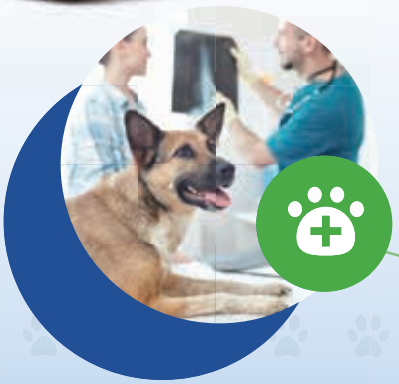
ASIA VETS HOLDINGS LTD.



2018
ANNUAL REPORT

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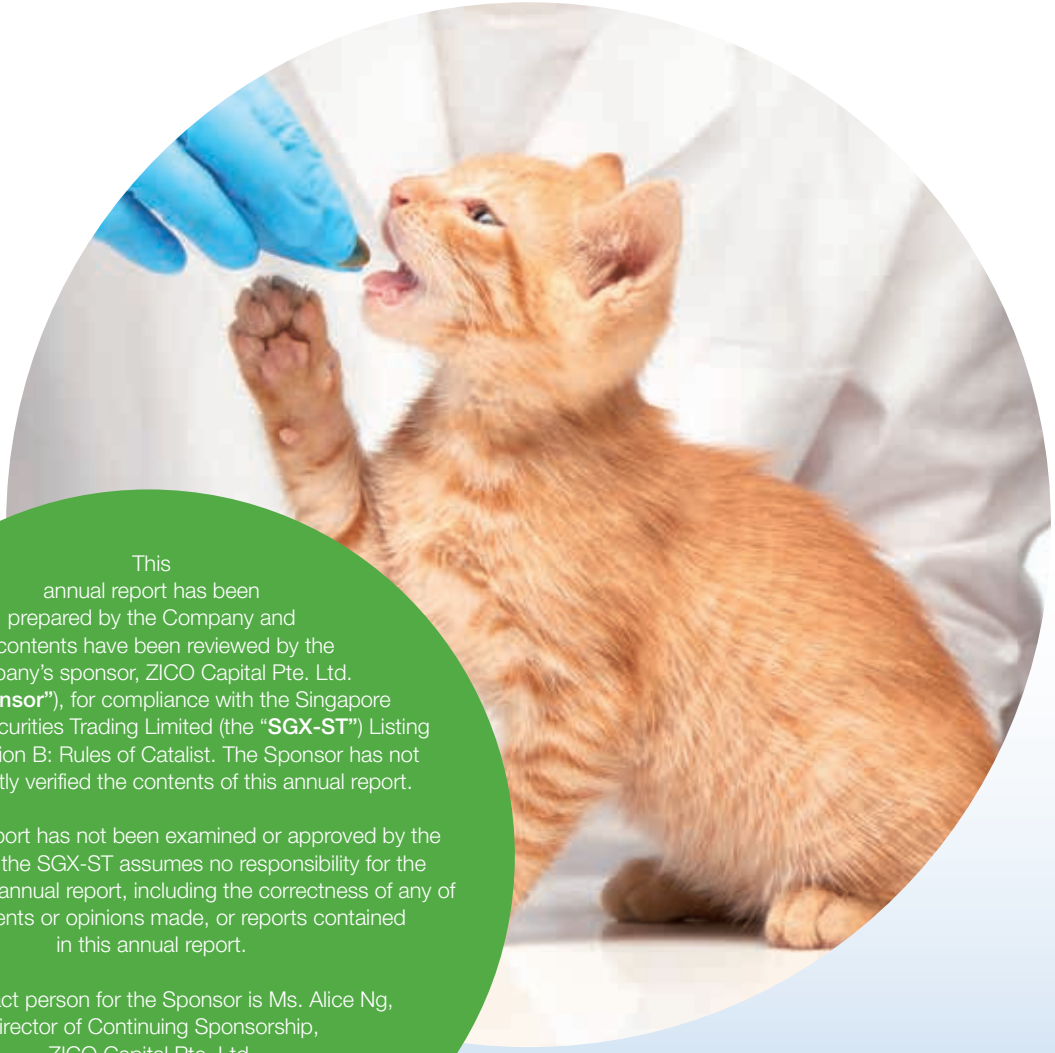

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building Singapore 048544, telephone (65) 6636 4201.

VISION

To be the trusted partner at the forefront of pet care in Asia

MISSION

To practise the highest standard of pet care with compassion

CORE VALUES

ADVANCEMENT

Advancement through continued education and technology

COMMITMENT

Commitment of being a trusted partner with professional ethics

EXCELLENCE

Excellence in knowledge, skills and customer experience

CORPORATE PROFILE

Asia Vets Holdings Ltd. (formerly known as Smartflex Holdings Ltd.) (the "**Company**"), through its wholly-owned subsidiary, AVH Animal Ark Pte. Ltd. (together with the Company, the "**Group**"), provides veterinary care and clinical services to small animals in Singapore.

Currently, the Group operates three (3) veterinary clinics which provide a full range of general veterinary services including medical, surgical and dental care for small animals and after-hours emergency services. We pride ourselves in providing our patients with advanced diagnostic and the latest in surgical procedures such as key-hole surgery. Apart from providing surgical oncology and chemotherapy, we also utilise natural killer cell and stem cell therapies in the treatment of cancers. Complementary remedies and treatments such as acupuncture and traditional Chinese medicine are also available at our clinics.

The Group targets to be the trusted partner at the forefront of pet care in Asia through practising the highest standard of pet care with compassion. The Group will continue to expand its operations via organic growth and acquisitions in Asia.

The Company was incorporated in Singapore in February 2010 and has been admitted to the Official List of the SGX-Catalist since July 2010.

CHAIRMAN'S STATEMENT & OPERATIONS REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the results of Asia Vets Holdings Ltd. (the "Company", and together with its subsidiary, the "Group") for the financial year ended 31 December 2018 ("FY2018").

THE YEAR IN REVIEW

On 13 August 2018, the Company completed the acquisition of the entire issued and paid-up share capital of AVH Animal Ark Pte. Ltd. ("AVHAA") ("Acquisition"). Upon completion of the Acquisition, the Company ceased to be a cash company as defined under Rule 1017 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("Catalist Rules"). The principal business of the Group is now in the provision of veterinary care and clinical services to small animals in Singapore.

2018 was an exciting year for the Company as we venture into this growing veterinary industry. With the solid foundation of AVHAA, we hope to grow this business both organically and through further acquisitions within the veterinary industry in Asia.

FINANCIAL REVIEW

INCOME STATEMENT

Following the completion of the Acquisition on 13 August 2018, the Group generated revenue through AVHAA's veterinary business for a period of approximately 4.5 months from 13 August 2018 to 31 December 2018 for FY2018.

CHAIRMAN'S STATEMENT & OPERATIONS REVIEW

REVENUE, COST OF SALES AND GROSS PROFIT

The Group's revenue for FY2018 was approximately S$1.5 million, which was predominantly derived from the rendering of veterinary services and sale of veterinary medicine. There was no revenue recognised for the previous financial year ended 31 December 2017 ("FY2017") as the Company had no business operations in FY2017.

The Group's cost of sales for FY2018 was approximately S$0.9 million, which included the purchase of veterinary medicine and consumables, as well as employee benefits paid to veterinarians, vet technicians and vet nurses.

Gross profit for FY2018 was approximately S$0.6 million and gross profit margin was 41.1%.

OTHER OPERATING INCOME

Other operating income comprised mainly interest income earned from the Company's escrow account, short-term deposits and government grant received under the Temporary Employment Credit ("TEC") scheme. It increased from S$124,000 for FY2017 to S$146,000 for FY2018. The increase was mainly due to increased interest income from short-term deposits.

ADMINISTRATIVE EXPENSES

Administrative expenses comprised mainly general office expenses, administrative staff costs, professional fee, listing expenses and depreciation. It increased from S$0.7 million for FY2017 to S$1.1 million for FY2018. The increase was mainly due to additional operating expenses relating to AVHAA, such as rental and depreciation expenses and staff cost.

OTHER EXPENSES

Other expenses comprised Acquisition-related transaction costs. Acquisition-related transaction costs mainly comprised professional fees, Arranger Shares[(1)], Financial Adviser Shares[(1)], Bonus Issue Warrants[(1)] and other related expenses. It increased from S$0.4 million for FY2017 to S$1.9 million for FY2018.

FINANCE COSTS

Finance costs for FY2018 comprised interest expenses in relation to deferred consideration payable for the Acquisition. The cash portion of the deferred consideration payable of S$1.4 million is discounted at a rate of 5.33% per annum to the present value as at 31 December 2018. There was no finance costs for FY2017.

INCOME TAX EXPENSE

Income tax expense for FY2018 comprised deferred taxation in relation to a taxable temporary difference on plant and equipment which are subject to capital allowance. There was no current tax liability for FY2018. There was no income tax expense for FY2017.

NET LOSS

As a result of the above, the Company recorded a loss after tax of S$2.3 million for FY2018, as compared to S$0.9 million for FY2017.

FINANCIAL POSITION

Upon the disposal of all of its subsidiaries on 20 July 2016, the Company became a cash company with no business operations. As such, there were no trade-related assets and liabilities, such as trade receivables, inventories or trade payables as at 31 December 2017.

NON-CURRENT ASSETS

Plant and equipment, amounting to S$436,000 as at 31 December 2018, mainly comprised veterinary and medical equipment, office equipment, computer and software and furniture and fixtures. There was no plant and equipment as at 31 December 2017.

Goodwill pertains to the Acquisition of AVHAA. The goodwill, amounting to S$8.4 million, had been computed based on the assets of AVHAA as at 13 August 2018, the completion date of the Acquisition.

CURRENT ASSETS

Restricted deposits represented cash held in an escrow account. Upon completion of the Acquisition, the full amount had been released to the Company's current account in accordance with the Catalist Rules.

Trade and other receivables increased from S$18,000 as at 31 December 2017, to S$86,000 as at 31 December 2018. Trade receivables amounted to S$11,000 as at 31 December 2018 and were due within 30 days. There were no trade receivables as at 31 December 2017. Other receivables increased from S$18,000 as

Note: (1) Please refer to the Company's circular to shareholders dated 29 June 2018 for more information.

CHAIRMAN'S STATEMENT & OPERATIONS REVIEW

at 31 December 2017 to S$75,000 as at 31 December 2018. The increase was mainly due to rental and utility deposits placed in FY2018.

Prepayments increased from S$9,000 as at 31 December 2017, to S$53,000 as at 31 December 2018. The increase was mainly related to prepaid operating expenses in AVHAA.

Inventories, which mainly comprised veterinary medicine, clinic consumables and pet food, amounted to S$104,000 as at 31 December 2018. There were no inventories as at 31 December 2017.

CURRENT LIABILITIES

Trade payables amounted to S$104,000 as at 31 December 2018, with settlement terms of cash-on-delivery or 30-day terms. There were no trade payables as at 31 December 2017.

Other payables and accruals comprised mainly professional fee, director fee, staff bonus and goods and services tax ("GST") which are to be paid in the following financial year. It increased from S$157,000 as at 31 December 2017, to S$438,000 as at 31 December 2018. The increase was mainly related to additional audit fee accrual, GST payable and staff bonus which shall be payable in 2019.

NON-CURRENT LIABILITIES

Non-current other payables, amounting to S$1.9 million as at 31 December 2018, were related to deferred consideration payable to the vendors for the Acquisition. The amount is due in 30 months from 13 August 2018, being the completion date of the Acquisition. There were no non-current other payables as at 31 December 2017.

Deferred tax liabilities, amounting to S$21,000 as at 31 December 2018, arose from a taxable temporary difference on plant and equipment which are subject to capital allowance. There were no deferred tax liabilities as at 31 December 2017.

The Group reported a positive working capital position of S$11.7 million as at 31 December 2018.

The Group's total equity increased from S$17.9 million as at 31 December 2017, to S$18.6 million as at 31 December 2018.

CASH FLOWS

Net cash flows used in operating activities increased from S$645,000 for FY2017, to S$963,000 for FY2018. The increase was mainly due to increase in operating cash outflows before working capital changes as a result of the net loss incurred for FY2018, partially offset by (i) a decrease in trade and other receivables of S$233,000; (ii) an increase in trade and other payables of S$90,000; and (iii) interest received of S$125,000.

Net cash flows from investing activities increased from an outflow of S$65,000 for FY2017 to an inflow of S$12.2 million for FY2018. The increase was mainly due to the release of S$17.3 million restricted deposits held in an escrow account to the Company's current account upon completion of the Acquisition, partially offset by net cash outflow in respect of the Acquisition of S$5.1 million.

Net cash flows used in financing activities decreased from S$1.3 million for FY2017, to S$5,000 for FY2018. The decrease was mainly due to the absence of dividend payment in FY2018 of S$1.3 million in respect of the financial year ended 31 December 2016.

As a result of the above, the Group's cash and cash equivalents increased from S$748,000 as at 31 December 2017, to S$11.9 million as at 31 December 2018.

MOVING FORWARD

Despite global economic uncertainty and continuous trade tensions, the veterinary sector continues to be resilient and defensive in nature.

The Company will continue to look out for opportunities to acquire veterinary related businesses or veterinary clinics to expand its business scope.

Any material developments on future corporate actions will be announced accordingly.

IN APPRECIATION

On behalf of the Board of Directors, I would like to extend our appreciation to the management team and staff for their dedication and hard work. I would also like to take this opportunity to thank all shareholders, business associates, customers and suppliers for their generous support over the years. Lastly, I would also like to express my gratitude to the Board members for the guidance they have given to the Group as we embark on a new lap of growth.

