in 2019 for the acquisition by a Vietnamese listed company and a service provider (listed on Alternative Investment Market of the London Stock Exchange) in 2020 for the purpose of a management buyout. Most recently, CCAPL acted as the independent business valuer for the valuation of Shanaya Environmental Services Pte. Ltd. for the purpose of a reverse takeover of CPH Ltd (listed on the SGX-ST) which was completed in June 2021. Mr Chay is a

Chartered Valuer and Appraiser (CVA) of the Institute of Valuers and Appraisers of Singapore (IVAS), and he sits on the Standards and Technical Committee of IVAS. Mr Chay is also a program instructor for the CVA course.

- (b) RHT DigiCapital Pte. Ltd. (“**RHT DigiCapital**”) commenced operations in 2021, and has started generating revenue in FY2021. As at the date of this announcement, the existing order book of RHT DigiCapital amounts to approximately S\$0.45 million, to be fulfilled and recognised as revenue in FY2022.

The forecasted profit after tax of RHT DigiCapital are internal estimates provided by RHT DigiCapital, prepared on the relevant bases and assumptions, including but not limited to, anticipated number of security token offerings (“**STO**”) projects to be secured, amount to be raised via STO per project, and assets under management, by RHT DigiCapital. The aforesaid estimates have been provided by RHT DigiCapital to support the preliminary indicative desktop valuation on the Target Group. As set out in paragraph 2.5 of the Announcement, it shall be a condition precedent to Completion that an independent report in respect of the Target Group prepared by an independent valuer commissioned by the Company for the purpose of the Proposed Acquisition (“**Valuation**”), containing a valuation of the Target Group that is reasonably satisfactory to the Parties be obtained. The Parties have agreed on the Valuation Adjustment, such that in the event the Valuation is greater or lesser than the Enterprise Value by more than 5%, the Parties will re-negotiate in good faith the Consideration to be paid to the Vendor by adjusting the number of Consideration Shares to be issued to the Vendor for the Proposed Acquisition.

- (c) Please refer to Appendix A of this announcement for information of comparable transactions. The list of comparable transactions has been discussed and agreed between the Company and the Target.

SGX Query 2

Prior to completion of the RTO, the Target intends to issue 3 key appointment holders and 3 IDs with share award shares in the Target. Upon completion of the RTO, the Vendor shall exchange such share award shares with Consideration Shares in the Company.

- (a) *Will these 3 key appointment holders and 3 IDs be appointed to the management and Board of AVH upon completion of the RTO?*
- (b) *We note that post completion of the RTO, the AVH Group will continue to own and operate its current veterinary care business. Will there be a change in the management and Board in the Enlarged Group?*
- (c) *Will there be a change of the issuer in name post-RTO?*

Company’s Response

- (a) As at the date of the SPA and the date of this announcement, the Company and the Target have not decided on the composition of the entire management and Board of the Company upon completion of the RTO. The aforesaid will be discussed and agreed upon by the Company and the Target, and such information will be duly set out in the Circular accordingly.
- (b) With respect to the current veterinary care business of the Group, the current acting medical director and acting general manager of AVH Animal Ark Pte. Ltd. (a wholly-owned subsidiary of the Company) will remain as an executive officer of the Company post completion of the RTO. As disclosed in part (a) above, the Company and the Target have not decided on the composition of the entire management and Board of the Company upon completion of the RTO.
- (c) The Company intends to propose a change of the issuer in name post-RTO, which shall be subject to Shareholders’ approval to be obtained at the EGM to be convened. Further details will be provided to Shareholders in due course.

SGX Query 3

It is disclosed that the Target Group has NTA of S\$1,860,690 as at 31 Dec 2020 (unaudited).

- (a) *Please provide details of the key assets and liabilities.*
- (b) *Is there any updated unaudited financials of the Target Group for 2021?*

Company's Response

- (a) Based on the Target Group's unaudited proforma combined financial statements as at 31 December 2020 (as provided by the Target), the key assets and liabilities of the Target Group is as follows:

<u>Key Assets</u>	<u>S\$'000</u>
Trade and other receivables	1,273
Cash and cash equivalents	996

Key Liabilities

Trade and other payables	391
Contract liabilities	189
Finance lease liabilities	182

- (b) The Target has informed the Company that it is currently in the midst of closing the accounts of the respective companies within the Target Group, for FY2021. As such, the unaudited proforma combined financial statements of the Target Group for FY2021 is unavailable as at the date of this announcement. The Company will provide relevant updated financial information of the Target Group in the Circular, in accordance with the requirements of the Catalist Rules (and other relevant rules and regulations) in respect of the Proposed Acquisition.

