

SMARTFLEX HOLDINGS LTD.
(Company Registration No. 201003501R)
Incorporated in the Republic of Singapore

Proposed Acquisition of the Entire Issued Share Capital of Asia Vets Holdings Pte. Ltd.
— Sale and Purchase Agreement

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Smartflex Holdings Ltd. (the “**Company**”) wishes to announce that it has on 8 September 2017 entered into a conditional sale and purchase agreement (the “**SPA**”) with Hu Zhi Investments Limited (Hong Kong Company Registration No. 2317621) (formerly known as Tiger Equities Consulting Limited) (the “**Vendor**”) and David Wendy Karl Jenkins (the “**Warrantor**”) in respect of the acquisition by the Company of the entire issued share capital of Asia Vets Holdings Pte. Ltd. (Company Registration No. 201627905C) (the “**Target**”) for a purchase consideration of S\$9,750,000 (the “**Consideration**”), upon the terms of and subject to the conditions of the SPA (the “**Proposed Acquisition**”).

Upon completion of the Proposed Acquisition (the “**Completion**”), the Target will be a wholly-owned subsidiary of the Company.

2. CASH COMPANY STATUS AND RECEIPT OF APPROVAL FROM THE SGX-ST FOR EXTENSION OF TIME

- 2.1 Following the successful completion of the disposal of the Company's subsidiaries on 20 July 2016, the Company had ceased to have any operating subsidiaries or businesses and became a cash company as defined under Rule 1017 of Section B: Rules of Catalist (the “**Catalist Rules**”). Pursuant to Rule 1017(2) of the Catalist Rules, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) will proceed to remove an issuer from the Official List (as defined in the Catalist Rules) if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may (through its sponsor) apply to the SGX-ST for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period.
- 2.2 As the Company was previously still in negotiations in relation to the Proposed Acquisition, the Company had written to the SGX-ST to seek a 6-month extension of time (the “**Extension**”) for the Company to enter into definitive agreement(s) for the Proposed Acquisition, with a view to satisfying the requirements of a new listing under the Catalist Rules. The Board is of the view that the Extension would be in the best interests of the Company.
- 2.3 The SGX-ST had advised on 25 July 2017 that it had no objection to granting the Company the Extension to enter into a definite agreement for acquisition of assets that are suitable for a new listing, such acquisition to constitute a reverse takeover (“**RTO**”) or a very substantial acquisition (“**VSA**”), subject to the following:
- (a) the Company making an announcement of the Extension granted and disclosing the reasons for seeking the Extension;
 - (b) the Company making regular updates via SGXNet of its progress in sourcing for assets suitable for a new listing which should amount to a RTO or VSA;

- (c) the Board providing an undertaking that the escrow monies be safeguarded until completion of the RTO/VSA. The escrow monies are to be distributed to shareholders of the Company (the “**Shareholders**”) should the RTO/VSA fail; and
- (d) at the end of the 6-month extended period, the Company may submit an application for a further extension of time to complete the acquisition provided:
 - (i) the Company enters into definitive agreement(s) to acquire businesses that meet the SGX-ST’s listing requirements for a new listing; and
 - (ii) the Company appoints a full sponsor for the RTO or VSA.

3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 The Proposed Acquisition is an opportunity that the Board believes will maximise value for Shareholders and is in line with the Company and its long-term growth strategy to expand its business through additional mergers and acquisitions in the veterinary space across the Asia Pacific region. Subject to, among others, the approval of the SGX-ST being obtained, the Company intends to enter into the veterinary business through the Proposed Acquisition to meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalyst Rules.
- 3.2 The Board believes that the Proposed Acquisition will provide an opportunity for the Company to venture into a new business area with a proven profitable track record and as a solid foundation to drive growth both organically and through further acquisitions within the veterinary industry. This will enable the Company to enhance shareholder value and generate renewed investor interest in the shares of the Company. Hence, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and its Shareholders.