DIRECTORS PROFILE

TAN TONG GUAN

Co-founder, Executive Chairman and CEO

Tan Tan Tong Guan, 55, co-founder, Executive Chairman and CEO, was appointed to the Board on 17 February 2010 and was last reappointed on 25 April 2017. He is responsible for providing the corporate direction and business strategy for our Group. Mr Tan brings over 20 years of experience in business strategy, having been an executive director of our holding company and controlling shareholder, Tan Gee Beng Private Limited ("TGBPL"), from February 1991 to the present. TGBPL was formed in 1967 by Mr Tan's family and has grown from a trading company to an investment holding company that has businesses, ranging from manufacturing, trading, property investments and investment holding. Mr Tan is currently an independent director and chairman of the audit committee of Sing Holdings Limited. Mr Tan was previously the lead independent director and chairman of the audit committee of Sing Investments & Finance Limited. Mr Tan graduated with a Bachelor of Accountancy from the National University of Singapore and is a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants ("ISCA"). Mr Tan is the brother of Ms Tan Geok Moey (Non-Executive Director).

TAN GEOK MOEY

Non-Executive Director

Tan Geok Moey, 58, Non-Executive Director, was appointed to the Board on 15 March 2010 and was last reappointed on 20 April 2018. She is a member of the Audit Committee, the Remuneration Committee and the Nominating Committee of our Company. Ms Tan is currently a director of TGBPL, the holding company and controlling shareholder of our Company, where she is responsible for the administration of TGBPL. She is also a director of TGB Properties Pte Ltd, Cosmos Investment Pte Ltd, NZ First Properties Pte Ltd, Wellington First Properties (NZ) Pte Ltd, Tan Gee Beng (Hong Kong) Ltd, TGB Properties Pte Ltd and TGB Properties (NZ) Pte Ltd. Ms Tan graduated with a Bachelor of Accountancy from the National University of Singapore. Ms Tan is the sister of Mr Tan Tong Guan (Executive Chairman and CEO).

DIRECTORS PROFILE

TEO YI-DAR
Lead Independent Director

Teo Yi-Dar, 48, Independent Director, was appointed to the Board on 22 February 2013 and was last reappointed on 25 April 2017. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee of our Company. Mr Teo also sits on the boards of several SGX-listed companies. He is currently the lead independent director and chairman of both the remuneration committee and nominating committee for Yangzijiang Shipbuilding (Holdings) Ltd, the lead independent director and chairman of the audit committee for China YuanBang Property Holdings Ltd and the non-executive chairman for HG Metal Manufacturing Ltd. Mr Teo is also the non-executive director for HKEx-listed Denox Environmental & Technology Holdings Ltd and China Chinext-listed Penyao Environmental Protection Co Ltd.

Mr Teo currently manages a private equity business that focuses on Asian buyout transactions in the electronics, chemical, engineering and technology segments. Mr Teo started his career as an engineer in SGS-Thomson Microelectronics Pte. Ltd. and moved on to Keppel Corporation Ltd ("Keppel"), responsible for business development activities for Keppel's offshore and marine businesses. In 1999, he joined Boston-based Advent International private equity group to conduct direct investments into Asian-based businesses.

Mr Teo holds two Masters' degrees: Master of Science in Industrial and Systems Engineering and Master of Science in Applied Finance from the National University of Singapore. Mr Teo graduated with a Bachelor of Electrical Engineering (Honours) from the same university. Mr Teo was also accredited as a Chartered Financial Analyst by the

CFA Institute.

CHAN KUM KIT
Independent Director

Chan Kum Kit, 66, Independent Director, was appointed to the Board on 15 March 2010 and was last reappointed on 20 April 2018. He is the Chairman of the Remuneration Committee and Nominating Committee and a member of the Audit Committee of our Company. He was previously an independent director of Sing Holdings Limited. He is a founding partner of Verity Partners, and has been a public accountant for more than 30 years. Mr Chan graduated with a Bachelor of Accountancy from the University of Singapore and is a Fellow Chartered Accountant of Singapore with ISCA.

KEY MANAGEMENT PROFILE

XUE RU
Chief Financial Officer

Xue Ru, 44, was appointed as the Chief Financial Officer of our Group on 20 July 2016. She is responsible for all the financial and compliance matters for our Group, including financial reporting, internal controls, taxation and human resource management. She has more than 18 years of experience in finance, accounting and risk management. Prior to joining the Group, she held various managerial positions, including finance director of Hyin Engineering Pte. Ltd., chief financial officer of Hu An Cable Holdings Ltd. and finance and administration manager in Aztech Heat Exchangers Pte. Ltd..

Ms Xue graduated with a Bachelor of Economics from Nanjing University of Aeronautics and Astronautics and obtained a Master of Business Administration (Finance) from the National University of Singapore. She is a non-practicing member of the ISCA.

DR EUGENE LIN
Medical Director and General Manager of AVH Animal Ark Pte. Ltd.

Dr Eugene Lin, 45, was appointed as the Medical Director and General Manager of our Company's subsidiary, AVH Animal Ark Pte. Ltd. in August 2018. He is responsible for overseeing the delivery of veterinary care and clinical services by the veterinary clinics. Dr Eugene Lin is the principal veterinary surgeon who leads and guides our Group in the development of medical protocols and in the maintenance of quality service. He also oversees our Group's team of clinical staff.

Dr Eugene Lin has nearly 20 years experience as a veterinary surgeon. In December 2001, he began his career as a veterinarian with Pet Care Centre & Clinic. Subsequently, he joined The Animal Recovery Centre Pte Ltd in November 2002 where he worked as a veterinary surgeon till August 2005. In September 2005, Dr Eugene Lin established The Animal Ark Pte. Ltd., and subsequently The Animal Ark (Binjai) Pte. Ltd., The Animal Ark (Tampines) Pte. Ltd. and The Animal Ark (TCM) Pte. Ltd., which collectively formed into AVH Animal Ark Pte. Ltd. after a restructuring exercise in August 2018. He served as executive director and veterinary surgeon of the abovementioned companies till August 2018.

Dr Eugene Lin graduated with a Bachelor of Veterinary Science from the Faculty of Veterinary Science, the University of Sydney, and he had obtained a General Practitioner Certificate in Endoscopy and Endosurgery from the European School of Veterinary Postgraduate Studies (ESVPS) in the United Kingdom.

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REPORT ON CORPORATE GOVERNANCE

Asia Vets Holdings Ltd. (formerly known as Smartflex Holdings Ltd.) (the "***Company***") was admitted to the Official List of the SGX-Catalist on 19 July 2010.

The board of directors of the Company (the "***Board***") believes in having high standards of corporate governance and is committed to ensuring that effective self-regulatory corporate practices exist to protect the interests of shareholders of the Company (the "***Shareholders***") and maximise long term Shareholders' value.

In accordance with Rule 710 of the Singapore Exchange Securities Trading Limited ("***SGX-ST***") Listing Manual Section B: Rules of Catalist (the "***Catalist Rules***"), the following report describes the Company's corporate governance practices for the financial year ended 31 December 2018 ("***FY2018***") with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2012 (the "***Code***"), with an appropriate explanation for any deviation from the guidelines of the Code.

The new Singapore Code of Corporate Governance 2018 (the "***2018 Code***"), which was issued on 6 August 2018, will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the 2018 Code will not affect the Group for FY2018.

The Board is pleased to report that the Company has complied with the Code for FY2018, except where otherwise explained. In areas where there are deviations from the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board to lead and control the Company. The Board has the overall responsibility for corporate governance, strategic direction and investments of the Company. Each individual director of the Company ("***Director***") is obliged to act in good faith and exercise independent judgment in the best interests of Shareholders at all times.

The Board's principal functions include:

- determining, reviewing and approving the strategic objectives and directions of the Company, annual budgets, major investments, divestments and funding proposals;
- overseeing the business and affairs of the Company, establishing with the management of the Company (the "***Management***") the strategies and financial objectives to be implemented by the Management, and monitoring the performance of the Management;
- establishing a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of Shareholders' interests and the Company's assets;
- setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met;
- reviewing the Management's performance, the Company's financial performance, risk management processes and systems, human resource requirements and corporate governance practices;
- considering sustainability issues, e.g. economic, social and governance factors, as part of its strategic formulating; and
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation.

REPORT ON CORPORATE GOVERNANCE

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist the Board in the discharge of its functions, the Audit Committee, the Nominating Committee and the Remuneration Committee (collectively, the "***Board Committees***") have been constituted with written terms of reference which clearly sets out the authority and duties. Matters which are delegated to the Board Committees for more detailed appraisals are reported to and monitored by the Board.

The Board meets at least two (2) times a year, and as warranted by particular circumstances, as deemed appropriate by the Board members. Directors are free to discuss and voice their concerns on any matter raised at the Board meetings. Telephonic and video-conference meetings of the Board are allowed under the Company's Constitution. All Directors are provided with the agenda and a set of the Board papers prior to the Board meeting. These are issued in advance to give the Directors sufficient time to better understand the matters to be discussed and to obtain further clarifications or explanations at the Board meeting where necessary. The Company and the Board acknowledge that an unimpeded flow of relevant information in a timely manner is crucial for the Board to be effective in discharging its duties and responsibilities.

The Board has identified, without limitation, the following matters that require its approval:

- declaration of dividends and other returns to Shareholders;
- major corporate policies on key areas of operation;
- major funding proposals or bank borrowings;
- corporate or financial restructuring and share issuances;
- mergers and acquisitions;
- material acquisitions and disposals;
- approval of transactions involving interested persons; and
- appointments of new Directors.

Upon appointment to the Board, a formal letter setting out the Director's duties and responsibilities will be provided and each Director will be given appropriate briefings by the Management on the business activities of the Company, its strategic directions and the Company's corporate governance policies and practices. The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a Director of a listed company and in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. During FY2018, no new Director was appointed to the Board.

Directors will be updated regularly on accounting and regulatory changes by the Company's external auditors, continuing sponsor and company secretary, and are encouraged to attend workshops, seminars and training, to enhance their skills and knowledge, or on relevant new laws, regulations and changing commercial risks, and such training will be funded by the Company.

REPORT ON CORPORATE GOVERNANCE

The details of updates, seminars and training programmes attended by the Directors in FY2018 include, amongst others:

- updates on developments in financial reporting and governance standards, where relevant, by the external auditors of the Company;
- updates on amendments to the Catalist Rules and the Code by the continuing sponsor of the Company;
- seminar titled "Duties and Responsibilities of Directors & CFOs – Impact of Amendments to Code of Corporate Governance" organised by RHT Corporate Advisory Pte. Ltd. and RHTLaw Taylor Wessing LLP; and
- workshop titled "Sustainability Reporting Workshop for SGX-Listed Companies" organised by the SGX-ST.

The attendance of the Directors at meetings of the Board and Board Committees for FY2018 is set out as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held while being a member	No. of meetings attended	No. of meetings held while being a member	No. of meetings attended	No. of meetings held while being a member	No. of meetings attended	No. of meetings held while being a member	No. of meetings attended
Tan Tong Guan	2	2	–	2*	–	1*	–	1*
Tan Geok Moey	2	2	2	2	1	1	1	1
Chan Kum Kit	2	2	2	2	1	1	1	1
Teo Yi-Dar	2	2	2	2	1	1	1	1

* Attended by invitation.

Principle 2: Board Composition and Guidance

The Board currently comprises one (1) Executive Director, one (1) Non-Executive Director and two (2) Independent Directors.

The Board members as of the date of this report are:

Tan Tong Guan	Executive Chairman and Chief Executive Officer
Tan Geok Moey	Non-Executive Director
Teo Yi-Dar	Lead Independent Director
Chan Kum Kit	Independent Director

The Chairman and the Chief Executive Officer is the same person. The Company is in compliance with the requirement of Guideline 2.2 of the Code as the Independent Directors make up at least half of the Board. With this, there is a strong and independent element on the Board, and no individual or group of individuals dominates the Board's decision making.

The Board is of the view that its current size and composition are appropriate to facilitate effective decision making, and provide sufficient diversity of expertise to lead and govern the Company effectively, considering the scope and nature of the Group's current operations.

REPORT ON CORPORATE GOVERNANCE

The Company has in place a Nominating Committee which determines the independence of each Director annually based on the definition of independence as set out in the Code and whether the Director falls under any of the circumstance pursuant to Rule 406(3)(d) of the Catalist Rules. The Nominating Committee has reviewed and determined that Mr Teo Yi-Dar and Mr Chan Kum Kit are independent. Mr Chan Kum Kit is due to retire via rotation, and has been nominated for re-election at the forthcoming annual general meeting of the Company ("***AGM***"). Mr Chan Kum Kit has informed that he is not seeking re-election and will retire at the forthcoming AGM to allow for renewal of the Board as Mr Chan, being an Independent Director appointed to the Board on 15 March 2010, has served on the Board beyond nine (9) years from the date of his first appointment as of the date of this report. Save for Mr Chan Kum Kit, none of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment.

The Nominating Committee will also periodically review the competencies of the Directors to ensure effective governance of the Company and contribution to the Board. To address the dynamic business environment, the Nominating Committee will recommend the Board to consider the appointment of new Director(s) that has/have the required skillset, expertise, experience and knowledge as and when it deems necessary. The Board and the Board Committees comprise persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge to the Company, as well as provide a diversity of gender with one (1) female Director who is a Non-Executive Director. The Directors, as a group, provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge required for the Board to be effective. A brief profile of each Director is set out on pages 6 and 7 of the Annual Report. Information of the interests of the Directors who held office at the end of the financial year in shares, debentures and share options in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement on page 30 of the Annual Report.