A summary of the unaudited proforma combined financial statements of the Target Group for the financial period ended 30 June 2021 (prepared based on the management accounts of the Target Group) is set out below:

Income Statement

(S\$'000)	Unaudited
	6-month period ended 30 June 2021
Revenue	1,444
Net loss before tax	(19)
Net loss after tax	(30)
Net loss after tax attributable to owner of the Target Group	(5)

Balance Sheet

(S\$'000)	Unaudited
	As at 30 June 2021
Non-current assets	141
Current assets	2,350
Total assets	2,491
Non-current liabilities	33
Current liabilities	701
Total liabilities	734
Net assets	1,757
Equity	1,757
Equity attributable to owner of the Target Group	1,246

Based on the Target Group's unaudited proforma combined financial statements as at 30 June 2021 (as provided by the Target), the key assets and liabilities of the Target Group is as follows:

<u>Key Assets</u>	<u>S\$'000</u>
Trade and other receivables	1,105
Cash and cash equivalents	1,045

<u>Key Liabilities</u>	
Trade and other payables	339
Contract liabilities	163
Finance lease liabilities	139

SGX Query 4

With reference to the Target Group's income statement, it is noted that the Target Group's revenue decreased 33.2% from S\$4.1 million in FY2019 to S\$2.76 million in FY2020; and PBT of S\$881K in FY2019 to S\$33K loss in FY2020.

- (a) Please provide details on the Target Group's sources of revenue.*
- (b) Please provide details on the Target Group's revenue recognition.*
- (c) What caused the material decline in the Target Group's revenue and loss in FY2020 as compared to FY2019?*

Company's Response

- (a) Based on the Target Group's unaudited proforma combined financial statements for FY2019 and FY2020 (as provided by the Target), the Target Group's sources of revenue in FY2019 and FY2020 were mainly from the provision of (i) continuing sponsorship services, (ii) corporate finance related services, and (iii) intellectual property advisory services. In FY2020, revenue from the provision of continuing sponsorship services and corporate finance related services accounted for more than 90% of the Target Group's revenue. The relevant financials of the Target Group will be subject to necessary review by auditors to be engaged by the Company for the purpose of the Proposed Acquisition, and further information of such financials will be provided in the Circular, in accordance with the requirements of the Catalist Rules (and other relevant rules and regulations) in respect of the Proposed Acquisition.

- (b) Revenue from services in the ordinary course of business is recognised when the Company satisfies a performance obligation relating to and in accordance with the relevant billing milestone.
- (c) Based on the representation of the Target, the material decline in the Target Group's revenue and loss in FY2020 as compared to FY2019 was mainly due to delays in the completion of corporate finance related projects in FY2020 as a result of the COVID-19 pandemic.

SGX Query 5

Pre-Completion Fundraising: The Target may undertake a pre-Completion fundraising exercise by way of the issue of either convertible bonds or securities to selected investors up to a maximum amount of S\$2 million at a conversion price or issue price (as may be applicable) no less than the RTO Issue Price.

- (a) *What is the rationale for raising the S\$2m funds prior to completion of the RTO?*
- (b) *What is the use of proceeds for this S\$2m?*
- (c) *In the event the RTO is not completed, what will happen to the S\$2m funds?*

Company's Response

- (a) The Pre-Completion Fundraising relates to the intended fundraising exercise to be undertaken by the Target prior to completion of the RTO for the business purposes of the Target Group, to be primarily used for (i) RHT DigiCapital's working capital purposes; and (ii) co-investment in funds set up by RHT DigiCapital. As part of its business activities, RHT DigiCapital will set up funds which would invest in assets such as real estate and alternative assets including wine, art and watches, and the funds would be tokenised and listed on digital exchanges.
- (b) Please refer to the Company's response in part (a) above.
- (c) The S\$2 million of funds to be raised by the Target would remain with the Target in the event the RTO is not completed. For the avoidance of doubt, the Pre-Completion Fundraising is not contingent upon the completion of the RTO or vice versa.

SGX Query 6

What is the rationale for the "Minimum Bank Balance" condition, which requires the Company to have a cash balance of not less than S\$5m before the completion of RTO? Is this minimum bank balance condition linked to the pre-completion funding?

Company's Response

The "Minimum Bank Balance" condition was commercially agreed upon by the Company and the Target, and is for working capital purposes as well as to drive the growth plans of the Enlarged Group post-completion of the Proposed Acquisition. The "Minimum Bank Balance" condition is not linked to the Pre-Completion Fundraising.

SGX Query 7

Prior to completion of the RTO, the Vendor shall transfer of all its shareholding in its 60%-owned subsidiary, RHT Capital Pte. Ltd., to the Target, and in consideration thereof, the Target shall issue and allot such number of ordinary shares credited as fully paid up in the capital of the Target to the Vendor as may be mutually agreed between the Target and the Vendor (the “Restructuring”).