4. INFORMATION ON THE VENDOR AND THE TARGET

4.1 Vendor and the Warrantor

The Vendor is a company incorporated in Hong Kong. As at the date of this announcement, the Vendor is wholly owned by the Warrantor, who is also the sole director of the Vendor.

4.2 Target

The Target is a company incorporated in Singapore. As at the date of this announcement, the Target does not have any business operations and holds no other subsidiaries or associated companies. The Vendor is the sole shareholder of the Target while the Warrantor is the sole director of the Target.

4.3 Restructuring

4.3.1 Pursuant to the SPA, the completion of the Proposed Acquisition is subject to among others, the completion of the restructuring of the Target in respect of the transfer of the relevant businesses and assets of the following entities (the “**Veterinary Assets and Business**”) to the Target (on such terms acceptable to the Company) (the “**Restructuring**”) having taken place, or taking place simultaneously:

- (a) The Animal Ark (TCM) Pte. Ltd. (Company Registration No. 201330315Z);
- (b) The Animal Ark (Tampines) Pte. Ltd. (Company Registration No. 201100230N);
- (c) The Animal Ark (Binjai) Pte. Ltd. (Company Registration No. 201326595K); and

(d) The Animal Ark Pte. Ltd. (Company Registration No. 200512502C),
(collectively, the “**Animal Ark Group**”).

- 4.3.2 The Animal Ark Group is currently managed by Dr Lin Chung Chieh Eugene (Lin Zhongjie Eugene) (“**Dr Eugene Lin**”) and Poh E-lynn Elaine (Fu Yilin Elaine) (“**Elaine Poh**”). Dr Eugene Lin has more than 15 years of experience in veterinary practice. Dr Eugene Lin has received training in interventional and minimally-invasive surgeries in the United States and the United Kingdom, and is the first veterinarian in Singapore to incorporate minimally-invasive techniques into routine surgeries. Dr Eugene Lin founded the practice in 2005, expanding it to what the Animal Ark Group is today. Dr Eugene Lin and Elaine Poh are husband and wife.
- 4.3.3 Upon completion of the Restructuring, the Target will hold the Veterinary Assets and Business of the Animal Ark Group, and Dr Eugene Lin and Elaine Poh will each enter into an employment contract with the Target commencing from the date of completion of the Restructuring, with Dr Eugene Lin committing to an employment period of at least 30 months.
- 4.3.4 Pursuant to the employment contract, Dr Eugene Lin will be appointed as the Medical Director of the Target and will be responsible for overseeing the delivery of veterinary care and clinical services by the existing clinics of the Veterinary Assets and Business, and overseeing the activities of the veterinarians to be employed by the Target to work at such existing clinics, including the recruiting process.

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

5.1 Proposed Acquisition

Subject to the terms and conditions of the SPA, the Company shall purchase from the Vendor and the Vendor agrees to sell to the Company all of the Vendor's interest in the entire issued and paid-up share capital of the Target.

5.2 Consideration

5.2.1 The Consideration was arrived at after arm's length negotiations and on a willing-buyer-willing-seller basis, after taking into consideration, amongst others, the earnings before interest and tax (the “**EBIT**”) (derived from the assets and business of the Target, assuming completion of the Restructuring) for the financial year ended 31 December 2016 (“**FY2016**”), the rationale of the Proposed Acquisition of the Target as set out in paragraph 3 above, and business prospects of the Target (assuming completion of the Restructuring). Such EBIT was based on the pro forma financial statements of the Target (on a post-Restructuring basis), adjusted to remove any exceptional, extraordinary, one-off and/or non-recurring items (the “**Target FY2016 Pro Forma**”), which in turn was based on the unaudited combined financial statements of:

- (a) The Animal Ark (TCM) Pte. Ltd. for the full financial year ended 30 September 2016;
- (b) The Animal Ark (Binjai) Pte. Ltd. for the full financial year ended 30 September 2016;
- (c) The Animal Ark (Tampines) Pte. Ltd. for the full financial year ended 31 December 2016; and
- (d) The Animal Ark Pte. Ltd. for the full financial year ended 31 December 2016.