The Non-Executive Director and the Independent Directors will assist to develop proposals on strategies and goals for the Company and regularly assess the performance of the Management in meeting the agreed goals and objectives, and monitor the reporting of performance. The Non-Executive Director and the Independent Directors are encouraged to meet, without the presence of the Management, so as to facilitate a more effective check on the Management. They will meet on a need-basis without the presence of the Management to discuss on arising issues.

Principle 3: Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are currently held by Mr Tan Tong Guan. The Board is of the opinion that it is not necessary to separate the roles of the Chairman and the Chief Executive Officer after taking into account the current size, scope and the nature of the operations of the Company, and with the strong presence of Independent Directors on the Board. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. There is an appropriate balance of power and authority given that the majority of the members (including the respective Chairmen) of the Board Committees are independent and that half of the Board comprises Independent Directors.

As Executive Chairman of the Board, Mr Tan Tong Guan leads the Board and is responsible for the management of the Board. The Executive Chairman is also in charge of charting the business direction as well as corporate planning and strategic developments of the Company. When setting the agenda, he ensures that adequate time is available for discussion of all agenda items, in particular strategic matters. The Executive Chairman encourages the Board's interaction with the Management, facilitates effective contribution of the Non-Executive and Independent Directors, encourages constructive relations among the Directors and promotes high standards of corporate governance. In addition, the Executive Chairman ensures that the Directors receive accurate, timely and clear information and there is effective communication with Shareholders.

REPORT ON CORPORATE GOVERNANCE

As the roles of the Chairman and the Chief Executive Officer are held by the same person, Mr Teo Yi-Dar has been appointed as the Lead Independent Director of the Company as recommended by the Code. As the Lead Independent Director, Mr Teo is available to address the concerns of Shareholders and when contact through the normal channels to the Chairman and Chief Executive Officer or the Chief Financial Officer has failed to satisfactorily resolve their concerns or when such contact is inappropriate.

The Independent Directors led by the Lead Independent Director, are encouraged to meet periodically without the presence of the Management where necessary. The Lead Independent Director will also provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

The Nominating Committee comprises the following members, all of whom are non-executive and the majority, including the Chairman, are independent:

Chan Kum Kit (Independent Director)	Chairman
Teo Yi-Dar (Lead Independent Director)	Member
Tan Geok Moey (Non-Executive Director)	Member

The Nominating Committee has written terms of reference that sets out its duties and responsibilities. Amongst them, the Nominating Committee is responsible for:

- reviewing board succession plans for Directors, in particular, the Chairman and the Chief Executive Officer;
- creating a formal and transparent process for the appointments and re-nominations of members of the Board and to assess the effectiveness of the Board as a whole, its Board Committees and the contribution of individual Directors to the effectiveness of the Board;
- affirming annually the independence of the Directors; and
- reviewing training and professional development programs for the Board.

The Nominating Committee is scheduled to meet at least once a year. Each member of the Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director.

For new appointments to the Board, the Nominating Committee will consider the Company's current Board size and its composition and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director, the Nominating Committee, in consultation with the Board, will determine the selection criteria and select the appropriate candidate for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The Nominating Committee can also approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate.

In accordance with the Code and Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-election at least once every three (3) years. One-third of the Directors will retire at the AGM each year. The Nominating Committee is charged with the responsibility of re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director.

REPORT ON CORPORATE GOVERNANCE

The Nominating Committee has recommended to the Board that Mr Tan Tong Guan and Mr Chan Kum Kit, both retiring at the forthcoming AGM via rotation, be nominated for re-election at the upcoming AGM. In making the recommendation, the Nominating Committee had considered the Directors' contribution and performance to the Board and the Group. Mr Chan Kum Kit, being a member of the Nominating Committee, has abstained from making any recommendation and/or participating in any deliberation of the Nominating Committee in respect of the assessment of his own performance or re-election as a Director.

Mr Tan Tong Guan has consented to the re-election, while Mr Chan Kum Kit has informed the Board that he is not seeking for re-election and will retire at the forthcoming AGM to allow for renewal of the Board. The Board has, with regret, accepted Mr Chan's decision and recorded its appreciation to Mr Chan for his efforts and contributions during his tenure as a Director. The Nominating Committee will seek to procure suitable candidates and review all nominations for the appointment of a new Director in place of Mr Chan Kum Kit before recommending to the Board for approval.

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Tan Tong Guan, being the Director nominated for re-election at the forthcoming AGM, is set out below:

Name of Director	**Tan Tong Guan**
Date of first appointment	17 February 2010
Date of last re-appointment (if applicable)	25 April 2017
Age	55
Country of principal residence	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board has accepted and approved the Nominating Committee's recommendation, who has reviewed and considered Mr Tan's contributions and performance as an Executive Chairman and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for providing the corporate direction and business strategy for the Group
Job title	Executive Chairman and Chief Executive Officer
Professional qualifications	Mr Tan holds a Bachelor Degree in Accountancy from the National University of Singapore and is a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants (ISCA).
Working experience and occupation(s) during the past 10 years	February 2010 to present: Executive Chairman and Chief Executive Officer of the Company February 1991 to present: Executive Director of Tan Gee Beng Private Limited July 2003 to July 2016: Executive Chairman of Smartflex Technology Pte Ltd

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tong Guan
Shareholding interest in the listed issuer and its subsidiaries	As at 13 March 2019: Direct interest – 565,001 ordinary shares of the Company Deemed interest – 57,139,331 ordinary shares of the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Tan is the brother of Ms Tan Geok Moey, Non-Executive Director. As at 13 March 2019, Mr Tan is a substantial shareholder of the Company, holding an aggregate shareholding interest (direct and deemed) in 41.54% of the issued share capital of the Company. Mr Tan is also related to the other substantial shareholders of the Company, namely, Tan Gee Beng Private Limited, Ms Tan Geok Moey and Ms Tan Yoke Hong. Mr Tan is a director of Tan Gee Beng Private Limited, and he is the brother of Ms Tan Geok Moey and Ms Tan Yoke Hong. As at the date of this Annual Report, Mr Tan is a director of the Company's wholly-owned subsidiary, AVH Animal Ark Pte. Ltd..
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Past Directorship (for the last 5 years) Sing Investments & Finance Limited Orastram Pte Ltd Present Directorships Sing Holdings Limited Tan Gee Beng Private Limited Teck Gee Investments (International) Pte Ltd TGB Properties Pte Ltd First Lap (M) Sdn Bhd Perusahaan TGB Sdn Bhd Centrepoint Tiara (M) Sdn Bhd TGB Properties (NZ) Pte Ltd NZ First Properties Pte Ltd Cosmos Investment Pte Ltd Tan Gee Beng (Hong Kong) Limited Suzhou Hongchang Packing Materials Co. Ltd Red Blue Development Sdn Bhd Ningbo Shino Cosmetic Cotton Co. Ltd D.E. Cosmetics Ningbo Co. Ltd Wellington First Properties (NZ) Pte Ltd AVH Animal Ark Pte. Ltd. Other Principal Commitments Nil

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tong Guan
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tong Guan
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere;or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tong Guan
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes Mr Tan is currently a director of Sing Holdings Limited, listed on the SGX-ST.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable. This is a re-election of a Director and Mr Tan has prior experience as a director of an issuer listed on the SGX-ST.

Annually, the Nominating Committee is required to determine the independence status of the Directors, bearing in mind the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors. The Nominating Committee has reviewed and determined that Mr Teo Yi-Dar and Mr Chan Kum Kit are independent.

The Nominating Committee is of the opinion that sufficient time and attention are given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations, and that there is no need to implement internal guidelines (such as implementing a limit on the maximum number of listed company board representation which any Director may hold) to address competing time commitments. The Board believes that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director, bearing in mind his other commitments.

Currently, there is no alternate Director on the Board.

Principle 5: Board Performance

The Board and the Nominating Committee strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Company's business so as to enable the Board to make sound and well-considered decisions.

The Nominating Committee had carried out an annual performance evaluation process to assess the effectiveness of the Board as a whole and its Board Committees. The purpose of the evaluation process is to increase the overall effectiveness of the Board and its Board Committees. Each Director completes an evaluation form to assess the overall effectiveness of the Board as a whole and its Board Committees. The appraisal process for the Board focused on the evaluation of factors such as the composition of the Board, the Board's accessibility to information, Board procedures and accountability, communication with key management personnel and Directors' standards of conduct. The appraisal process for the Board Committees, on the other hand, focused on the evaluation of the respective Board Committee structure, conduct of meetings, measurement and monitoring of Board Committee performance. The results of these evaluations are reviewed and used constructively by the Nominating Committee to identify areas of improvements and recommending appropriate course of action to the Board. Based on the results collated from the evaluations, the Nominating Committee is of the view that the overall effectiveness of the Board as a whole and the Board Committees has been satisfactory for the financial year.

The Nominating Committee had decided unanimously, that the Directors will not be evaluated individually as it is more appropriate and effective to assess the overall effectiveness of the Board as a whole, bearing in mind that each Director contributes in different ways to the success of the Company and Board decisions are made collectively. In addition, the factors taken into consideration for each Director's re-nomination are the extent of his/her attendance, participation and contribution in the proceedings of the meetings.

REPORT ON CORPORATE GOVERNANCE

Principle 6: Access to Information

The Board is provided with complete, accurate, and adequate information in a timely manner, prior to Board meetings and on an on-going basis, to enable it to fulfill its responsibilities. Such information includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results will be disclosed and explained. Such information is provided to the Directors to enable them to keep abreast of the Company's operational and financial performance and position and to facilitate better-informed decision-making. Board members also have separate and independent access to the Management and the company secretary at all times. Board members may, at the Company's expense, also obtain independent professional advice as and when necessary in furtherance of their duties.

The company secretary and/or his representatives attend all Board meetings to ensure that Board procedures are followed and that applicable rules and regulations, including the requirements of the Companies Act (Chapter 50) of Singapore and the Catalist Rules are complied with. Under the direction of the Chairman, the company secretary's other responsibilities include ensuring good information flows within the Board and Board Committees and between the Management, the Non-Executive Director and the Independent Directors, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the company secretary is a matter for the Board as a whole.

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises the following members, all of whom are non-executive and the majority, including the Chairman, are independent:

Chan Kum Kit (Independent Director)	Chairman
Teo Yi-Dar (Lead Independent Director)	Member
Tan Geok Moey (Non-Executive Director)	Member

The Remuneration Committee has written terms of reference that sets out its duties and responsibilities. Amongst them, the Remuneration Committee is responsible for:

- recommending to the Board a general framework of remuneration for the Directors and key management personnel, and determine specific remuneration packages for each Director, and the recommendations of the Remuneration Committee are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind will be covered by the Remuneration Committee; and

- performing an annual review of the remuneration of employees related to the Directors and substantial Shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities. It will also review and approve any bonuses, pay increases and/or promotions for these employees.

The Remuneration Committee is scheduled to meet at least once a year. Each member of the Remuneration Committee shall abstain from voting on any resolution in respect of his/her remuneration package or that of employees related to his/her.

For the financial year, the Remuneration Committee has not sought external advice nor appointed remuneration consultants in considering the remuneration of all Directors.

REPORT ON CORPORATE GOVERNANCE

The Remuneration Committee will review the Company's obligations under the service agreements entered into with the Executive Director and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The Remuneration Committee aims to be fair and avoid rewarding poor performance.

Principle 8: Level and Mix of Remuneration

As part of its review, the Remuneration Committee ensures that remuneration packages are comparable within the industry and with similar companies. The Remuneration Committee considers the Company's relative performance and the contributions and responsibilities of the individual Directors.

Policy in respect of Executive Director's and other key management personnel's remuneration

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, the Company's and the individual employee's performance. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The Company believes in promoting commitment and motivation by aligning incentives with performance. As the Company had only completed the acquisition of the entire issued share capital of AVH Animal Ark Pte. Ltd. ("**AVH Animal Ark**") on 13 August 2018 (the "**Acquisition**"), the Company will consider expanding the remuneration package with the inclusion of share-based incentive scheme and sets the appropriate performance conditions and targets.

The Company currently does not have any long-term incentive scheme.

The Executive Director does not receive Director's fees. The Executive Director is paid pursuant to his service agreement, which is for an appointment period of three (3) years. While the Executive Director has entered into a service agreement with the Company, after the initial term of three (3) years, his employment with the Company may be terminated at any time by either party giving to the other party three (3) months' notice in writing or in lieu of the said three (3) months' notice, an amount equivalent to three (3) months' salary based on the Executive Director's last drawn salary.

The Company's wholly-owned subsidiary, AVH Animal Ark, has also entered into a service agreement with Dr Lin Chung Chieh Eugene ("**Dr Eugene Lin**") (a key management personnel of the Group). Pursuant to the service agreement, Dr Eugene Lin will commit to an employment period of at least 30 months following completion of the Acquisition, with automatic renewals for successive periods of 36 months thereafter on the same terms unless otherwise agreed in writing between the Company and Dr Eugene Lin or terminated in accordance with the service agreement. Dr Eugene Lin will be paid a monthly remuneration, to be reviewed from time to time by the Remuneration Committee, and a discretionary bonus of such amount and at such intervals as AVH Animal Ark may in its absolute discretion determine. The service agreement also provides for, *inter alia*, use of intellectual property, certain restrictive covenants (including non-compete obligation), and grounds of termination. Except where AVH Animal Ark has the right to terminate Dr Eugene Lin's employment with immediate effect, either party may terminate the employment by giving the other six (6) months' notice in writing, provided that Dr Eugene Lin shall not terminate the employment for the first 30 months following completion of the Acquisition, and shall not pay salary in lieu of the required period of notice.

