

PROPOSED ACQUISITION OF GRACE HEALTH GROUP LIMITED

1. INTRODUCTION

The board of directors (the “**Board**”) of Swing Media Technology Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on 19 August 2016 in relation to the entry by the Company into a non-binding memorandum of understanding with Total Victor Global Limited (the “**Vendor**”), pursuant to which the Company shall acquire 100% of the issued share capital (the “**Sale Shares**”) of Grace Health Group Limited (the “**Target Company**”) from the Vendor.

The Board wishes to announce that the Company had, on 19 February 2017, entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the Vendor to acquire the Sale Shares of the Target Company from the Vendor (the “**Proposed Acquisition**”).

The Proposed Acquisition constitutes a “Very Substantial Acquisition” transaction pursuant to Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to, amongst others, the approval of the SGX-ST and the approval of the shareholders of the Company (the “**Shareholders**”) at a special general meeting (the “**SGM**”) to be convened.

2. THE PROPOSED ACQUISITION

2.1 Information on the Target Company

The Target Company is a company incorporated in the British Virgin Islands, and as at the date of this announcement, holds 90% of the shareholding interest in Grace Health Australia Pty Ltd (“**Grace Health (Australia)**”), a company incorporated in Australia and 100% of the shareholding interest in Grace Health International Limited (“**Grace Health (Hong Kong)**”), a company incorporated in Hong Kong. The Target Company and its subsidiaries (each, a “**Target Group Company**”, and collectively, the “**Target Group Companies**” or the “**Target Group**”) are principally engaged in the business of producing and exporting wagyu beef in Australia to the Greater China Region.

Upon completion of a restructuring exercise, Grace Health (Australia) will own a total area of approximately 200 square kilometres feeding approximately 7,000 top quality wagyu cattle in Queensland, Australia (the “**Restructuring Exercise**”). Moving forward, produce will be sold both domestically and exported globally, including the market in the Greater China Region.

Grace Health (Hong Kong) is principally involved in the marketing of wagyu beef in Asia, and enters into sale and purchase agreements for the purchase of wagyu beef with customers in Asia. Customers of Grace Health (Hong Kong) include a Chinese state-owned enterprise.

Please refer to **Appendix A** of this announcement for an illustration of the enlarged Group upon the completion of the Proposed Acquisition.

2.2 Information on the Vendor

The Vendor is incorporated in the British Virgin Islands, and is the investment holding company of Mr. Li Shao Qiang. Mr. Li Shao Qiang is the sole legal and beneficial shareholder of the Vendor. Mr. Li Shao Qiang is a citizen of the People's Republic of China and a businessman/investor.

2.3 Consideration

2.3.1 Consideration

Subject to paragraph 2.4.2 below, the aggregate consideration for the Proposed Acquisition is A\$115,000,000 (the “**Consideration**”) which shall be satisfied in the following manner:

- (a) A\$90,000,000 by way of payment in cash on the completion date of the Proposed Acquisition (the “**Completion Date**”);
- (b) A\$10,000,000 by way of issuance of convertible bonds by the Company (the “**A\$10 million Convertible Bonds**”) in favour of the Vendor on the Completion Date. The conversion price of the A\$10 million Convertible Bonds shall be at a 20% premium to the volume weighted average price of the Shares for the five (5) business days immediately preceding the date on which the agreement(s) in respect of the issuance of the A\$40,000,000 convertible bonds pursuant to the Fundraising Activities (as defined in paragraph 2.6 below) (the “**A\$40 million Convertible Bonds**”) in aggregate to the controlling shareholder of the Company, Mr. Hui Yan Moon (the “**Controlling Shareholder**”), and such third party investors unrelated to the Controlling Shareholder and the Vendor are entered into (the “**Bond Subscription Agreements**”). For the purpose of this announcement, all of the convertible bonds to be issued by the Company pursuant to the Proposed Acquisition shall hereinafter be collectively referred to as the “**Convertible Bonds**”; and
- (c) A\$15,000,000 by way of payment in cash on the business day immediately following the date falling one (1) year from the Completion Date, or constitute such debt owing to the Vendor.

2.3.2 Source of Funds

The Consideration shall be funded by a combination of proceeds raised from the Fundraising Activities (as defined in paragraph 2.6 below), bank loans and the Group's internal resources.