- 5.2.2 The final EBIT to be agreed for purposes of the Proposed Acquisition (the “**Agreed EBIT**”) shall be subject to final audit and satisfactory due diligence by the Company on the Target, and shall be mutually agreed by the Company and the Vendor by 15 October 2017 or such other date as may be agreed by the parties to the SPA. Accordingly, the final Consideration payable by the Company for the Proposed Acquisition may be adjusted subject to the Agreed EBIT, which shall be based on the Target FY2016 Pro Forma, after completion of the audit of the Animal Ark Group for the latest completed financial year of 2016.
- 5.2.3 The Consideration shall be fully satisfied 70% in cash and 30% by way of the issuance and allotment of such number of new ordinary shares in the capital of the Company (the “**Shares**”), in the following manner:

(a) Initial Payout

- (i) 56% of the Consideration to be paid in cash to the Vendor and/or such other person(s) as may be specified by the Vendor, immediately upon Completion; and
- (ii) 24% of the Consideration to be paid via the issuance and allotment of such number of new Shares to the Vendor and/or such other person(s) as may be specified by the Vendor, immediately upon Completion (the “**Consideration Shares**”), at an issue price of S\$0.25 per Consideration Share. Such Consideration Shares shall be moratorised for a period of one year commencing five (5) business days after the date on which the last of the conditions set out in the SPA is fulfilled or waived, or such other date and time as the parties may agree in writing (the “**Completion Date**”),

(collectively, the “**Initial Payout**”); and

(b) Retention Sum

- (i) 14% of the Consideration to be paid in cash which shall be held in escrow by the Company (or such other third party appointed by the Company) for (aa) a period of 30 months commencing from the Completion Date (the “**Retention Period**”); and (bb) the Average EBIT Determination Period (as defined below). Such cash (without any interest) shall be released to the Vendor and/or such other person(s) as may be specified by the Vendor on the date immediately falling after the expiry of the Average EBIT Determination Period; and
- (ii) 6% of the Consideration to be paid via the issuance and allotment of such number of new Shares to the Vendor and/or such other person(s) as may be specified by the Vendor, on the date immediately falling after the expiry of the Average EBIT Determination Period (the “**Deferred Consideration Shares**”), at an issue price that is based on the 10-day volume-weighted average price of the Shares prior to the 30 month anniversary of the Completion Date,

(collectively, the “**Retention Sum**”).

For the avoidance of doubt, in the event of any changes to the Consideration based on the Agreed EBIT, the Initial Payout and Retention Sum shall be adjusted based on the respective percentages set out under paragraphs 5.2.3(a) and 5.2.3(b) above.

5.3 Retention Sum Adjustment Mechanism

- 5.3.1 If the average EBIT (on an annualised basis) derived from the business and assets of the Target (post-Restructuring) over the Retention Period (the “**Average EBIT**”) is less than the Agreed EBIT, the Vendor shall fully indemnify the Company for the difference between the Average EBIT and the Agreed EBIT by way of adjustment of the Retention Sum to be paid by the Company to the Vendor at the end of the period of 20 business days commencing from the expiry of the Retention Period (the “**Average EBIT Determination Period**”). The Retention Sum shall be adjusted downwards proportionately in accordance with the mechanism specified in the SPA to reflect the lower EBIT, provided that in all circumstances the amount to be adjusted shall be capped at the Retention Sum.
- 5.3.2 If the Average EBIT is more than 105% of the Agreed EBIT, the Retention Sum to be paid at the end of the Average EBIT Determination Period shall be increased proportionally in accordance with the mechanism specified in the SPA to account for any additional average EBIT (on an annualised basis) exceeding 105% of the Agreed EBIT.