Having reviewed and considered the variable components in the remuneration packages of the Executive Director and key management personnel, the Remuneration Committee is of the view that there is presently no urgent need for the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

REPORT ON CORPORATE GOVERNANCE

Policy in respect of remuneration for Non-Executive Director and Independent Directors

Non-Executive Director and Independent Directors do not have service agreements with the Company. They are compensated based on fixed Directors' fees, which are proposed by the Board, after the recommendation by the Remuneration Committee, based on their contribution, taking into consideration factors such as effort, time spent and responsibilities of the Non-Executive and Independent Directors. The Chairman of each Board Committee is paid an additional fee, and the Chairman of the Audit Committee is paid a higher fee than the Chairman of the other Board Committees in view of the higher responsibility carried by that office. The proposed Directors' fees are subject to approval by Shareholders at the AGM. Non-Executive and Independent Directors do not receive any other remuneration from the Company.

Principle 9: Disclosure on Remuneration

The level and mix of remuneration of the Company's Directors and key management personnel (who are not Directors or the Chief Executive Officer) for FY2018 are as follows:

Remuneration band and Name of Director	Base/Fixed salary* (%)	Bonus (%)	Directors' fees (%)	Benefits-in-kind (%)	Total (%)
Directors					
Between S$250,000 and S$500,000					
Tan Tong Guan	89	11	–	–	100
Below S$250,000					
Teo Yi-Dar	–	–	100	–	100
Chan Kum Kit	–	–	100	–	100
Tan Geok Moey	–	–	100	–	100

Remuneration band and Name of Key Management Personnel**	Base/Fixed salary* (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)
Below S$250,000				
Xue Ru	88	12	–	100
Lin Chung Chieh Eugene***	100	–	–	100

* These amounts are inclusive of employer's CPF contribution.

** The Group has only two (2) key management personnel (who are not Directors or the Chief Executive Officer during FY2018.

*** Appointed as Medical Director and General Manager of the Company's wholly-owned subsidiary, AVH Animal Ark, with effect from 13 August 2018.

Following Dr Eugene Lin's appointment as the Medical Director and General Manager of the Company's wholly-owned subsidiary, AVH Animal Ark, he is considered a key management personnel of the Company. As the Company has just resumed business and ceased to be a cash company with effect from 13 August 2018, more key management personnel will be recruited in the future.

The Board believes that it is for the benefit of the Company not to disclose in absolute number and in aggregate, the remuneration breakdown of the Directors as well as the aggregate total remuneration paid to the key management personnel (who are not Directors or the Chief Executive Officer), due to its sensitive nature and concerns of poaching.

There is no employee of the Company who is an immediate family member of any Director and the Chief Executive Officer, and whose remuneration exceeded S$50,000 during FY2018. "Immediate family member" refers to the Director's spouse, child, adopted child, stepchild, brother, sister and parent.

REPORT ON CORPORATE GOVERNANCE

The Company currently does not have an employee share option scheme or performance share plan in place.

None of the Directors (including the Chief Executive Officer) and the key management personnel (who are not Directors or the Chief Executive Officer) of the Company has received any termination, retirement, post-employment benefits for FY2018.

The Board has not included a separate annual remuneration report to Shareholders in the Annual Report on the remuneration of the Directors and the key management personnel (who are not Directors or the Chief Executive Officer) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in the Annual Report and in the financial statements of the Company.

Principle 10: Accountability

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects. Financial reports and other price sensitive information are disseminated to Shareholders through announcements via SGXNet to the SGX-ST and press releases. Following the Acquisition, the Company makes announcement of its financial results on a half yearly basis, and monthly valuation of assets and utilisation of cash in accordance with Rule 1017(1)(b) of the Catalist Rules will no longer apply. The Management provides the Board with management accounts on a monthly basis. Such reports keep the Board informed of, on a balanced and understandable basis, the Company's performance, position and prospects and enable the Board to discharge its duties effectively and efficiently.

Principle 11: Risk Management and Internal Controls

The Audit Committee will review the reports submitted by the independent internal auditors relating to the adequacy and effectiveness of the Group's significant internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The Audit Committee will also review the effectiveness of the actions taken by the Management on the recommendations made by the independent internal auditors in this respect.

On an annual basis, the Board will review the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems to ensure that they are able to meet the needs of the Group in its current business environment.

For FY2018, the Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the Company's risk management and internal control systems are effective.

In FY2018, as part of the due diligence in connection with the Acquisition, the Company had appointed external professional consulting firms, Ernst & Young Solutions LLP to perform financial due diligence and Ernst & Young Advisory Pte. Ltd. to review the internal control system of the operations of the business of AVH Animal Ark.

Following the Acquisition, the Board and the Audit Committee have reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. As part of the annual statutory audit of the financial statements, the external auditors will highlight any material weaknesses in financial controls over the areas that are significant to the audit. Such material internal control weaknesses noted during their audit and recommendations, if any, by the external auditors are reported to the Audit Committee. The Audit Committee will follow up on the actions taken by the Management in response to the recommendations made by the external auditors. The Board will consider the necessity of establishing a separate Board risk committee as and when it deems necessary.

REPORT ON CORPORATE GOVERNANCE

The Board and the Audit Committee note that all internal control systems contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Company, work performed by the external auditors, review of the internal control system of the operations of the business of AVH Animal Ark by Ernst & Young Advisory Pte. Ltd. as part of the due diligence in connection with the Acquisition, reviews performed by the Management and assurance received from the Chief Executive Officer and Chief Financial Officer, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective for FY2018.

Principle 12: Audit Committee

The Audit Committee comprises the following members, all of whom are non-executive and the majority, including the Chairman, are independent:

Teo Yi-Dar (Lead Independent Director)	Chairman
Chan Kum Kit (Independent Director)	Member
Tan Geok Moey (Non-Executive Director)	Member

All members of the Audit Committee have accounting and related financial management expertise and experience.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management, full discretion to invite any person including a Director or key management personnel of the Company to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Audit Committee will assist the Board in discharging its responsibility to safeguard the assets of the Company, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains adequate and effective control environment in the Company. The Audit Committee will provide a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The Audit Committee has written terms of reference that sets out its duties and responsibilities. Amongst them, the Audit Committee is responsible for:

- reviewing the scope and results of the audit and its cost effectiveness;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to the Management and the Management's response;
- reviewing the half yearly and annual financial statements and results announcements 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 Catalist Rules and any other relevant statutory or regulatory requirements;

REPORT ON CORPORATE GOVERNANCE

- reviewing annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls), as well as risk management policies and systems established by the Management. The Audit Committee will also ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the external auditors may wish to discuss (in the absence of the Management, where necessary);

- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which have or are likely to have a material impact on the Company's operating results or financial position, and the Management's response;

- reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;

- reviewing potential conflicts of interest (if any);

- reviewing with the independent internal auditors, their internal audit plans and their evaluation of the adequacy and effectiveness of the internal control and accounting system before submission of the results of such review to the Board for approval;

- reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Company regarding, *inter alia*, criminal offences involving the Company or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Company;

- reviewing key financial risk areas, with a view to providing an independent oversight on the Company's financial reporting, the outcome of such review to be disclosed in the annual report or, where the findings are material, announced immediately via SGXNet;

- reviewing the Company's compliance with relevant government regulations and licensing requirements;

- undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

- generally, undertaking such other functions and duties as may be required by statute or by the Catalist Rules, or by such amendments as may be made thereto from time to time.

The Audit Committee will meet with the external auditors and the independent internal auditors at least annually, without the presence of the Management. The Audit Committee will review the independence and objectivity of external auditors annually after taking into account all audit and non-audit services provided to the Company. Having considered the breakdown of fees paid to the external auditors as detailed on page 29 and compliance with Singapore Accountants (Public Accountants) Rules, as well as the nature and extent of such services, the Audit Committee is satisfied that such services will not prejudice the independence and objectivity of the external auditors. The external auditors have also confirmed their independence in this respect, and that they are registered with the Accounting and Corporate Regulatory Authority.

After considering the adequacy of the resources and experience of the external auditors' firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the Audit Committee has recommended to the Board the nomination and re-appointment of Ernst & Young LLP as the external auditors for the Company's audit obligations for the financial year ending 31 December 2019, at the forthcoming AGM.

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The Audit Committee shall also 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 the operating results and/or financial position of the Company. In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The Audit Committee is kept abreast by the external auditors on regulatory changes and updated accounting standards during the Audit Committee meetings.

The Audit Committee has reviewed the key audit matters disclosed in the external auditors' report and is of the view that there is no material inconsistency between the audit procedures adopted by the external auditors and the Management's assessment.

The Company has put in place a whistle-blowing policy, whereby anyone may, in good faith and in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to Mr Teo Yi-Dar, Chairman of the Audit Committee and the Lead Independent Director. No such whistle-blowing report was received for FY2018.

The Audit Committee will review the policy and arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Audit Committee will be to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions. No such matter was raised by any staff of the Company for FY2018.

In appointing the auditing firms for the Company and its subsidiaries, the Company has complied with Rules 712 and 715 of the Catalist Rules for FY2018.

No former partner or director of the Company's existing auditing firm is a member of the Audit Committee.

In FY2018, the Audit Committee had, among others, carried out the following activities:

(a) reviewed the half-year and full-year financial statements announcements of the Group, and recommended to the Board for approval and release via the SGXNet;

(b) reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls), and risk management systems;

(c) reviewed and approved the annual audit plan of the external auditors;

(d) reviewed the independence of the external auditors;

(e) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and

(f) met with the external auditors once without the presence of the Management.

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Principle 13: Internal Audit

The role of internal auditor is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls. The internal auditor is required to meet the standard required for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditor reports directly to the Audit Committee. The Audit Committee will approve the internal audit plan and ensure sufficiency of internal audit resources to perform its tasks. The internal auditors will be granted unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the Audit Committee.

The Audit Committee approves the hiring, removal, evaluation and compensation of the independent internal auditors.

Prior to the completion of the Acquisition on 13 August 2018, the Company was a cash company as defined under the Catalist Rules. In FY2018, as part of the due diligence in connection with the Acquisition, the Company had commissioned Ernst & Young Advisory Pte. Ltd. to review the internal control system of the operations of the business of AVH Animal Ark. The Audit Committee shall commission an independent internal audit of the Group within one year from the completion of the Acquisition. The Audit Committee will annually, review the independency, adequacy of resources and effectiveness of the internal audit function and ensure that it has appropriate standing within the Company.

Principles 14 and 15: Shareholder Rights and Communication with Shareholders

The Board believes in regular, timely and effective communication with Shareholders. Shareholders are kept informed of all important developments concerning the Company through timely dissemination of information via SGXNet announcements, press releases, annual reports and various other announcements made whenever necessary.

Principle 16: Conduct of Shareholder Meetings

All Shareholders of the Company will receive the annual report and notice of the AGM. Shareholders are encouraged to attend the Company's general meetings and to participate effectively in and vote at general meetings of Shareholders to ensure a high level of accountability and to stay informed of the Company's strategies and growth plans and establish and maintain regular dialogue between the Company and Shareholders, to gather views and inputs, and address shareholders' concerns. The chairpersons and/or members of the Board, Audit Committee, Remuneration Committee and Nominating Committee and the external auditors are normally available at Shareholders' meetings to address any Shareholders' queries, including those relating to the conduct of audit and the preparation and content of the auditors' report.

Presently, the Company does not have an investor policy or protocol in place nor a dedicated investor relations team. The Company will assess the need to establish an investor policy or protocol or investor relations team as and when it deems necessary.

If any Shareholder is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. The Company's Constitution currently does not allow a member to appoint more than two (2) proxies to attend and vote at the same general meetings and for other absentia voting methods such as by mail, electronic mail, fax and/or other methods. With effect from 3 January 2016, the Companies Act (Chapter 50) of Singapore was amended, amongst others, to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings. Relevant intermediary includes corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

REPORT ON CORPORATE GOVERNANCE

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

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management. These minutes are available to Shareholders upon their request.

The Company understands that it should put all resolutions to vote by poll. In the event a poll is conducted, the Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

The Company does not have a policy on payment of dividends. The issue of payment of dividend is deliberated by the Board annually having regard to various factors. The Company has not declared any dividend for FY2018 as the Group recorded net loss in FY2018 and the Board deems it appropriate to conserve cash for the Group's business activities and growth.

Dealings in Securities

The Company observes closely the best practices on dealings in securities ("***Securities Dealings Best Practices***") in compliance with Rule 1204(19) of the Catalist Rules. The Securities Dealings Best Practices provide guidance to the Directors and employees of the Company with regard to dealing in the Company's securities.

The Company issues circulars or electronic mails to its Directors, key management personnel and employees that they must not trade in the shares of the Company during the period commencing one (1) month before the release of the half year and year-end results and ending on the date of such announcements. In addition, Directors and key management personnel are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are discouraged from dealing in the Company's shares on short term considerations.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority Shareholders. When a potential conflict of interest arises, the Director concerned takes no part in discussions nor exercises any influences over other members of the Board.