- (a) *What is the rationale for the Restructuring in the Target?*
- (b) *What is the Vendor’s shareholding % in RHT Capital Pte. Ltd.?*
- (c) *Does this imply that post-RTO, RHT Capital Pte. Ltd. would be a subsidiary of the Enlarged Group?*
- (d) *Please provide a diagram of the Group before and after RTO.*

Company’s Response

- (a) The rationale for the Restructuring is to enable RHT Capital Pte. Ltd. (“**RHT Capital**”) to become a subsidiary of the Target, such that the Company can acquire the Target and its subsidiaries (including but not limited to RHT Capital) pursuant to the RTO.
- (b) As at the date of the SPA and the date of this announcement, the Vendor’s shareholding in RHT Capital is 60.0%.
- (c) Yes, RHT Capital will be a 60%-owned subsidiary of the Company and the Enlarged Group, post-RTO.
- (d) Please refer to Appendix B of this announcement for diagrams of the structure of the Group, before and after completion of the RTO.

SGX Query 8

Please set out the key milestones and indicative timeline for key events in relation to the proposed RTO from now till completion of the proposed RTO, including but not limited to the pre-completion fund-raising, RTO share consolidation, issue of vendor shares, completion of RTO.

Company’s Response

The Company and the Target are in the process of setting out and finalising the key milestones and indicative timeline for key events in relation to the proposed RTO. The Company will provide updates to Shareholders, and make the necessary announcements as and when there are further material developments on the Proposed Acquisition.

By Order of the Board

Tan Tong Guan
Executive Chairman and Chief Executive Officer
6 January 2022

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor Ms Goh Mei Xian, Associate Director, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

APPENDIX A – INFORMATION OF COMPARABLE TRANSACTIONS

Acquiror	Acquiree¹	Acquiree principal activities²	Announced Date	Acquiree Country of Operations	Enterprise Value / Last Twelve Months EBITDA
Blackstone Inc.; Blackstone Capital Partners Asia Fund I; Blackstone Capital Partners VIII, L.P.	Mphasis Limited	Mphasis Limited is an information technology solution provider in cloud and cognitive services. It offers cloud computing, cognitive solutions, digital services, securing businesses, application services and infrastructure services. The company serves various industries such as banking and capital market which includes, retail banking, credit cards and payments, wealth management and brokerage, corporate banking solutions and investment banking technology.	4/26/2021	India	14.0x
Birlasoft (India) Ltd.; National Engineering Industries Limited; Proficient Finstock LLP	KPIT Technologies Limited (nka:Birlasoft Limited)	KPIT Technologies Limited is an India-based technology company, which is focused on automobile engineering and mobility solutions. The company offers electronic and mechanical engineering solutions to its customers. It also analyzes data for diagnostics, maintenance and tracking of assets and related connectivity solutions, including data and analytics. It also provides software, artificial intelligence (AI) and digital solutions.	1/29/2018	India	9.7x
Zhejiang Wanliyang Co., Ltd	Insigma Technology Co., Ltd.	Insigma Technology Co., LTD is a China-based company principally engaged in the provision of information technology (IT) services. The company mainly provides its IT services in four fields, including intelligence cloud service, intelligence city, intelligence business and intelligence life.	3/29/2020	China	20.4x
China Securities Qianyuan Four	Enjoyor Co.,Ltd (nka: Enjoyor Technology Co., Ltd.)	Enjoyor Technology Co Ltd is a China-based company principally engaged in the provision of smart city solutions and data operation services. The company provides integrated	8/19/2020	China	30.9x

¹ The industry classifications for the acquirees are financial services, digital assets advisory or blockchain advisory

² The acquirees' profile write-ups are extracted from reuters.com.

Acquiror	Acquiree ¹	Acquiree principal activities ²	Announced Date	Acquiree Country of Operations	Enterprise Value / Last Twelve Months EBITDA
Generations Under One Roof Inheritance Compound No1 Pvt Invt;		smart city solutions and data operation services, including information system consulting and design, software development, system integration, operation and maintenance services.			
The acquiror name is not available	Shenzhen Forms Syntron Information Co., Ltd.	Shenzhen Forms Syntron Information Co., Ltd. is a China-based company engaged in the provision of information technology (IT) outsourcing services for banks. The company's services include development service (including IT consultation), application maintenance and system integration service.	3/20/2020	China	57.3x
Bullet Capital AG	QuickBit eu AB (publ)	Quickbit eu AB (publ) is a Sweden-based company engaged in the fintech industry. The company provides online payment services. It offers cryptocurrency and blockchain solutions that help people process personal and business financial transactions, including purchasing and selling bitcoins, among others.	5/11/2020	Sweden	10.3x

APPENDIX B – GROUP STRUCTURE

Current Group Structure as at the date of this announcement, Pre-RTO



APPENDIX B – GROUP STRUCTURE

Group Structure Post-RTO