5.4 Conditions Precedent

Completion is further conditional upon, *inter alia*, the following conditions having been fulfilled (or waived in accordance with the SPA, to the extent legally permissible):

- (a) the Company being able to proceed with the Proposed Acquisition as a VSA after its consultation with the SGX-ST
- (b) the Vendor procuring the Target to obtain such approval(s) required from the Target's board of directors and its shareholder (if applicable) in connection with the SPA and the transactions contemplated therein;
- (c) the Company receiving such approval(s) required from the Shareholders in connection with the SPA and the transactions contemplated therein (including the Restructuring);
- (d) in respect of the Company, all consents and approvals required under any and all applicable laws for the Proposed Acquisition and the transactions contemplated thereunder being obtained from all relevant governmental and regulatory authorities (including the SGX-ST), the approval from the SGX-ST for the drawdown of monies from the Company's escrow account (if necessary), and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion;
- (e) the receipt and non-withdrawal of the listing and quotation notice from the SGX-ST for, among others, the listing of and quotation for the Consideration Shares, Deferred Consideration Shares and Arranger Shares (as defined below), on terms acceptable to the Company and the Vendor;
- (f) completion of the Restructuring having taken place, or taking place simultaneously, including receipt of all third party consents and where any consent or approval is subject to conditions, such conditions being reasonably satisfactory to the Company;
- (g) the Company being satisfied with the results of the due diligence investigations in relation to the Target, the Veterinary Assets and Business of the Animal Ark Group, including the legal, financial, and tax positions of the Target, and the Veterinary Assets and Business of the Animal Ark Group;
- (h) the Company receiving a legal opinion from the Vendor's solicitors in such form satisfactory to the Company confirming that the Restructuring and the Acquisition are

- (i) legal, valid and binding under the relevant laws and regulations in Singapore, and
 - (ii) do not breach any relevant laws and regulations in Singapore;
- (i) the Company and the Vendor being satisfied that there is no material adverse change or any development that is likely to result in a material adverse change on or before Completion; and
- (j) all warranties being materially complied with, and are true and correct in all material respects and the Vendor has materially complied with and materially performed all of the terms, conditions, agreements and covenants of the SPA to be complied with by it prior to Completion.

5.5 Completion

Pursuant to the SPA, Completion is to happen simultaneously with the completion of the Restructuring. As at the date of this announcement, the Target has signed a sale and purchase agreement for the sale by the Animal Ark Group and the purchase by the Target of the Veterinary Assets and Business of the Animal Ark Group.

6. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES**

- 6.1 Under Chapter 10 of the Catalist Rules, transactions which are classified under any of the four categories specified in Rule 1004 of the Catalist Rules will trigger certain obligations on the Company.
- 6.2 The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition and based on the latest announced consolidated unaudited financial statements of the Company for the six-month period ended 30 June 2017 ("1HY2017") are as follows:

Catalist Rule	Relative Figures
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
Rule 1006(b)⁽¹⁾ The net profits attributable to the assets acquired ⁽²⁾ , compared with group's net profits ⁽³⁾	96.0%
Rule 1006(c) The aggregate value of the consideration ⁽⁴⁾ given, compared with the Company's market capitalisation ⁽⁵⁾ based on the total number of issued shares excluding treasury shares	35.1%
Rule 1006(d) The number of equity securities issued by the Company as consideration for the Proposed Acquisition ⁽⁶⁾ , compared with the number of equity securities previously in issue	9.5%
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the group's proved and probable reserves. This	Not applicable

Catalist Rule	Relative Figures
basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	

Notes:

- (1) For the purpose of computation of the net profit figures under Rule 1006(b) of the Catalist Rules, pursuant to Rule 1002(3)(b) of the Catalist Rules, “**net profits**” means profit or loss before income tax, minority interests and extraordinary items.
- (2) For the purpose of the computation of the net profits of the Target, completion of the Restructuring is assumed and no adjustments have been made to account for the different financial year ends of the companies within the Animal Ark Group as set out below. The net profits of the Target (on a post-Restructuring basis) of S\$677,969 is based on the pro forma financial statements of the Target (on a post-Restructuring basis) for the relevant six-month period (adjusted to remove any exceptional, extraordinary, one-off and/or non-recurring items) which in turn is based on the unaudited combined financial statements of (i) The Animal Ark (TCM) Pte. Ltd. for the six-month period ended 31 March 2017, (ii) The Animal Ark (Binjai) Pte. Ltd. for the six-month period ended 31 March 2017, (iii) The Animal Ark (Tampines) Pte. Ltd. for the six-month period ended 30 June 2017, and (iv) The Animal Ark Pte. Ltd. for the six-month period ended 30 June 2017. Different financial periods are used for the comparison, as the financial year-end for The Animal Ark (TCM) Pte. Ltd. and The Animal Ark (Binjai) Pte. Ltd. is different from that of The Animal Ark (Tampines) Pte. Ltd. and The Animal Ark Pte. Ltd..
- (3) The net profits of the Company for 1HY2017 of US\$507,000 (or S\$706,030 based on the average exchange rate of S\$1.00: US\$0.7181 for 1HY2017).
- (4) Assuming that the Consideration is S\$9,750,000.
- (5) The Company’s market capitalisation is approximately S\$27,816,800, derived by multiplying the issued share capital of the Company of 126,440,002 Shares with the volume weighted average price of such Shares transacted on 7 September 2017, of S\$0.22 per Share. The Company does not have any treasury shares.
- (6) For the purpose of the computation of the Rule 1006 figures in this announcement, the aggregate of 12,019,091 Shares to be issued as part of the consideration for the Proposed Acquisition are based on the following assumptions:-
 - (a) There is no change to the Consideration of S\$9,750,000 and no adjustment to the Initial Payout and Retention Sum payable by the Company to the Vendor for the Proposed Acquisition.
 - (b) 9,360,000 Consideration Shares are to be issued at an issue price of S\$0.25 per Consideration Share issued as part of the Initial Payout.
 - (c) 2,659,091 Deferred Consideration Shares are to be issued at an issue price of S\$0.22 per Deferred Consideration Share (such issue price assumed to be based on the volume weighted average price of S\$0.22 per Share on 7 September 2017 (being the market day preceding the date of the SPA).

6.3 Notwithstanding that the Proposed Acquisition is classified as a major transaction subject to Shareholders’ approval, the Target is expected to meet the requirements of a new listing under Rule 1017(2) and as per the SGX-ST’s conditions for extension of the trading of the shares of the Company set out in the Company’s announcement dated 25 July 2017 and under Section 2.3 above. On this basis, the Company’s proposed financial advisor will be consulting the SGX-ST on its behalf, with a view to treating the Proposed Acquisition as a

new listing application, satisfying the relevant requirements of a VSA or RTO and/or such other requirements that may be imposed by the SGX-ST.

7. FINANCIAL ADVISOR

The Company will be appointing ZICO Capital Pte. Ltd. ("**ZICO Capital**") as its financial advisor for the Proposed Acquisition, and will update Shareholders at the appropriate juncture, where necessary.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1 Bases and Assumptions

The financial effects of the Proposed Acquisition on the earnings per Share ("**EPS**") and net tangible assets ("**NTA**") of the Company have been prepared based on the latest announced audited financial statements of the Company for the financial year ended 31 December 2016 ("**FY2016**") and the pro forma combined financial statements of the Target for FY2016 (which is based on the unaudited combined management accounts of the Animal Ark Group for the latest completed financial year of 2016. We wish to highlight that no adjustments have been made to reflect only the Veterinary Assets and Business of the Animal Ark Group which are the subject of the Proposed Acquisition. Furthermore, no adjustments have been made to account for the different financial year ends of the companies within the Animal Ark Group.