During the financial year under review, there have been no interested person transactions entered into by the Group that requires disclosure pursuant to the Catalist Rules.

Material Contracts

Other than disclosed in the audited financial statements and the service agreement between the Executive Director and the Company, there were no material contracts (including loans) entered into by the Company or its wholly-owned subsidiary involving the interests of any Director or controlling Shareholders which are either still subsisting as at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

REPORT ON CORPORATE GOVERNANCE

Fees paid to External Auditors

Ernst & Young LLP, the external auditors, rendered the following services (and charged the fees) set out below for FY2018:

	2018 S$'000
Audit fees	80
Non-audit fees:	
Agreed upon procedures on half-year review	5
Non-recurring professional services	150
Tax returns compliance service – Current year	8
Total audit and non-audit fees	243

The Audit Committee has reviewed all non-audit services (described above) provided by Ernst & Young LLP and is of the view that they did not affect the independence of Ernst & Young LLP, as the external auditors, as it has complied with Singapore Accountants (Public Accountants) Rules. As substantial portion of the non-audit fees are fees incurred in relation to the Acquisition and are non-recurring in nature, the Audit Committee is of the view that they did not affect the independence of Ernst & Young LLP.

Non-Sponsorship Fees

With effect from 1 May 2018, ZICO Capital Pte. Ltd. was appointed as the Company's sponsor in place of RHT Capital Pte Ltd.

With reference to Rule 1204(21) of the Catalist Rules, (i) there were no non-sponsorship fees payable or paid to RHT Capital Pte Ltd in FY2018; and (ii) non-sponsorship fees of an aggregate of approximately S$834,000 (comprising S$437,000 in cash and S$397,000 in shares of the Company) were payable or paid to ZICO Capital Pte. Ltd. in FY2018, whereby ZICO Capital Pte. Ltd. acted as the Financial Adviser to the Company in respect of the Acquisition.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Asia Vets Holdings Ltd. (formerly known as Smartflex Holdings Ltd) (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; 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:

Tan Tong Guan
Chan Kum Kit
Tan Geok Moey
Teo Yi-Dar

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly owned subsidiary) as stated below:

	Number of ordinary shares			
	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Tan Tong Guan[1]	565,001	565,001	57,139,331	57,139,331
Tan Geok Moey[1]	–	–	57,139,331	57,139,331
Ultimate holding company				
Tan Gee Beng Pte. Ltd.				
Tan Tong Guan[2]	16,975	16,975	7,333	7,333
Tan Geok Moey	11,120	11,120	–	–

(1) Tan Tong Guan and Tan Geok Moey are deemed to have an interest in the shares held by Tan Gee Beng Private Limited by virtue of Section 7 of the Companies Act, Cap. 50.

(2) Tan Tong Guan is deemed to have an interest in the 7,333 shares held by his spouse.

DIRECTORS' STATEMENT

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Audit committee

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50.

The AC, having reviewed all non-audit services provided by the external auditors to the Company, is satisfied that the nature and extent of such services would not affect the independence of external auditors. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with external auditor, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Warrants

On 13 August 2018, the Company issued 5,300,000 bonus issue warrants at an issue price of $0.0001 per bonus issue warrant, each bonus issue warrant carrying the right to subscribe for one new share at an exercise price of $0.25. The bonus issue warrants will expire on 30 June 2020. As at 31 December 2018, no warrants were exercised and converted into ordinary shares of the Company.

Options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Tan Tong Guan
Director

Teo Yi-Dar
Director

Singapore
29 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIA VETS HOLDINGS LTD. AND ITS SUBSIDIARY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asia Vets Holdings Ltd. (Formerly known as Smartflex Holdings Ltd) (the "Company") and its subsidiary (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (International) (SFRS(I)) 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 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for business combination

During the financial year ended 31 December 2018, the Company acquired 100% of the total issued and paid-up capital of AVH Animal Ark Pte. Ltd. ("Acquiree") for a total purchase consideration of S$9,068,141.

The Group has applied the acquisition method to account for the business combination and conducted a purchase price allocation ("PPA") exercise with the assistance of an external valuation specialist to allocate the purchase price to the identifiable assets and liabilities of the Acquiree. Pursuant to PPA exercise, the Group recognised goodwill of S$8,404,846 in respect of this business combination. Given the magnitude of this transaction and the use of significant management judgement in the PPA exercise, we considered the accounting for business combination to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIA VETS HOLDINGS LTD. AND ITS SUBSIDIARY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Key Audit Matters (Continued)

Accounting for business combination (Continued)

We performed the following audit procedures, amongst others:

- reviewed the purchase agreement and performed inquiries with management to obtain an understanding of the transaction and the key terms;
- assessed the competence, capabilities and objectivity of the external valuation specialist engaged by management;
- reviewed the assumptions and basis used by the management in the determination of the purchase consideration transferred;
- evaluated management's identification of the assets and liabilities of the Acquire, including whether any intangible asset should be recognised based on our discussion with management and our understanding of the Acquiree's business;
- involved our internal specialist in reviewing the valuation methodologies and assumptions used by management and the external valuation specialist in measuring the fair values of the purchase consideration and the Acquiree's identifiable assets;
- checked the arithmetic accuracy of the computation of goodwill as at the date of acquisition; and
- reviewed the adequacy and appropriateness of disclosures on the business combination in Note 10 to the financial statements.

Impairment assessment of goodwill

As at 31 December 2018, the Group has goodwill of S$8,404,846 and represents 40% of the Group's total assets. The goodwill arose from the aforementioned acquisition of AVH Animal Ark Pte. Ltd. and has been allocated to the group of cash generating units ("CGU") representing the Group's acquired veterinarian business. As part of the annual impairment assessment of goodwill, management has determined the recoverable amount of the group of CGU by estimating value in use based on cash flow projections of the CGU's business. Given the involvement of significant management judgement exercised in forecasting and discounting future cash flows, we have considered this to be a key audit matter.

We performed the following audit procedures, amongst others:

- obtained an understanding of the process undertaken by management and its basis to allocate goodwill to the group of CGU;
- checked that the cash flow projections were based on approved management forecast and discussed with management on the business plans underlying the cash flow projections;
- assessed the valuation methodology used by management in the computation of value in use;
- evaluated the key assumptions and estimates used by management in forecasting and discounting future cash flows, such as revenue projections, profit margins, long-term growth rate, and discount rate based on our understanding of the business and making comparison to available external industry, economic and financial data;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIA VETS HOLDINGS LTD. AND ITS SUBSIDIARY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Key Audit Matters (Continued)

Impairment assessment of goodwil (Continued)

- performed sensitivity analysis on changes in the respective key assumptions to changes in the recoverable amount; and

- reviewed the adequacy and appropriateness of the disclosures on the impairment assessment, including the related sensitivity analysis in Note 12 of the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIA VETS HOLDINGS LTD. AND ITS SUBSIDIARY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 period 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIA VETS HOLDINGS LTD. AND ITS SUBSIDIARY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Yeow Hui Cheng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 $	Company 2017 $
Revenue	4	**1,459,027**	–
Cost of sales		**(859,348)**	–
Gross profit		**599,679**	–
Other operating income	5	**145,648**	123,794
Administrative expenses		**(1,105,864)**	(1,044,252)
Other expenses	6	**(1,953,762)**	–
Loss before tax	6	**(2,314,299)**	(920,458)
Income tax expense	8	**(20,798)**	(3,263)
Loss for the year, representing total comprehensive income attributable to owners of the Company		**(2,335,097)**	(923,721)
Loss per share (in S$ cents)			
Basic	11	**(1.78)**	(0.73)
Diluted	11	**(1.78)**	(0.73)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 $	31 December 2018 $	Company 31 December 2017 $	1 January 2017 $
Non-current assets					
Plant and equipment	9	436,261	–	–	–
Investment in a subsidiary	10	–	3,586,451	–	–
Goodwill	12	8,404,846	–	–	–
Amount due from a subsidiary	13	–	5,680,726	–	–
		8,841,107	9,267,177	–	–
Current assets					
Inventories	14	103,771	–	–	–
Trade and other receivables	15	85,989	18,169	300,636	1,957,470
Prepayment		52,742	8,816	3,400	4,292
Cash and cash equivalents	16	11,947,521	11,480,914	748,280	2,722,838
Restricted deposits	16	–	–	17,290,766	15,571,163
		12,190,023	11,507,899	18,343,082	20,255,763
Total assets		21,031,130	20,775,076	18,343,082	20,255,763
Current liabilities					
Trade payables	17	103,721	–	–	–
Other payables and accruals	18	438,088	157,394	452,214	176,774
		541,809	157,394	452,214	176,774
Net current assets		11,648,214	11,350,505	17,890,868	20,078,989
Non-current liabilities					
Deferred tax liabilities, net	8	20,798	–	–	–
Other payables	18	1,879,222	–	–	–
		1,900,020	–	–	–
Total liabilities		2,441,829	157,394	452,214	176,774
Net assets		18,589,301	20,617,682	17,890,868	20,078,989
Equity attributable to equity holders of the Company					
Share capital	19(a)	20,776,719	20,776,719	17,970,919	17,970,919
Capital reserve	19(b)	227,730	227,730	–	–
Revenue reserve		(2,415,148)	(386,767)	(80,051)	(437,191)
Foreign currency translation reserve	19(c)	–	–	–	2,545,261
Total equity		18,589,301	20,617,682	17,890,868	20,078,989
Total equity and liabilities		21,031,130	20,775,076	18,343,082	20,255,763

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital (Note 19a) $	Revenue reserves $	Capital reserve $	Foreign currency translation reserve $	Total equity $
Group					
Opening balance at 1 January 2018	**17,970,919**	**(80,051)**	**–**	**–**	**17,890,868**
Loss for the year, representing total comprehensive income for the year	**–**	**(2,335,097)**	**–**	**–**	**(2,335,097)**
Total comprehensive income for the year	**–**	**(2,335,097)**	**–**	**–**	**(2,335,097)**
Contributions by and distributions to owners					
Issuance of new ordinary shares	**2,809,800**	**–**	**–**	**–**	**2,809,800**
Share issuance expense	**(4,000)**	**–**	**–**	**–**	**(4,000)**
Issuance of bonus issue warrants	**–**	**–**	**229,000**	**–**	**229,000**
Bonus issue warrant subscription fee	**–**	**–**	**530**	**–**	**530**
Bonus issue warrant issuance expenses	**–**	**–**	**(1,800)**	**–**	**(1,800)**
Total transactions with owners in their capacity as owners	**2,805,800**	**–**	**227,730**	**–**	**3,033,530**
Closing balance at 31 December 2018	**20,776,719**	**(2,415,148)**	**227,730**	**–**	**18,589,301**
Opening balance at 1 January 2017	17,970,919	2,545,261	–	(437,191)	20,078,989
Effect of change in functional currency	–	(437,191)	–	437,191	–
	17,970,919	2,108,070	–	–	20,078,989
Loss for the year, representing total comprehensive income for the year	–	(923,721)	–	–	(923,721)
Total comprehensive income for the year	–	(923,721)	–	–	(923,721)
Contributions by and distributions to owners					
Dividends on ordinary shares (Note 22)	–	(1,264,400)	–	–	(1,264,400)
Total transactions with owners in their capacity as owners	–	(1,264,400)	–	–	(1,264,400)
Closing balance as at 31 December 2017	17,970,919	(80,051)	–	–	17,890,868

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital (Note 19a) $	Revenue reserves $	Capital reserve $	Foreign currency translation reserve $	Total equity $
Company					
Opening balance at 1 January 2018	**17,970,919**	**(80,051)**	**–**	**–**	**17,890,868**
Loss for the year, representing total comprehensive income for the year	**–**	**(305,716)**	**–**	**–**	**(305,716)**
Total comprehensive income for the year	**–**	**(305,716)**	**–**	**–**	**(305,716)**
Contributions by and distributions to owners					
Issuance of new ordinary shares	**2,809,800**	**–**	**–**	**–**	**2,809,800**
Share issuance expense	**(4,000)**	**–**	**–**	**–**	**(4,000)**
Issuance of bonus issue warrants	**–**	**–**	**229,000**	**–**	**229,000**
Bonus issue warrant subscription fee	**–**	**–**	**530**	**–**	**530**
Bonus issue warrant issuance expenses	**–**	**–**	**(1,800)**	**–**	**(1,800)**
Total transactions with owners in their capacity as owners	**2,805,800**	**–**	**227,730**	**–**	**3,033,530**
Closing balance at 31 December 2018	**20,776,719**	**(386,767)**	**227,730**	**–**	**20,617,682**
Opening balance at 1 January 2017	17,970,919	2,545,261	–	(437,191)	20,078,989
Effect of change in functional currency	–	(437,191)	–	437,191	–
	17,970,919	2,108,070	–	–	20,078,989
Loss for the year, representing total comprehensive income for the year	–	(923,721)	–	–	(923,721)
Total comprehensive income for the year	–	(923,721)	–	–	(923,721)
Contributions by and distributions to owners					
Dividends on ordinary shares (Note 22)	–	(1,264,400)	–	–	(1,264,400)
Total transactions with owners in their capacity as owners	–	(1,264,400)	–	–	(1,264,400)
Closing balance as at 31 December 2017	17,970,919	(80,051)	–	–	17,890,868