2.4 Earn-Out Consideration

2.4.1 In addition and subject to the following, the Company shall pay the Vendor a sum of up to A\$45,000,000 (the “**Earn-Out Consideration**”) which shall be satisfied in the following manner:

- (a) the first tranche earn-out consideration (the “**First Tranche Earn-out Consideration**”) by way of payment in cash, issuance of such number of new Shares and/or Convertible Bonds in favour of the Vendor on the business day immediately following the date falling three (3) months from the date of the audited accounts of the Target Group for the financial year ending 31 March 2018 and to be determined based on the net profit after tax of the Target Group for the financial year ending 31 March 2018 (the “**FY2018 NPAT**”). The First Tranche Earn-out Consideration shall be computed as follows:
 - (i) where the FY2018 NPAT is equal to or more than A\$10,000,000, the First Tranche Earn-out Consideration shall be A\$20,000,000; or
 - (ii) where the FY2018 NPAT is less than A\$10,000,000, the First Tranche Earn-out Consideration shall be computed as follows:

$$\text{First Tranche Earn-out Consideration} = \frac{\text{FY2018 NPAT}}{\text{A\$10,000,000}} \times \text{A\$20,000,000}$$

Subject to paragraph 2.4.2 below, the Company shall have the sole right to determine the exact number and basis of allocation of cash, new Shares and/or Convertible Bonds.

Should the Company elect to issue new Shares, the issue price of the new Shares shall be equal to the volume weighted average price of the Shares for the five (5) business days immediately preceding the date on which the placement agreement(s) pursuant to the Fundraising Activities (as defined in paragraph 2.6 below) (the “**Placement Agreement(s)**”) in respect of the placement shares to be issued to third party investors unrelated to the Controlling Shareholder and the Vendor are entered into.

Should the Company elect to issue convertible bonds pursuant to the First-Tranche Earn-out Consideration, the conversion price of the Convertible Bonds shall be at a 20% premium to the volume weighted average price of the Shares for the five (5) business days immediately preceding the date on which the Bond Subscription Agreements are entered into.

- (b) the second tranche earn-out consideration (the “**Second Tranche Earn-out Consideration**”) by way of payment in cash, issuance of such number of new Shares and/or Convertible Bonds in favour of the Vendor on the business day immediately following the date falling three (3) months from the date of the audited accounts of the Target Group for the financial year ending 31 March 2019 and to be determined based on the net profit after tax of the Target Group for the financial year ending 31 March 2019 (the “**FY2019 NPAT**”). The Second Tranche Earn-out Consideration shall be computed as follows:

- (i) where the FY2019 NPAT is equal to or more than A\$15,000,000, the Second Tranche Earn-out Consideration shall be A\$25,000,000; or
- (ii) where the FY2019 NPAT is less than A\$15,000,000, the Second Tranche Earn-out Consideration shall be computed as follows:

$$\text{Second Tranche Earn-out Consideration} = \frac{\text{FY2019 NPAT}}{\text{A\$15,000,000}} \times \text{A\$25,000,000}$$

Subject to paragraph 2.4.2 below, the Company shall have the sole right to determine the exact number and basis of allocation of cash, new Shares and/or Convertible Bonds.

Should the Company elect to issue new Shares, the issue price of the new Shares shall be equal to the volume weighted average price of the Shares for the five (5) business days immediately preceding the date on which the Placement Agreement(s) are entered into.

Should the Company elect to issue convertible bonds pursuant to the Second-Tranche Earn-out Consideration, the conversion price of the Convertible Bonds shall be at a 20% premium to the volume weighted average price of the Shares for the five (5) business days immediately preceding the date on which Bond Subscription Agreements are entered into.

2.4.2 The issuance of new Shares and/or Convertible Bonds to the Vendor as payment or part payment of the Consideration and Earn-Out Consideration shall not result in the Vendor holding and/or have the right to convert and/or hold 15% of the enlarged share capital of the Company at any point in time. To prevent a change of control in the Company, as and when the other subscribers of the Convertible Bonds exercise their right of conversion of the Convertible Bonds, the Controlling Shareholder shall also exercise his right of conversion to the same aggregate principal amount of Convertible Bonds as such subscribers of the Convertible Bonds, up to the full value of such Convertible Bonds which he has subscribed for.