Shareholders should note that the pro forma financial effects of the Proposed Acquisition as prepared by the management of the Company are purely for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Company following the Completion. In addition, the illustrative financial effects should not be construed to mean that the Company's actual future results, financial position, performance or achievements will be as expected, expressed or implied in such financial effects following the Completion.

For illustration purposes only, the financial effects of the Proposed Acquisition have been computed based on the following assumptions:

- 8.1.1 the financial effects on the Company's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Acquisition was completed on 31 December 2016, being the end of the most recently completed financial year;
- 8.1.2 the financial effects on the Company's earnings attributable to the Shareholders and the EPS have been computed assuming that the Proposed Acquisition was completed on 1 January 2016, being the beginning of the most recently completed financial year;
- 8.1.3 there is no change to the Consideration of S\$9,750,000 and no adjustment to the Initial Payout and Retention Sum payable by the Company to the Vendor for the Proposed Acquisition;
- 8.1.4 an aggregate of 2,659,091 Deferred Consideration Shares are issued at an issue price of S\$0.22 per Deferred Consideration Share, such issue price assumed to be based on the volume weighted average price of S\$0.22 per Share on 7 September 2017 (being the market day preceding the date of the SPA);
- 8.1.5 after Completion and payment of the Retention Sum, but before the exercise of the Bonus Issue Warrants (as defined below), an aggregate of 14,979,091 Shares are to be issued by the Company, such Shares comprising the following:

To be Issued and Allotted to	Type of Share	Issue Price per Share (S\$)	Number of Shares
Vendor (or such other third party appointed by the Company)	Consideration Shares	0.25	9,360,000
Vendor (or such other third party appointed by the Company)	Deferred Consideration Shares	0.22	2,659,091
Tiger Equities (or its nominee)	Arranger Shares ⁽¹⁾	0.25	1,973,334
ZICO Capital (or its nominee)	Arranger Shares ⁽¹⁾	0.25	986,666
Total number of Shares			14,979,091

Note:

- (1) The Shares are to be issued to Tiger Equities and ZICO Capital pursuant to the FFC Agreement (as defined below) as consideration for the introducer and arranger services provided by Tiger Equities and financial advisory services provided by ZICO Capital to the Company. Please refer to Section 10 of this announcement for further details.

8.1.6 Upon the exercise of the Bonus Issue Warrants, an additional 5,300,000 Shares are issued to Tiger Equities at an exercise price of S\$0.25 per Share; and

8.1.7 No adjustments have been made to account for the different financial year ends of the companies within the Animal Ark Group.

8.2 Share Capital

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition and Payment of the Retention Sum but before exercise of the Bonus Issue Warrants	After Completion of the Proposed Acquisition, Payment of the Retention Sum and exercise of the Bonus Issue Warrants
Number of Shares	126,440,002	141,419,093	146,719,093
Issued and paid-up share capital ⁽¹⁾ (S\$'000)	18,691	22,436	23,761

Note:

- (1) Based on the closing exchange rate of S\$1.00: US\$0.6909 as at 31 December 2016.

8.3 NTA per Share

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition and Payment of the Retention Sum	After Completion of the Proposed Acquisition and Payment of the Retention Sum and exercise of the Bonus Issue Warrants
NTA attributable to Shareholders ⁽¹⁾ (S\$'000)	20,079	13,281	14,606
Number of Shares	126,440,002	141,419,093	146,719,093
NTA per Share attributable to Shareholders (Singapore cents)	15.88	9.39	9.95

Note:

(1) Based on the closing exchange rate of S\$1.00: US\$0.6909 as at 31 December 2016.

8.4 EPS

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition and Payment of the Retention Sum	After Completion of the Proposed Acquisition and Payment of the Retention Sum and exercise of the Bonus Issue Warrants
Net profit attributable to Shareholders ⁽¹⁾ (S\$'000)	3,639	4,514	4,514
Weighted average number of Shares	126,440,002	141,419,093	146,719,093
EPS (Singapore cents)	2.88	3.19	3.08

Note:

(1) Based on the average exchange rate of S\$1.00: US\$0.7252 for FY2016.