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group 2018 $	Company 2017 $
Cash flows from operating activities		
Loss before tax	**(2,314,299)**	(920,458)
Adjustments for:		
Depreciation of plant and equipment	**52,636**	–
Equity-settled share-based payment	**1,030,000**	–
Interest income	**(142,540)**	(123,062)
Fair value adjustment on contingent consideration of business combination (Note 24)	**27,881**	–
Unrealised exchange (gain)/loss	**(252)**	1,102
Operating cash flows before working capital changes	**(1,346,574)**	(1,042,418)
Decrease in trade and other receivables	**232,524**	–
Increase in inventories	**(13,805)**	–
(Increase)/decrease in prepayments	**(49,342)**	892
Increase in trade and other payables and accruals	**89,595**	275,440
Cash used in operations	**(1,087,602)**	(766,086)
Interest received	**124,663**	124,417
Income tax paid	**–**	(3,263)
Net cash flows used in operating activities	**(962,939)**	(644,932)
Cash flows from investing activities		
Purchase of plant and equipment	**(15,668)**	–
Proceeds from consideration receivable from disposal of subsidiaries	**–**	1,655,479
Withdrawal/(placement) of restricted deposits	**17,290,766**	(1,719,603)
Acquisition of business assets (net of cash acquired) (Note 10)	**(5,107,900)**	–
Net cash flows generated from/(used in) investing activities	**12,167,198**	(64,124)
Cash flows from financing activities		
Proceeds from issuance of bonus issue warrants	**530**	–
Share issuance expense	**(4,000)**	–
Bonus issue warrants issuance expense	**(1,800)**	–
Dividends paid (Note 22)	**–**	(1,264,400)
Net cash flows used in financing activities	**(5,270)**	(1,264,400)
Net increase/(decrease) in cash and cash equivalents	**11,198,989**	(1,973,456)
Cash and cash equivalents at beginning of year (Note 16)	**748,280**	2,722,838
Effect of exchange rate changes on cash and cash equivalent	**252**	(1,102)
Cash and cash equivalents at end of year (Note 16)	**11,947,521**	748,280

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Corporate information

Asia Vets Holdings Ltd. (Formerly known as Smartflex Holdings Ltd) (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The Company is considered to be a de facto subsidiary of Tan Gee Beng Pte. Ltd. In this connection, the immediate and ultimate holding company of the Company is Tan Gee Beng Pte. Ltd, which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 95 Amoy Street, Singapore 069915.

With effect from 26 July 2018, the name of the company was changed from Smartflex Holdings Ltd. to Asia Vets Holdings Ltd.

During the year, the Company acquired 100% of the issued and fully-paid shares in the capital of AVH Animal Ark Pte. Ltd., and AVH Animal Ark Pte. Ltd. became a wholly-owned subsidiary of the Company. The principal activity of the Company is investment holding. The principal activities of the subsidiary are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$"), except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017 for the Company level as the Company was deemed a cash company with no Group's operation in 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemption:

The comparative information does not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9. The requirements of its previous GAAP were applied to financial instruments up to the financial year ended 31 December 2017.

New accounting standards effective from 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

SFRS(I) 9 Financial Instruments (Continued)

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Upon adoption of SFRS(I) 9, there is no significant impact arising from recording of impairment on its financial assets based on expected credit loss model.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

SFRS(I)15 has no impact to the Group in prior years as the Company is deemed a cash company with no business operation in 2017 and only acquired the new business during the year.

The Group is in the business of providing veterinary services and sales of veterinary medicines and products. The key impact of adopting SFRS(I) 15 is detailed as follows:

Veterinary services and sales of veterinary medicines and products

Timing of revenue recognition

Under SFRS(I) 15, performance obligations from the veterinary services and sale of veterinary medicines and products are satisfied at the point in time, as the performance obligation have been satisfied after the services are completed and where the control of inventories are transferred to the customers.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*	Date to be determined**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

** The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC in December 2015 via Amendments to Effective Date of Amendment to SFRS(I) 10 and SFRS(I) 1-28

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquire (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's CGU that is expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations and goodwill (Continued)

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates.

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company and its subsidiary's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiary are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Veterinary and medical equipment	–	7 years
Office and other equipment	–	7 years
Furniture and fixtures	–	7 years
Computer and software	–	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit and loss.

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Investments in debt instruments

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

(i) Amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.10 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical roll rate of trade receivables and contract assets, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and fixed deposits that are highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Veterinarian supplies: purchase costs on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Employees benefits

(a) Defined contribution plan

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.15 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

(a) Veterinary services

The Group provides veterinary treatments to various kind of pets which include consultation and surgery & procedures.

Revenue from the rendering of services are recognised when the services are rendered to the customer at a point in time upon the completion of the services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.15 Revenue (Continued)

(b) Sales of veterinary medicines and products

Revenue from sale of veterinary medicines and products are recognised when control of the goods has been transferred to the customer at a point in time. Control is transferred upon the transfer of significant risk and rewards of ownership of the goods, which generally coincides with the delivery of goods.

The amount of revenue recognised is based on the contractual price and does not include variable consideration such as right of returns, refunds, trade discounts or volume rebates.

Interest income

Interest income is recognised using the effective interest method.

2.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”. Alternatively, they are deducted in reporting the related expenses.

2.17 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the end of the reporting period, in the country where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

(a) Current income tax (Continued)

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investment in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(b) Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.18 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 Segmental reporting

The Group operate in Singapore in one business segment, that of provision of veterinary services and sales of veterinary medicines and products to the customers in Singapore.

No geographical segment information has been prepared as the Group's assets and operations are all located in Singapore.

2.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Accounting for business combination

During the financial year ended 2018, the Group through, its subsidiary entered into an agreement with the Animal Ark Group in which the Group acquired the relevant businesses and assets from the Animal Ark Group. The Group has determined that the transaction is a business combination. Management performed a Purchase Price Allocation ("PPA") exercise by allocating the purchase price to various identifiable assets acquired from the business. Significant management judgement is required in assessing whether the transaction meets the definition of business combination. In addition, the management also exercised judgement in identifying and ascribing fair value to the acquired assets. Please refer to Note 10 for more details.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment assessment of goodwill

As disclosed in Note 12 to the financial statements, the recoverable amount of the CGU which goodwill has been allocated to is determined based on value in use calculation. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 12 to the financial statements.

The carrying amount of the goodwill as at 31 December 2018 is disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(b) Impairment of investment in a subsidiary

An impairment exists when the carrying value of an investment in a subsidiary exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the annual growth rate of the business, the budgeted gross profit margin, the discount rate and the terminal growth rate used for the discounted cash flow model. The carrying amount of the investment as at 31 December 2018 is disclosed in Note 10.

(c) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these plant and equipment as disclosed in Note 2.6. The carrying amounts of the Group's plant and equipment are disclosed in Note 9. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. Revenue

This represents revenue from rendering of veterinary services and sales of veterinary medicines and products.

	Group 2018 $
Veterinary services	856,525
Sales of veterinary medicines and products	602,502
Total revenue recognised at point in time	1,459,027

The revenues are all generated from a single operating segment in Singapore.

5. Other operating income

	Group 2018 $	Company 2017 $
Interest income from financial institutions	142,540	123,062
Government grants – Employment credit	2,730	732
Foreign exchange gain	378	–
	145,648	123,794

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Loss before tax

The following items have been included in arriving at loss before tax:

	Group 2018 $	Company 2017 $
Audit fees		
– Auditors of the Company	**80,000**	25,000
Non-audit fees		
– Auditors of the Company	**163,250**	75,750
Total audit and non-audit fees	**243,250**	100,750
Professional fees	**31,909**	474,446
Operating lease expense	**102,817**	–
Depreciation of plant and equipment	**52,636**	–
Inventories recognised as an expense in cost of sales	**290,697**	–
Foreign exchange (gain)/loss	**(378)**	1,401
Employee benefits expense:		
– Salaries and bonuses	**910,124**	331,950
– Directors' fees	**109,500**	109,500
– Employer's contributions to Central Provident Fund	**76,095**	23,282
Other expenses:		
– Transaction costs relating to the Acquisition (Note 7)	**1,925,881**	–
– Fair value adjustment on contingent consideration of business combination (Note 24)	**27,881**	–
	1,953,762	–

7. Transaction costs

	2018 $	2017 $
Cash-settled payment for professional services rendered	**895,881**	–
Equity-settled share based payment:		
– Arranger shares (Note 19(a))	**666,000**	–
– Bonus issue warrants (Note 19(b))	**229,000**	–
– Financial advisor shares (Note 19(a))	**135,000**	–
	1,925,881	–

On 8 September 2017, the Company entered into a Finders' Fee Arrangement and Consultancy Agreement with Tiger Equities Pte. Ltd. ("Tiger") and ZICO Capital Pte. Ltd. ("Zico"). Tiger introduced the business of the Animal Ark Group to the Company and arranged for the restructuring of the transaction while Zico provided the Company financial advisory services in connection with the acquisition (collectively known as the "services").

In consideration for Tiger and Zico providing the services, Tiger and Zico were entitled to the following:–

Arranger shares

Immediately upon completion of the acquisition, the Company issued 2,960,000 new ordinary shares, equivalent to $666,000, at a fair value of $0.225 per share to Tiger and Zico.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Transaction costs (Continued)

Bonus issue warrants

The Company issued 5,300,000 bonus issue warrants to Tiger at an issue price of $0.0001 per bonus issue warrant, each bonus issue warrant carrying the right to subscribe for one new share at an exercise price of $0.25 with an expiry date of 30 June 2020. The Company has engaged an external professional valuer to assess the fair value of the bonus issue warrants at acquisition date.

Financial advisor shares

The Company issued 600,000 new ordinary shares to Zico, equivalent to $135,000, at a fair value of S$0.225 per share.

8. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December are:

	Group 2018 $	Company 2017 $
Current income tax		
– Underprovision in respect of previous year	–	3,263
Deferred income tax		
– Origination temporary differences	20,798	–
Income tax expense recognised in profit or loss	20,798	3,263

(b) Relationship between tax expense and accounting loss

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the years ended 31 December are as follows:

	Group 2018 $	Company 2017 $
Loss before tax	(2,314,299)	(920,458)
Income tax at statutory rate of 17% (2017: 17%)	(393,431)	(156,478)
Adjustments:		
Non-deductible expenses	414,229	156,478
Under-provision in respect of previous years	–	3,263
Income tax expense recognised in profit or loss	20,798	3,263

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Income tax expense (Continued)

(c) Deferred taxation

Deferred income tax as at 31 December relates to the following:

	Group	Company			Group	Company
	Consolidated balance sheet				Consolidated statement of comprehensive income	
	31 December 2018 $	31 December 2018 $	31 December 2017 $	1 January 2017 $	31 December 2018 $	31 December 2017 $
Deferred tax liabilities:						
Differences in depreciation	(20,798)	–	–	–	20,798	–

9. Plant and equipment

	Veterinary and medical equipment $	Office and other equipment $	Computer and software $	Furniture and fixtures $	Total $
Group					
Cost:					
At 31 December 2017 and 1 January 2018	–	–	–	–	–
Acquisition of a subsidiary (Note 10)	458,667	–	6,647	7,915	473,229
Additions	–	5,565	–	10,103	15,668
At 31 December 2018	458,667	5,565	6,647	18,018	488,897
Accumulated depreciation:					
At 31 December 2017 and 1 January 2018	–	–	–	–	–
Charge for the year	46,809	290	881	4,656	52,636
At 31 December 2018	46,809	290	881	4,656	52,636
Net carrying amount:					
At 31 December 2017	–	–	–	–	–
At 31 December 2018	411,858	5,275	5,766	13,362	436,261

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Investment in a subsidiary

	Company 31 December 2018 $
Shares, at cost	100
Additional investment in a subsidiary*	1,660,470
Transaction costs relating to the acquisition (Note 7)	1,925,881
	3,586,451

* The additional investment arose from the difference between the transaction price and the fair value of the interest free loan to the subsidiary. The fair value of the loan is estimated by discounting future cash flows at prevailing market rate.

Name of subsidiary	Country of incorporation and principal place of business	Principal activities	Effective equity interest held by the Group		
			31 December 2018 %	31 December 2017 %	1 January 2017 %
Held by the Company					
AVH Animal Ark Pte. Ltd.	Singapore	Own and operate veterinary clinics	100%	–	–

Acquisition of a subsidiary

In 2017, the Company entered into a sale and purchase agreement with Hu Zhi Investments Limited (the "Vendor") and David Wendyl Karl Jenkins in relation to the acquisition of the entire issued share capital of AVH Animal Ark Pte. Ltd. (the "Subsidiary") ("Acquisition"). On 13 August 2018, the Subsidiary completed the Acquisition by obtaining a loan of $5,680,726 (Note 13) from the Company to finance the acquisition of the relevant businesses and assets (consisting of moveable plant and equipment, inventories and cash and cash equivalents) of the following entities.

(i) The Animal Ark (TCM) Pte. Ltd.;

(ii) The Animal Ark (Tampines) Pte. Ltd.;

(iii) The Animal Ark (Binjai) Pte. Ltd.;

(iv) The Animal Ark Pte. Ltd. (collectively, the "Animal Ark Group").

In consideration for the Acquisition, the Company shall pay to the Vendor, an aggregate purchase consideration of $9,300,000. The purchase consideration consists of 80% of initial payout and 20% of retention sum. The purchase consideration shall be fully satisfied by 70% in cash and 30% via the issuance and allotment of the Company's shares.