2.4.3 The Company and the Vendor agree that:

- (i) the Consideration of A\$115,000,000 to be paid by the Company to the Vendor under the Sale and Purchase Agreement has been arrived at on a willing-buyer and willing-seller basis; and
- (ii) the Earn-Out Consideration of up to A\$45,000,000 is to encourage the Vendor to perform, akin to bonuses payable to the Vendor for achieving good results, which will benefit both the Company and the Vendor, and align the Company's and the Vendor's interests for the two (2) years immediately following the completion of the Proposed Acquisition,

after taking into consideration, amongst others, the preliminary valuation of the Target Group's equity interest of A\$222,000,000 based on discounted cash flow approach and the expected high demand for wagyu beef and potential growth in the export of wagyu beef from Australia in the People's Republic of China.

Pursuant to Rule 1015(2) of the Listing Manual, Crowe Howarth (HK) Consulting & Valuation Limited has been appointed as the independent valuer to value the business of the Target Group.

2.4.4 Subject to paragraph 2.4.2 herein, the issuance of new Shares and/or Convertible Bonds to the Vendor in accordance with paragraphs 2.3.1 and 2.4.1 herein, shall be subject to specific approval of the Shareholders at the SGM. Such Shares to be issued and allotted shall be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distribution (if any) the record date of in respect of which falls on or before the date of issue of such Shares.

2.5 Very Substantial Acquisition

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 September 2016 and the *pro forma* financial statements of the Target Group for the period from 1 October 2015 up to 30 September 2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Listing Manual of the SGX-ST (the "**Listing Manual**") are as follows:

1.	Rule 1006(a)	
	Net asset value of the asset to be disposed of	Not applicable to an acquisition of assets.
	Net asset value of the Group	
	Relative figure	
2.	Rule 1006(b)	
	Net profit ⁽¹⁾ attributable to the Target Group	HK\$1,196,000 ⁽²⁾
	Net profit ⁽¹⁾ attributable to the Group	HK\$72,983,000 ⁽³⁾
	Relative figure	1.64%
3.	Rule 1006(c)	
	Aggregate value of the consideration given	HK\$678,500,000 ⁽⁵⁾
	Market capitalisation of the Company as at 16 February 2017, being the last market day on which shares of the Company were traded preceding the date	HK\$172,647,000 ⁽⁶⁾

	of the Sale and Purchase Agreement ⁽⁴⁾	
	Relative figure	393.00%
4.	Rule 1006(d)	
	Number of Shares to be issued by the Company as consideration for the Proposed Acquisition	18,210,000 ⁽⁷⁾
	Number of Shares in issue as at this date of this announcement	53,286,009 ⁽⁸⁾
	Relative figure	34.17%
5.	Rule 1006(e)	
	Aggregate volume or amount of proven and probable reserves to be disposed of	Not applicable as it is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.
	Aggregate volume or amount of the Group's proven and probable reserves	
	Relative figure	

Notes:

- (1) For the purpose of computation of these figures, “*net profits*” means profit or loss before income tax, minority interests and extraordinary items.
- (2) The Target Group earned a net profit of approximately HK\$897,000 for the nine (9) months from 1 January 2016 to 30 September 2016. On the assumption that the Target Group earns a net profit of approximately HK\$299,000 for each quarter for the financial year ended 31 March 2016, the estimated net profit of the Target Group for the financial year ended 31 March 2016 would be approximately HK\$1,196,000.
- (3) The net profit attributable to the Group is based on the Group's net profit of approximately HK\$30,670,000 for the six (6) months from 1 October 2015 to 31 March 2016, and the Group's net profit of approximately HK\$42,313,000 for the six (6) months from 1 April 2016 to 30 September 2016.
- (4) The total number of issued shares is determined based on the assumption that 8,549,997 new Shares are issued at a placement price of S\$0.60 per placement Share pursuant to the placement agreements dated 23 January 2017 entered into between the Company with each of Choy Hung Yuen, Ching Hang Fai, Charlton Global Limited, Sino Charm International Limited, Century Great Investment Limited, Lai Wing Keung and Mak Kwok Leung (the “**2017 Placement**”).
- (5) The Consideration of A\$115,000,000 is based on an exchange rate of A\$1:HK\$5.90 as at 16 February 2017.
- (6) Assuming the completion of the 2017 Placement and an estimated net proceeds of S\$5,100,000 from the 2017 Placement, the Company's market capitalisation of approximately HK\$172,647,000 is based on its total number of issued Shares of 53,286,009 Shares and the volume weighted average price of S\$0.60 per Share on 16 February 2017, being the last trading day for the Shares prior to the date of the Sale and Purchase Agreement, and based on the exchange rate of HK\$5.40:S\$1.00 as at 16 February 2017.
- (7) As the Placement Agreement(s) have yet to be entered into, the Company has assumed for the purposes of this Announcement, the issuance of the new Shares pursuant to the Fundraising Activities is determined based on the assumption that the aggregate value of the consideration Shares to be issued is A\$10,000,000 at A\$0.5491 per new Share, computed based on the volume weighted average price of the Shares for the last five (5) business days immediately preceding the date of the Sale and Purchase Agreement and based on the exchange rate of A\$1: S\$1.0926 as at 16 February 2017.
- (8) The number of equity securities previously in issue is determined based on the assumption that 8,549,997 new Shares are issued at a placement price of S\$0.60 per placement Share pursuant to the 2017 Placement.