9. **FINANCIAL INFORMATION OF THE TARGET AND THE ENLARGED GROUP**

A summary of the unaudited combined management accounts of the Target for the last two (2) financial years ended 31 December 2015 and 31 December 2016 and the *pro forma* financial information of the *pro forma* Enlarged Group after the Proposed Acquisition is as set out below.

Income Statement (S\$'000)	Target		Enlarged Group FY2016 ⁽¹⁾ <i>Pro Forma</i> (Unaudited)
	FY2015 (Unaudited)	FY2016 (Unaudited)	
Revenue	4,283	4,242	4,242
Profit/(loss) before tax	909	876	4,516
Profit/(loss) after tax	882	875	4,515

Balance Sheet (S\$'000)	Target		Enlarged Group FY2016 ⁽²⁾ <i>Pro Forma</i> As at 31 December 2016 (Unaudited)
	As at 31 December 2015 (Unaudited)	As at 31 December 2016 (Unaudited)	
Non-current assets	548	659	11,123
Current assets	715	691	13,248
Non-current liabilities	-	-	-
Current liabilities	375	449	626
Non-controlling interest	-	-	-
Equity	888	901	23,745

Notes:

- (1) Based on the average exchange rate of S\$1.00: US\$0.7252 for FY2016.
- (2) Based on the closing exchange rate of S\$1.00: US\$0.6909 as at 31 December 2016.
- (3) The unaudited combined management accounts of the Target for the last two (2) financial years ended 31 December 2015 and 31 December 2016 are based on the unaudited combined management accounts of the Animal Ark Group for the last two (2) completed financial years of 2015 and 2016, which have not been adjusted to reflect only the Veterinary Assets and Business of the Animal Ark Group which are the subject of the Proposed Acquisition. Such unaudited combined management accounts of the Target are provided by the Vendor. No adjustments have been made to account for the different financial year ends of the companies within The Animal Ark Group. Accordingly, the financial information presented here is not entirely reflective of the financial results or position of the Target and the Enlarged Group after the Completion.
- (4) The Enlarged Group comprises our Company and the Target (post-Restructuring).
- (5) As at 8 September 2017, the book value in relation to the Target (pre-Restructuring)'s entire issued and paid-up share capital was S\$100.
- (6) There is no change to the Consideration of S\$9,750,000 and no adjustment to the Initial Payout and Retention Sum payable by the Company to the Vendor for the Proposed Acquisition.
- (7) An aggregate of 2,659,091 Deferred Consideration Shares are issued at an issue price of S\$0.22 per Deferred Consideration Share, such issue price assumed to be based on the volume weighted average price of S\$0.22 per Share on 7 September 2017 (being the market day preceding the date of the SPA).

10. ARRANGER SHARES, BONUS ISSUE WARRANTS AND APPOINTMENT OF CONSULTANT

- 10.1 In connection with the Proposed Acquisition, the Company has also entered into a finders' fee and consultancy agreement (the "**FFC Agreement**") with ZICO Capital and Tiger Equities in respect of (a) fees to be paid to ZICO Capital as financial advisor and Tiger Equities as the introducer and arranger in connection with the Proposed Acquisition, and (b) the appointment

of Tiger Equities as the exclusive consultant to the Company for a period of one year from Completion.

10.2 Arranger Shares and Bonus Issue Warrants

10.2.1 Pursuant to the terms of the FFC Agreement, the Company will, immediately upon Completion, issue and allot the following number of Shares (the “**Arranger Shares**”) at an issue price of S\$0.25 per Arranger Share to ZICO Capital (as financial advisor) and Tiger Equities (as introducer) and/or their respective nominees:

- (a) 1,973,334 Shares to Tiger Equities; and
- (b) 986,666 Shares to ZICO Capital.

10.2.1 The Arranger Shares are issued to ZICO Capital as fees for their services as financial advisor and to Tiger Equities as fees for their services as arranger/introducer in connection with the Proposed Acquisition, respectively.