The initial payout and retention sum of the purchase consideration is as follows:

(a) Initial payout

(i) 56% of the purchase consideration to be settled via cash immediately upon completion; and

(ii) 24% of the purchase consideration to be paid via the issuance and allotment of the new shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Investment in a subsidiary (Continued)

Acquisition of a subsidiary (Continued)

(b) Retention sum

(i) 14% of the purchase consideration to be paid in cash and which shall be held in escrow by the Company for the retention period of 30 months after the completion date (the "Retention Period") and the average earnings before interest and tax (the "EBIT") determination period being 20 days after the expiry of the Retention Period (the "Average EBIT Determination Period"); and

(ii) 6% of the purchase consideration to be paid via the issuance and allotment of the new shares of the Company at an issue price based on the 10-day volume-weighted average price of the Company's shares prior to the 30-month anniversary of the completion date.

Contingent consideration arrangement

The retention sum will be adjusted based on the following adjustment mechanism:

(a) If the EBIT (on an annualised basis) derived from the business and assets of the Company over the Retention Period (the "Average EBIT") is less than the agreed EBIT as specified in the Sales and Purchase Agreement (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 Average EBIT Determination Period. The retention sum shall be adjusted downwards proportionately in accordance with the mechanism specified in the Sales and Purchase Agreement to reflect the lower EBIT, provided that in all circumstances, the amount to be adjusted shall be capped at the retention sum.

(b) 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 Sales and Purchase Agreement to account for any additional average EBIT (on an annualised basis) exceeding 105% of the Agreed EBIT.

On 13 August 2018, the goodwill amount has been computed based on the fair value of the identifiable assets of AVH Animal Ark Pte. Ltd., as follows:

	2018 $
Fair values of identifiable assets and liabilities	
Plant and equipment (Note 9)	473,229
Cash and cash equivalents	100,100
Inventories	89,966
Total identifiable net assets at fair value	663,295
Goodwill arising from acquisition	8,404,846
Total fair value of purchase consideration	9,068,141
Consideration transferred for the acquisition of business	
Consideration transferred on acquisition date	7,216,800
Contingent consideration payable	1,851,341
Total fair value of purchase consideration	9,068,141

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Investment in a subsidiary (Continued)

Acquisition of a subsidiary (Continued)

Consequently, the Group recorded a goodwill amount of $8,404,846 arising from the acquisition.

The effects of the acquisition on cash flows, as follows:

	2018 $
Effect of the acquisition on cash flows	
Total fair value of purchase consideration	9,068,141
Less:	
Contingent consideration payable	(1,851,341)
Non-cash consideration**	(2,008,800)
Cash and cash equivalents of subsidiary acquired	(100,100)
Net cash outflow on acquisition	5,107,900

** Non-cash consideration is the initial pay-out of the purchase consideration related to the Acquisition settled in shares which represents 8,928,000 shares with a fair value of $0.225 per share as at acquisition date.

Contingent consideration arrangement

The Company has engaged an external professional valuer to assess the contingent consideration at the date of completion of the acquisition and the contingent consideration payable is derived based on management's estimate of the Average EBIT (in accordance with the aforementioned adjustment mechanism) and discounted to net present value.

As at the acquisition date, the fair value of the contingent consideration is estimated at $1,851,341.

As at 31 December 2018, the fair value of the contingent consideration increased by $27,881 to $1,879,222. The fair value of the contingent consideration is calculated by applying the income approach using the probability-weighted payout approach at a discount rate of 5.33%. The fair value adjusted of the contingent consideration is recognised in the other expenses line item in the Group's profit or loss for the year ended 31 December 2018.

Impact of the acquisition on profit or loss

From the acquisition date, AVH Animal Ark Pte. Ltd. has contributed $1,459,027 of revenue and $49,877 of profit to the Group's loss for the year. If the business combination had taken place at the beginning of the year, the revenue would have been $3,890,739 and the Group's net loss would have been $2,185,302.

Goodwill arising from acquisition

The Acquisition allows the Group to enter into the veterinary industry in Singapore. The Group has engaged an independent professional valuer to perform a Purchase Price Allocation ("PPA"). As at 31 December 2018, the goodwill arising from the acquisition of AVH Animal Ark Pte. Ltd. has been determined to be $8,404,846 (Note 12). The goodwill comprises the value of strengthening the Group's market position in the veterinary industry in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Loss per share

Basic loss per share are calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The diluted loss per share is the same as the basic loss per share as the Company does not have any dilutive potential ordinary shares for the years ended 31 December 2018 and 2017.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group 2018 S$	Company 2017 S$
Loss for the year attributable to owners of the Company used in the computation of basic and diluted loss per share	**(2,335,097)**	(923,721)
Weighted average number of ordinary shares for basic and diluted loss per share computation	**131,264**	126,440
Basic loss per share (in S$ cents)	**(1.78)**	(0.73)
Diluted loss per share (in S$ cents)	**(1.78)**	(0.73)

The 5,300,000 bonus issue warrants issued on 13 August 2018 have not been included in the calculation of diluted loss per share because they are anti-dilutive.

12. Goodwill

	Group 2018 $
Cost:	
At beginning of the year	**–**
Acquisition of a subsidiary (Note 10)	**8,404,846**
At end of the year	**8,404,846**

Impairment testing of goodwill

Goodwill acquired from the Acquisition has allocated to one CGU, AVH Animal Ark Pte. Ltd., for impairment testing. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projections beyond five-year period are as follows:

	2018
Growth rate	**0.50%**
Budgeted gross margin	**50% to 54%**
Pre-tax discount rate	**10.50%**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Goodwill (Continued)

Impairment testing of goodwill (Continued)

Key assumptions used in the value in use calculations

The calculations of value in use are most sensitive to the following assumptions:

Growth rates – The forecasted growth rates are based on industry research and do not exceed the long-term average growth rate for the industry relevant to the CGU.

Budgeted gross margin – Gross margins are based on values targeted to be achieved over the five-year period.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the veterinary business, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

13. Amount due from a subsidiary

This represent the loan obtained from the Company to finance the Acquisition (Note 10). Amount due from subsidiary is unsecured, interest-free and repayable in August 2023. All amounts are expected to be settled in cash.

14. Inventories

	Group 31 December 2018 $	31 December 2018 $	Company 31 December 2017 $	1 January 2017 $
Balance sheets				
Veterinarian supplies	103,771	–	–	–
Consolidated statement of comprehensive income				
Inventories recognised as an expense in cost of sales	290,697	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. Trade and other receivables

	Group 31 December 2018 $	31 December 2018 $	Company 31 December 2017 $	1 January 2017 $
Trade receivables	**10,598**	**–**	–	–
Interest receivable from financial institutions	**18,169**	**18,169**	115	1,470
Sundry deposits	**49,600**	**–**	–	–
Other receivables	**7,622**	**–**	300,521	1,956,000
Total trade and other receivables	**85,989**	**18,169**	300,636	1,957,470
Add:				
Cash and bank deposits (Note 16)	**11,947,521**	**11,480,914**	748,280	2,722,838
Restricted deposits (Note 16)	**–**	**–**	17,290,766	15,571,164
Amount due from a subsidiary	**–**	**5,680,726**	–	–
Total financial assets carried at amortised cost	**12,033,510**	**17,179,809**	18,339,682	20,251,472

Trade receivables

Trade receivables are unsecured, non-interest bearing and are normally settled on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Expected credit losses

No allowance for expected credit losses are recognised as all the amount have been collected in March 2019.

16. Cash and cash equivalents

	Group 31 December 2018 $	31 December 2018 $	Company 31 December 2017 $	1 January 2017 $
Cash at banks	**1,903,906**	**1,437,299**	333,431	209,610
Fixed deposits with banks	**10,043,615**	**10,043,615**	414,849	2,513,228
Cash and bank deposits	**11,947,521**	**11,480,914**	748,280	2,722,838
Restricted deposits	**–**	**–**	17,290,766	15,571,164
Less:				
Restricted deposits	**–**	**–**	(17,290,766)	(15,571,164)
Cash and cash equivalents in statement of cash flows	**11,947,521**	**11,480,914**	748,280	2,722,838

Cash at banks

Cash at banks earns interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. Cash and cash equivalents (Continued)

Fixed deposits with banks

Fixed deposits with banks are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2018 for the Group was 1.48% (2017: 0.69%).

Restricted deposits

Restricted deposits represent cash held in an escrow account which bears interest at 0.7% per annum. Upon disposal of its subsidiaries, and in accordance with the rules of the SGX-ST, the Company placed approximately 90% of its total cash balance in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore. The amount that is placed in the escrow account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the Singapore Stock Exchange's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders. Upon completion of the acquisition of AVH Animal Ark Pte. Ltd. in 2018, the escrow account was closed and the full amount has been transferred to the Company's current bank account.

Included in cash and cash equivalents at 31 December are the following foreign currency denominated balances:

	Group		Company	
	31 December 2018 $	31 December 2018 $	31 December 2017 $	1 January 2017 $
United States Dollar	**13,643**	**13,643**	13,385	–

17. Trade payables

	Group		Company	
	31 December 2018 $	31 December 2018 $	31 December 2017 $	1 January 2017 $
Trade payables	**103,721**	**–**	–	–

Trade payables are non-interest bearing and are normally settled on 1 to 60 days' terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Other payables and accruals

	Group 31 December 2018 $	31 December 2018 $	Company 31 December 2017 $	1 January 2017 $
Non-current:				
Other payable	**1,879,222**	**–**	–	–
Total financial liabilities carried at fair value through profit or loss	**1,879,222**	**–**	–	–
Current:				
Accrued operating expenses	**355,731**	**143,350**	452,081	176,774
Other payables	**31,547**	**14,044**	133	–
GST payables, net	**50,810**	**–**	–	–
Total financial liabilities carried at amortised cost	**438,088**	**157,394**	452,214	176,774

Non-current other payable relates to the contingent consideration payable at the end of the retention period (Note 10). As part of the acquisition of Animal Ark Group business, a contingent consideration has been agreed. This consideration is dependent on EBIT derived from the business during a 30 month retention period. The fair value at the acquisition date was $1,851,341. The consideration is due for final measurement and payout to the former business owners in February 2021.

Other payables – current are non-interest bearing and are normally settled on 30 to 60 days' term.

19. Share capital and reserves

(a) Share capital

	2018		2017	
	No. of shares '000	$	No. of shares '000	$
At 1 January	**126,440**	**17,970,919**	126,440	17,970,919
Issue for acquisition of a subsidiary (Note 7 & 10)	**12,488**	**2,809,800**	–	–
Share issuance expense	**–**	**(4,000)**	–	–
At 31 December	**138,928**	**20,776,719**	126,440	17,970,919

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. The ordinary shares have no par value.

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19. Share capital and reserves (Continued)

(b) Capital reserve

The Company issued 5,300,000 bonus issue warrants at an issue price of $0.0001 per bonus issue warrant, each bonus issue warrant carrying the right to subscribe for one new share at an exercise price of $0.25. The bonus issue warrants will expire on 30 June 2020.

Capital reserve represents the value ascribed to the bonus issue warrants and will be transferred to the share capital account when the bonus issue warrants are exercised. The balance as at year end is net of subscription fee and issuance expenses. As at 31 December 2018, no warrants were exercised and converted into ordinary shares of the Company.

(c) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the prior year financial statements to the Company's functional currency for comparative purposes. The Company changed its presentation currency on 1 January 2017.

20. Related party transactions

	Group		Company	
	31 December 2018 $	31 December 2018 $	31 December 2017 $	1 January 2017 $
Compensation of key management personnel				
Short-term employee benefits	**481,694**	**193,961**	331,950	997,070
Central Provident Fund contributions	**33,267**	**12,933**	23,282	58,753
	514,961	**206,894**	355,232	1,055,823
Comprise amounts paid to:				
Directors	**312,240**	**169,092**	314,340	590,666
Other key management personnel	**202,721**	**37,802**	40,892	465,157
	514,961	**206,894**	355,232	1,055,823

21. Commitments

Operating lease commitments – as lessee

The Group has operating lease commitments with respect to the rental of office and clinics. These leases have an average tenure of between one to three years (31 December 2017: not applicable, 1 January 2017: not applicable). There are no restrictions placed upon the Group by entering into these leases.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2018 amounted to $102,817 (2017: $ Nil).

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21. Commitments (Continued)

Operating lease commitments – as lessee (Continued)

Future minimum rental payable under non-cancellable operating lease (excluding land lease rights) at the end of the reporting period are as follows:

	Group		
	31 December 2018 $	31 December 2017 $	1 January 2017 $
Not later than 1 year	272,400	–	–
Later than 1 year but not later than 5 years	337,400	–	–
	609,800	–	–

22. Dividends

	Group 2018 S$	Company 2017 S$
Declared and paid during the financial year		
Final exempt (one-tier) dividend for 2016: S$0.01 per ordinary share	–	1,264,400

23. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, credit risk, interest rate risk and liquidity risk. The management reviews and agrees policies and procedures for managing each of these risks. It is, and has been throughout the period under review, the Group and the Company's policy that no trading in derivative financial instruments shall be undertaken. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

The Group's exposure to foreign exchange risk mainly arises from balances that are denominated in a currency other than the functional currency. The currency giving rise to this risk is primarily the USD (2017: USD).

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23. Financial risk management objectives and policies (Continued)

(a) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of 1% (2017: 1%) change in USD (2017: USD) exchange rates against the respective functional currency, with all other variables held constant, on the Group's loss after tax.