As the relative figure computed under Rule 1006(c) of the Listing Manual exceeds 100% and the Proposed Acquisition will not result in a change in control of the Company as Mr. Hui Yan Moon will continue to be the controlling shareholder of the Company, the Proposed Acquisition constitutes a “Very Substantial Acquisition” as defined under Rule 1015 of the Listing Manual. Accordingly, the Proposed Acquisition shall be conditional upon, amongst others, the approval of the SGX-ST and the approval of the Shareholders at a SGM to be convened.

2.6 Conditions Precedent for the Proposed Acquisition

Completion of the Proposed Acquisition is subject to, amongst others, the following conditions precedent (the “**Conditions Precedent**”):

- (a) the Company obtaining such approval(s) required from its board of directors in connection with the Sale and Purchase Agreement and the transactions contemplated therein;
- (b) the Vendor procuring the Target Company to obtain such approval(s) required from the Target Company's board of directors in connection with the Sale and Purchase Agreement and the transactions contemplated therein;
- (c) the Company being satisfied, in its sole discretion, with the results of the legal, tax and financial due diligence exercises to be carried out by the Company and/or its professional advisers on the Target Group;
- (d) the procurement by the Vendor of the delivery by the Target Company of the audited accounts of the Target Group to the Company following the completion of a financial audit on the Target Group Companies conducted by a public accounting firm acceptable to the Company in accordance with the International Financial Reporting Standards and such other applicable legislation and regulations in connection with the transactions contemplated in the Sale and Purchase Agreement;
- (e) the requisite approval of the SGX-ST having been obtained for:
 - (i) the Proposed Acquisition pursuant to Chapter 10 of the Listing Manual; and
 - (ii) the listing of and quotation for the new Shares to be issued in connection with the Company's fund-raising activities to raise no less than A\$50,000,000 by way of issuance of new Shares and/or Convertible Bonds to the controlling shareholder(s) of the Company and/or third party investors, as the case may be (the **"Fundraising Activities"**),

and where such approval is subject to any conditions, such conditions being complied with;

- (f) the Company receiving the following approvals from its Shareholders at the SGM to be convened:
 - (i) the Proposed Acquisition pursuant to Chapter 10 of the Listing Manual;
 - (ii) the Fundraising Activities; and
 - (iii) such other approval(s) required under the Listing Manual and any other applicable laws and regulations,

in connection with the Sale and Purchase Agreement and the transactions contemplated therein as may be necessary;

- (g) the completion of the Restructuring Exercise;
- (h) the completion of the Fundraising Activities;
- (i) the delivery by the Vendor to the Company of certified true copies of all the memorandums of understanding, term sheets and/or agreements, entered into by the Target Group Companies and customers of the Target Group Companies;
- (j) the delivery by the Vendor to the Company of certified true copies of all the memorandums of understanding, term sheets and/or agreements, entered into by the Target Group Companies and third party suppliers of wagyu beef;
- (k) each of the representations and warranties of the Company and the Vendor remaining true and correct in all material respects at all times from the date of the Sale and Purchase Agreement;