10.2.2 In addition to the Arranger Shares, the Company shall, immediately upon Completion, issue 5,300,000 bonus issue warrants (the “**Bonus Issue Warrants**”) to Tiger Equities and/or its nominee at an issue price of S\$0.0001 per Bonus Issue Warrant, each Bonus Issue Warrant carrying the right to subscribe for one new Share at an exercise price of S\$0.25 and having an expiry date of 30 June 2020. The Bonus Issue Warrants are issued in addition to the Arranger Shares to Tiger Equities as part of fees for services as arranger/introducer in connection with the Proposed Acquisition.

10.2.3 The issuance of the Arranger Shares and the Bonus Issue Warrants is subject to approval from, where applicable, the Shareholders, and all governmental and regulatory authorities (including the SGX-ST).

10.2.4 Upon issuance of the Arranger Shares and the issuance and conversion of the Bonus Issue Warrants, ZICO Capital will hold 0.67% and Tiger Equities will hold 6.81% of shareholding interests in the Company, respectively.

10.3 Appointment of Tiger Equities as exclusive consultant

10.3.1 Pursuant to the FFC Agreement, Tiger Equities shall be appointed as the exclusive consultant to the Company for a period of one year from Completion (the “**First Consultancy Term**”) in respect of any potential strategic acquisitions (the “**First Acquisition**”) for which the target(s) is/are referred and/or introduced to the Company by Tiger Equities within the First Consultancy Term. Such potential target has to be deemed satisfactory to the Company.

10.3.2 Tiger Equities’ appointment as the Company’s exclusive consultant will be automatically renewed annually for such annual period after the First Consultancy Term up to a maximum period of three years from Completion, subject to, among others, Tiger Equities successfully referring and/or introducing to the Company at least one potential target for acquisition by the Company (each a “**Successive Target**”) within each successive period of one year from the First Consultancy Term, such Successive Target to be deemed satisfactory to the Company.

10.3.3 There are no fixed consultancy fees charged by Tiger Equities during its appointment as exclusive consultant to the Company. Any fees payable by the Company to Tiger Equities relate to successful referring and/or introducing of targets to the Company during Tiger Equities’ appointment as exclusive consultant.

10.4 Information on Tiger Equities

Tiger Equities is a company incorporated in Singapore in 2003 and has offices in Singapore and Hong Kong. David Wendyl Karl Jenkins is the sole shareholder and director of Tiger Equities. Tiger Equities specialises in value-creation through the aggregation of synergistic private businesses and is focused on businesses across Asia-Pacific. Tiger Equities introduced the Veterinary Assets and Business of the Animal Ark Group to the Company.

11 SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The total Consideration will be funded by the Company's cash balance. For this purpose, the Company will be applying to the SGX-ST for the drawdown of funds in its escrow account.

12 DIRECTOR'S SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company (the "**Director**") in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Acquisition.

13 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholding interests in the Company and as disclosed in this announcement, none of the Directors, controlling Shareholders, or their associates, has any interest, direct or indirect, in the Proposed Acquisition, or the SPA.

14 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and the FFC Agreement will be available for inspection during normal business hours at the Company's registered office at 95 Amoy Street, Singapore 069915 for a period of 3 months from the date of this announcement.

15 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

16 CAUTIONARY STATEMENT

The Company wishes to highlight that completion of the Proposed Acquisition is subject to the conditions precedents being fulfilled and there is no certainty or assurance that the SPA will be completed or that no changes will be made to the terms of the SPA. Shareholders and potential

investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants, and/or other professional advisers if they are in doubt about the actions that they should take.

17 FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Acquisition as appropriate or when there are developments on the same.

By Order of the Board

TAN TONG GUAN
EXECUTIVE CHAIRMAN
11 September 2017

This announcement and its contents have been reviewed by the Company's sponsor, RHT Capital Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte Ltd, 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6757.