	(Increase)/decrease Loss before tax	
	2018	2017
	$	$
USD against SGD		
– Strengthened	**(136)**	(133)
– Weakened	**136**	133

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, receivable balances are monitored on an ongoing basis by the Group.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 30 days' when they fall due, which are derived based on the Group's historical information. A significant increase in credit risk is presumed if a debtor is more than 30 days' past due in making contractual payment.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 30 days' past due. Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engagement in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

(i) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to years past due. The loss allowance as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

31 December 2018	Gross carrying amount $	Loss allowance provision $
Trade receivables		
Current	7,476	–
1 to 30 days	360	–
31 to 60 days	504	–
More than 60 days	2,258	–
Total	10,598	–

Based on the expected credit losses assessment, there is no trade receivables that are impaired at the end of the reporting period.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

At the end of the reporting period, approximately 43% (31 December 2017: nil, 1 January 2017: nil) of the Group's trade receivables were due from 3 (31 December 2017: nil, 1 January 2017: nil) major customers located in the Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents and financial assets (current) that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Financial risk management objectives and policies (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing bank deposits.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of interest rates by 50 (2017: 50) basis points lower/higher with all other variables held constant on the Group's loss after tax as a result of change in interest rates on floating rate bank balances.

	(Increase)/decrease Loss before tax	
	2018 $	2017 $
Increase by 50 basis points (2017: 50 basis points)	**50,218**	2,074
Decrease by 50 basis points (2017: 50 basis points)	**(50,218)**	(2,074)

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company monitors and maintains sufficient cash and cash equivalents and continued financial support from shareholders to meet its liquidity requirements. All financial assets and financial liabilities are repayable on demand or due within 1 year from the end of the reporting period and are non-interest bearing.

Analysis of financial instruments by remaining contractual maturities

The table below summarizes the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

	One year or less 2018 $	More than one year 2018 $	Total 2018 $
Group			
Financial assets:			
Trade and other receivables (exclude sundry deposits)	36,389	–	36,389
Cash and cash equivalents	11,947,521	–	11,947,521
Total undiscounted financial assets	11,983,910	–	11,983,910
Financial liabilities:			
Trade payables	103,721	–	103,721
Other payables and accruals (exclude GST payable, net)	387,278	1,879,222	2,266,500
Total undiscounted financial liabilities	490,999	1,879,222	2,370,221
Total net undiscounted financial assets/(liabilities)	11,492,911	(1,879,222)	9,613,689

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Financial risk management objectives and policies (Continued)

(d) Liquidity risk (Continued)

	One year or less 2018 $	More than one year 2018 $	Total 2018 $
Company			
Financial assets:			
Trade and other receivables (exclude sundry deposits)	18,169	5,680,726	5,698,895
Cash and cash equivalents	11,480,914	–	11,480,914
Total undiscounted financial assets	11,499,083	5,680,726	17,179,809
Financial liability:			
Other payables and accruals (exclude GST payable, net)	157,394	–	157,394
Total undiscounted financial liability	157,394	–	157,394
Total net undiscounted financial assets	11,341,689	5,680,726	17,022,415

	One year or less 2017 $
Company	
Financial assets:	
Trade and other receivables (exclude sundry deposits)	300,636
Cash and cash equivalents	18,039,046
Total undiscounted financial assets	18,339,682
Financial liability:	
Other payables and accruals	452,214
Total undiscounted financial liability	452,214
Total net undiscounted financial assets	17,887,468

24. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Fair value of assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		31 December 2018 Fair value measurements at the end of reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Non-current liability – Other payable	18	–	–	1,879,222	1,879,222
Financial liability as at 31 December 2018		–	–	1,879,222	1,879,222

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December 2018 $	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
At FVPL				
Contingent consideration	1,879,222	Discounted cash flow	Probability of meeting contractual earnings target	5% to 100%

For contingent consideration, a significant increase/(decrease) in the probability of meeting the contractual earnings target would result in significantly higher (lower) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Fair value of assets and liabilities (Continued)

(c) Level 3 fair value measurements (Continued)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (Continued)

The following table shows the impact on the level 3 fair value measurement of liability that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	31 December 2018		
		Effect of reasonably possible alternative assumptions	
	Carrying amount $	Profit or loss $	Other comprehensive income $
Recurring fair value measurement At FVPL			
Contingent consideration	1,879,222	182,890	–

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement.

For contingent consideration for business combination, the Group adjusted the probability of meeting the contractual earnings target by increasing and decreasing assumption by 10%.

(ii) Movement in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 31 December 2018 Fair value measurements using significant unobservable inputs (Level 3)	
	Contingent consideration $	Total $
Arising from acquisition of business	1,851,341	1,851,341
Total loss for the period		
Included in profit or loss	27,881	27,881
Closing balance	1,879,222	1,879,222
Total loss for the period included in profit or loss		
– Other expenses		
Fair value adjustment of contingent consideration of business combination	27,881	27,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Fair value of assets and liabilities (Continued)

(c) Level 3 fair value measurements (Continued)

(iii) Valuation policies and procedures

The Group's Chief Financial Officer (CFO) oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For significant financial reporting valuations, the Group engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Amount due from a subsidiary (Note 13), trade and other receivables (Note 15), cash and cash equivalents (Note 16), trade payables (Note 17) and other payables and accruals (Note 18).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

25. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2018.

26. Authorisation of financial statements

The audited financial statements as at and for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of directors on 29 March 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2019

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	S$21,092,919
Number of Issued Shares	:	138,928,002
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Number of Treasury Shares	:	Nil
Number of Subsidiary Holdings	:	Nil

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 13 March 2019)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	No. of Shares	%	No. of Shares	%
Tan Gee Beng Private Limited	57,139,331	41.13	–	–
Tan Tong Guan[1]	565,001	0.41	57,139,331	41.13
Tan Geok Moey[1]	–	–	57,139,331	41.13
Tan Yoke Hong[1]	–	–	57,139,331	41.13
Tan Ah Chew[2]	8,845,000	6.37	290,000	0.21
Lin Chung Chieh Eugene (Lin Zhongjie Eugene)[3]	3,906,000	2.81	3,906,000	2.81
Poh E-lynn Elaine (Fu Yilin Elaine)[3]	3,906,000	2.81	3,906,000	2.81

Notes:–

(1) Each of Mr Tan Tong Guan, Ms Tan Geok Moey and Ms Tan Yoke Hong is deemed to have an interest in the 57,139,331 shares held by Tan Gee Beng Private Limited by virtue of Section 7 of the Companies Act, Cap. 50.

(2) Mr Tan Ah Chew is deemed to have an interest in the 290,000 shares held by his spouse.

(3) Dr Lin Chung Chieh Eugene (Lin Zhongjie Eugene) is deemed to have an interest in the 3,906,000 shares held by his spouse, Ms Poh E-lynn Elaine (Fu Yilin Elaine) and vice versa.

SHAREHOLDINGS IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 13 March 2019 and to the best knowledge of the Directors of the Company, approximately 45.46% of the issued ordinary shares of the Company are held in the hands of the public, as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"). Accordingly, the Company is in compliance with Rule 723 of the Catalist Rules, which requires at least 10% of the equity securities to be in the hands of the public.

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.27	82	0.00
100 – 1,000	131	35.79	123,600	0.09
1,001 – 10,000	105	28.69	676,300	0.49
10,001 – 1,000,000	116	31.70	15,571,517	11.21
1,000,001 AND ABOVE	13	3.55	122,556,503	88.21
TOTAL	**366**	**100.00**	**138,928,002**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN GEE BENG PRIVATE LTD	57,139,331	41.13
2	UOB KAY HIAN PRIVATE LIMITED	30,272,271	21.79
3	TAN AH CHEW	8,845,000	6.37
4	LIN CHUNG CHIEH EUGENE (LIN ZHONGJIE EUGENE)	3,906,000	2.81
5	POH E-LYNN ELAINE (FU YILIN ELAINE)	3,906,000	2.81
6	NG ENG SENG	3,480,001	2.50
7	RHB SECURITIES SINGAPORE PTE. LTD.	3,166,000	2.28
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,540,000	1.83
9	TAN BOON KIAT VINCENT (CHEN WENJIE VINCENT)	2,511,800	1.81
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,016,800	1.45
11	TAN WAN LING (CHEN WANREN)	1,750,000	1.26
12	TAN HOW KIAT JASON	1,678,300	1.21
13	DBS NOMINEES (PRIVATE) LIMITED	1,345,000	0.97
14	LI HUNG	750,000	0.54
15	LOW EE HWEE	750,000	0.54
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	727,500	0.52
17	TAN CHIEW KUI	650,000	0.47
18	LOW SEE CHING (LIU SHIJIN)	600,000	0.43
19	TAN TONG GUAN	565,001	0.41
20	TAN KOON HUA (CHEN KUNHUA)	490,000	0.35
	TOTAL	**127,089,004**	**91.48**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ASIA VETS HOLDINGS LTD. (the "**Company**") will be held at NUSS Suntec City Guild House, 3 Temasek Boulevard (Tower 5), #02-401/402 Suntec City, Singapore 038983 on Thursday, 25 April 2019 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018, together with the Auditor's Report thereon.

   (Resolution 1)

2. To re-elect Mr Tan Tong Guan, a Director of the Company who is retiring pursuant to Regulation 91 of the Constitution of the Company, and who, being eligible, offer himself for re-election, as a Director of the Company.

   [See Explanatory Note (i)] **(Resolution 2)**

3. To note the retirement of Mr Chan Kum Kit as a Director of the Company.

4. To approve the payment of Directors' fees of S$109,500 for the financial year ended 31 December 2018 (2017: S$109,500).

   (Resolution 3)

5. To re-appoint Messrs Ernst & Young LLP, Public Accountants and Chartered Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 4)

6. 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, with or without any modifications, the following resolution as an Ordinary Resolution:

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act (Cap. 50) and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

NOTICE OF ANNUAL GENERAL MEETING

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) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) 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 to be issued other than on a *pro-rata* basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted 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);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total 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 any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority 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 5)**

By Order of the Board

Chew Kok Liang
Company Secretary
Singapore, 10 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Tan Tong Guan will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company. Please refer to pages 15 to 19 of the Report on Corporate Governance in the Annual Report 2018 for the detailed information as required pursuant to Rule 720(5) of the Catalist Rules. Save as disclosed therein, there are no material relationships (including immediate family relationships) between Mr Tan Tong Guan and the other Directors of the Company, the Company or its 10% shareholders.

(ii) Ordinary Resolution 5 in item 7 above, if passed, will empower the Directors of the Company, effective 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, or such authority is revoked or varied 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, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro-rata* basis to shareholders of the Company.

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 any convertible securities, or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 95 Amoy Street, Singapore 069915 not less than seventy-two (72) hours before the time appointed for holding the AGM of the Company.

4. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this notice.

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

   The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 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 (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company 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 or service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

ASIA VETS HOLDINGS LTD.

(formerly known as Smartflex Holdings Ltd.)

(Incorporated in the Republic of Singapore)

(Company Registration No. 201003501R)

IMPORTANT:

1. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") may attend and cast his/her vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name) _____ (NRIC/Passport No.) _____

of _____

being a member/members of Asia Vets Holdings Ltd. (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company (the "**Meeting**") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Meeting to be held at NUSS Suntec City Guild House, 3 Temasek Boulevard (Tower 5), #02-401/402 Suntec City, Singapore 038983 on Thursday, 25 April 2019 at 3.00 p.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/their discretion.

All Resolutions put to vote at the Meeting shall be decided by way of poll.

No.	**Resolutions relating to:**	**No. of votes 'For'***	**No. of votes 'Against'***
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018, together with the Auditor's Report thereon		
2	Re-election of Mr Tan Tong Guan as a Director of the Company		
3	Approval of payment of Directors' fees of S$109,500 for the financial year ended 31 December 2018		
4	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authority to Directors of the Company to fix their remuneration		
5	Authority to issue shares		

* *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 _____ 2019

Total no. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature of Member(s)
and/or Common Seal of Corporate Member

* Delete where inapplicable

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 (other than a Relevant Intermediary*) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.

3. Where a member of the Company (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

5. Subject to note 9 below, completion and return of this instrument appointing a proxy or proxies shall not preclude a member of the Company from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company 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 95 Amoy Street, Singapore 069915 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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 common 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 of the Company 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, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

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

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore 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 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, 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 of the Company, being the appointor, is not shown to have Shares entered against his/her 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 of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Tong Guan	Executive Chairman & CEO
Tan Geok Moey	Non-Executive Director
Teo Yi-Dar	Lead Independent Director
Chan Kum Kit	Independent Director

AUDIT COMMITTEE

Teo Yi-Dar	Chairman
Tan Geok Moey	Member
Chan Kum Kit	Member

NOMINATING COMMITTEE

Chan Kum Kit	Chairman
Teo Yi-Dar	Member
Tan Geok Moey	Member

REMUNERATION COMMITTEE

Chan Kum Kit	Chairman
Teo Yi-Dar	Member
Tan Geok Moey	Member

COMPANY SECRETARY

Chew Kok Liang

REGISTERED OFFICE

95 Amoy Street
Singapore 069915
Tel: (65) 6253 3540
Fax: (65) 6253 3591
Email: general@asiavets.com
Website: www.asiavets.com

SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

SPONSOR

ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Yeow Hui Cheng
(a member of the Institute of Singapore Chartered Accountants)
(date of appointment: since financial year ended 31 December 2016)

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad
United Overseas Bank Limited

ASIA VETS HOLDINGS LTD.
(Company Registration No. 201003501R)
95 Amoy Street,Singapore 069915
T: + 65 6253 3540 F: + 65 6253 3591