- (l) in respect of each Party and each Target Group Company (as the case may be):
 - (i) all permits as may be required or appropriate for or in connection with the sale and purchase of the Sale Shares or the transactions contemplated in the Sale and Purchase Agreement and to carry on the business of the Target Group Companies from all relevant governmental bodies having been obtained and not withdrawn or revoked by such third parties and where any such permits are obtained subject to any conditions, such conditions being acceptable to the Parties;
 - (ii) all necessary or appropriate filings having been made and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated, in each case for or in connection with the sale and purchase of the Sale Shares and to carry on the business of the Target Group Companies; and, if such consents and/or conditions are required to be fulfilled before completion, such conditions being fulfilled before completion; and
 - (iii) such permits as are necessary for the operations of the Target Group Companies having been obtained and remaining valid and subsisting, and each of the Target Group Companies is not in breach of the material terms and conditions of such Permits and where the terms of any material contract or Permit to which any Target Group Company is subject contain any restriction or prohibition on the change in the shareholding and/or the boards of directors of any Target Group Company or include any right to terminate exercisable prior to or as a result of any matter contemplated by the Sale and Purchase Agreement, written approval or consent or written confirmation of the waiver from third parties of such restrictions or prohibition in relation to any such change arising from the transactions under the Sale and Purchase Agreement or of any such right to terminate having been obtained or fulfilled;
- (m) there being no event which has or is likely to have a material adverse effect on the turnover, profitability, financial or trading position or prospects of the Target Group, not being an event affecting or likely to affect generally all companies carrying on similar businesses in countries in which they carry on business;
- (n) the receipt by the Company of a service agreement entered into between the key Australian executive (the **"Key Executive"**) and Grace Health (Australia) in such form and substance satisfactory to the Company including that he shall remain employed or engaged by Grace Health (Australia) for at least two (2) financial years following the Completion Date; and
- (o) the Company being satisfied in its discretion that there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change, in the business, assets, prospects, performance, financial position or results of operations of the Target Group from the date of the Sale and Purchase Agreement.

2.7 Completion Date

The Completion Date shall take place on the date falling within seven (7) calendar days after the fulfilment of all of the Conditions Precedent, unless they are waived by the relevant parties in accordance with the Sale and Purchase Agreement.

3. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

3.1 Bases and Assumptions

The pro forma financial effects of the Proposed Acquisition on the share capital, earnings and net tangible assets (**"NTA"**) have been prepared based on:

- (a) the latest announced audited financial statements of the Group for the financial year ended 31 March 2016 (“**FY2016**”); and
- (b) the unaudited management accounts of the Target Group for the period from 1 May 2015 to 31 March 2016.

Please refer to **Appendix B** of this announcement for selected financial highlights of the Target Group.

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects of the Proposed Acquisition have been prepared based on, amongst others, the following assumptions:

- (a) the financial effects on the Group’s NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Acquisition was completed on 31 March 2016;
- (b) the financial effects on the Group’s earnings attributable to the Shareholders and earnings per Share (“**EPS**”) have been computed assuming that the Proposed Acquisition was completed on 1 April 2015;
- (c) the number of Shares have been computed assuming that the placement of 6,241,460 new Shares at a placement price of S\$0.533 per placement Share which was completed on 1 June 2016, had been completed on 31 March 2016;
- (d) the completion of the 2017 Placement, the estimated net proceeds of which, after deducting estimated expenses pertaining to the 2017 Placement, is assumed to be approximately S\$5,100,000 and the full 8,549,997 placement Shares are allotted and issued; and
- (e) as the Bond Subscription Agreements have yet to be entered into, the Company has assumed for the purposes of this Announcement, the number of Shares to be issued by the Company pursuant to the conversion of the Convertible Bonds issued to the Vendor as part of the Consideration, is determined based on the assumption that the aggregate value of the conversion Shares to be issued is A\$10,000,000 at A\$0.6590 per conversion Share, computed based on a 20% premium to the volume weighted average price of the Shares for the last five (5) business days immediately preceding the date of the Sale and Purchase Agreement and based on the exchange rate of A\$1:S\$1.0926 as at 16 February 2017;
- (f) pursuant to the Fundraising Activities:
 - (i) as the Placement Agreement(s) have yet to be entered into, the Company has assumed for the purposes of this Announcement, the issuance of the new Shares pursuant to the Fundraising Activities is determined based on the assumption that the aggregate value of the consideration Shares to be issued is A\$10,000,000 at A\$0.5491 per new Share, computed based on the volume weighted average price of the Shares for the last five (5) business days immediately preceding the date of the Sale and Purchase Agreement and based on the exchange rate of A\$1:S\$1.0926 as at 16 February 2017; and
 - (ii) as the Bond Subscription Agreements have yet to be entered into, the Company has assumed for the purposes of this Announcement, the conversion of the Convertible Bonds is determined based on the assumption that the aggregate value of the conversion Shares to be issued is A\$40,000,000 at A\$0.6590 per Conversion Share, computed based on a 20% premium to the volume weighted average price of the Shares for the last five (5) business days immediately preceding the date of the Sale and Purchase Agreement and based on the exchange rate of A\$1: S\$1.0926 as at 16 February 2017.

The financial effects of the Proposed Acquisition do not take into account the Earn-out Consideration as the Earn-out Consideration to be paid to the Vendor depends on the future performance of the Target Group. The financial effects of the Proposed Acquisition are for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group after the Acquisition.

3.2 Effect on Share Capital

	Before completion of the Proposed Acquisition	After completion of the Proposed Acquisition	After completion of the Proposed Acquisition and the issuance of the new Shares and/or conversion of the Convertible Bonds pursuant to the Fundraising Activities
Number of Shares	53,286,009	71,496,009	147,371,009
Issued and paid-up share capital (HK\$'000)	82,953	124,432	242,038

3.3 Effect on Earnings

	Before completion of the Proposed Acquisition	After completion of the Proposed Acquisition	After completion of the Proposed Acquisition and the issuance of the new Shares and/or conversion of the Convertible Bonds pursuant to the Fundraising Activities
Net profit attributable to Shareholders (HK\$'000)	72,747	73,943	73,943
Weighted average number of Shares	50,124,252	68,334,252	152,759,249
EPS (HK cents)	145.13	108.21	48.41

3.4 Effect on NTA

	Before completion of the Proposed Acquisition	After completion of the Proposed Acquisition	After completion of the Proposed Acquisition and the issuance of the new Shares and/or conversion of the Convertible Bonds pursuant to the Fundraising Activities
NTA attributable to Shareholders (HK\$'000)	1,458,615	1,517,615	1,812,615
Number of Shares	53,286,009	71,496,009	147,371,009
NTA per Share attributable to Shareholders (HK cents)	27.37	21.23	12.30

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board intends to diversify into the wagyu beef export business through the Proposed Acquisition in order to supplement the Group's revenue from its existing operations in the data storage industry. Over the past few years, notwithstanding the various strategies implemented by the management of the Company to grow the business of the Company, growth of the business of the Company has been marginal as the data storage industry is a relatively mature and saturated industry with lower potential for exponential growth. While the data storage business of the Company remains relatively stable and very viable due to the lower number of competitors, the Board wishes to further grow the business of the Company by tapping on the potential of the wagyu beef export business with its targeted markets including the Greater China Region.

5. WAIVER FROM THE REQUIREMENTS UNDER RULE 1015 OF THE LISTING MANUAL

- 5.1** The Company has, on 29 July 2016 made an application to the SGX-ST in respect of the Proposed Acquisition (the "**Pre-clearance Application**"). The Company had also on 23 November 2016, applied to the SGX-ST for a waiver from compliance with certain requirements pursuant to Rule 1015 of the Listing Manual.
- 5.2** The Board wishes to announce that the SGX-ST had on 14 February 2017 informed the Company that:
- (a) the Proposed Acquisition will be classified as a very substantial acquisition, subject to:
 - (i) a written undertaking from the Controlling Shareholder, that he will exercise his right of conversion to the same aggregate principal amount of Convertible Bonds as and when other subscribers of the Convertible Bonds exercise their rights of conversion of the Convertible Bonds; and

- (ii) a moratorium on the Controlling Shareholder's entire shareholding and Convertible Bonds which he holds in the Company for twelve months from the date of completion of the Proposed Acquisition and on at least 50% of his shareholding and Convertible Bonds which he holds in the Company for the following twelve (12) months;
- (b) Rule 1015(4)(c) of the Listing Manual shall apply to the Key Executive and any other new executive officers of the Company who are appointed in connection with the Proposed Acquisition;
- (c) it has no objection to the Company's application for waiver of strict compliance with Rule 1015(1)(a)(ii) and Rule 1015(5)(b) read with Rule 609(b) of the Listing Manual, subject to the following conditions:
 - (i) the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions as required under Rule 107 of the Listing Manual. In this regard, please refer to paragraph 5.3 below for further details; and
 - (ii) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the constitution of the Company;
- (d) with regard to Rule 210(5)(a), SGX-ST will review the background and experience of the new executive officers and the adviser after the Company completes its due diligence on such executive officers and adviser;
- (e) it has no objection to the appointment of Mazars LLP as the reporting accountants in respect of the Proposed Acquisition and as auditors of the enlarged Group; and
- (f) it has no objection to the appointment of Crowe Horwath (HK) Consulting & Valuation Limited as independent valuer to value the Target Group.

5.3 We set out the reasons for seeking the waiver of strict compliance with Rule 1015(1)(a)(ii) and Rule 1015(5)(b) read with Rule 609(b) below:

Rule	Description of Rule	Reasons for waiver sought
1015(1)(a)(ii)	The issuer must, after the terms have been agreed, immediately announce the latest three years of proforma financial information of the assets to be acquired.	The Target Group was formed only after the Vendor and two Australian individuals agreed to collaborate to grow the latter's wagyu beef business by leveraging on the Vendor's business connections with customers and/or wagyu beef importers in Asia. The Target Company and Grace Health (Australia) were incorporated in 2016 while Grace Health (Hong Kong) was incorporated in May 2015.
1015(5)(b)	In relation to the assets to be acquired, the shareholders' circular must contain an accountants' report on the assets to be acquired and the enlarged group. Rule 609 applies to the accountant's report.	

6. CIRCULAR

A circular containing, amongst others, the notice of SGM and further information on the Proposed Acquisition will be despatched to Shareholders in due course.

7. PROFESSIONAL ADVISERS AND ADDITIONAL SHARES FOR PROFESSIONAL FEES

The Company has appointed RHT Capital Pte. Ltd. ("**RHT Capital**") as the financial adviser to the Company in respect of the Proposed Acquisition. As part of RHT Capital's professional fees, RHT Capital shall be entitled to the payment of such fees to be either satisfied by way of allotment and issuance of such number of new Shares based on the volume weighted average price of the Shares on the Completion Date or in cash, the aggregate of which would amount to S\$200,000.

The Company has appointed RHTLaw Taylor Wessing LLP ("**RHTLaw Taylor Wessing**") as legal counsel to the Company in respect of the Proposed Acquisition. As partial consideration for the services rendered or to be rendered by RHTLaw Taylor Wessing to the Company in connection with the Proposed Acquisition, RHTLaw Taylor Wessing shall, on completion of the Proposed Acquisition, be entitled to the payment of such legal fee to be partially satisfied by way of allotment and issuance of such number of new Shares based on the volume weighted average price of the Shares on the Completion Date, the aggregate of which would amount to S\$100,000.

8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

Please refer to **Appendix C** of this announcement for a table on the Directors' and substantial shareholders' interests prior to and after the Proposed Acquisition.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement and the preliminary valuation report will be available for inspection during normal business hours at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours on any weekday (except public holidays) for a period of three (3) months from the date of this announcement.

11. DIRECTORS' AND VENDOR'S RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

The Vendor collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Target Group, and the Vendor is not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

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

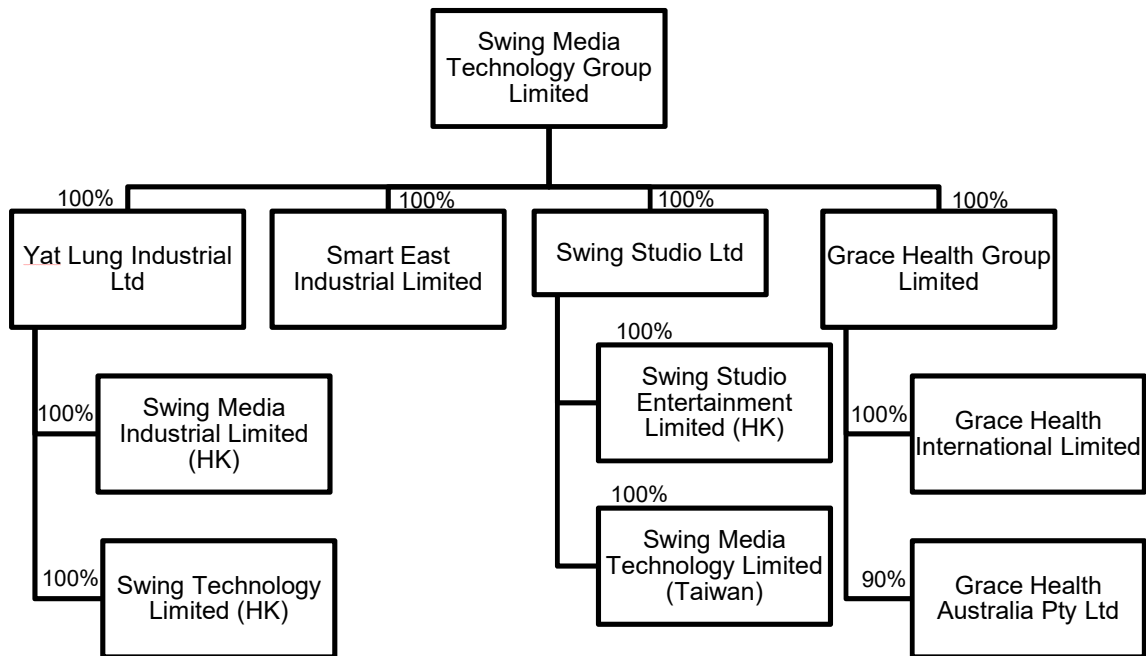
12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to numerous conditions and further due diligence by the Company. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By order of the Board

Johnny Chan Hon Chung
Director / Company Secretary
19 February 2017

APPENDIX A
THE ENLARGED GROUP UPON COMPLETION OF THE ACQUISITION



Note: The Company intends to incorporate a special purpose vehicle to hold the shareholding interest of the Target Company.

APPENDIX B
SELECTED FINANCIAL HIGHLIGHTS OF THE TARGET GROUP

A summary of the unaudited management accounts of the Target Group for the three months ended 31 March 2016 and the proforma financial information of the proforma Group after the Proposed Acquisition is set out below.

Combined Income Statement (HK\$'000)	Target Group As at 31/3/2016	Enlarged Group (Proforma)
Revenue	1,255	1,114,350
Gross Profit	357	110,731
Net Profit after tax	351	69,903
 Balance Sheet (HK\$'000)	 Target Group As at 31/3/2016	 Enlarged Group (Proforma)
Assets	671	1,811,686
Liabilities	329	380,269
Net Assets	342	1,431,417

APPENDIX C
INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS
PRIOR TO AND AFTER COMPLETION OF THE PROPOSED ACQUISITION⁽¹⁾

	BEFORE COMPLETION OF THE PROPOSED ACQUISITION			AFTER COMPLETION OF THE PROPOSED ACQUISITION			AFTER COMPLETION OF THE PROPOSED ACQUISITION AND CONVERSION OF THE CONVERTIBLE BONDS		
	Direct Interest	Deemed Interest	Total ⁽²⁾ (%)	Direct Interest	Deemed Interest	Total ⁽³⁾ (%)	Direct Interest	Deemed Interest	Total ⁽⁴⁾ (%)
Directors									
Hui Yan Sui William	-	2,984,128 ⁽⁵⁾	5.60	-	2,984,128 ⁽⁵⁾	4.17	-	2,984,128 ⁽⁵⁴⁾	2.02
Hui Yan Moon	5,236	8,576,901 ⁽⁶⁾	16.11	5,236	8,576,901 ⁽⁶⁾	12.00	30,355,236 ⁽⁷⁾	8,576,901 ⁽⁶⁾	26.42
Chan Hon Chung Johnny	203,921	-	0.38	203,921	-	0.29	203,921	-	0.14
Yuen Shu Tong	-	-	-	-	-	-	-	-	-
Lau Yiu Nam Eric	-	-	-	-	-	-	-	-	-
Yu Yeung Hoi Stephen	-	-	-	-	-	-	-	-	-
Lim Kok Hui	-	-	-	-	-	-	-	-	-
Wong Heng Hwai	-	-	-	-	-	-	-	-	-
Substantial Shareholders (other than Directors)									
Hue Poh Leng	93,979	2,890,149 ⁽⁸⁾	5.60	93,979	2,890,149 ⁽⁸⁾	4.17	93,979	2,890,149 ⁽⁸⁾	2.02
Ip Ming Yan, Janies	-	8,582,137 ⁽⁹⁾	16.11	-	8,582,137 ⁽⁹⁾	12.00	-	38,932,137 ⁽¹²⁾	26.42
United Partner Investment Limited	2,766	2,816,899 ⁽¹⁰⁾	5.29	2,766	2,816,899 ⁽¹⁰⁾	3.94	2,766	2,816,899 ⁽¹⁰⁾	1.91
Deluxe Assets Holdings Limited	-	2,819,665 ⁽¹¹⁾	5.29	-	2,819,665 ⁽¹¹⁾	3.94	-	2,819,665 ⁽¹¹⁾	1.91
Total Victor Global Limited	-	-	-	-	-	-	15,175,000	-	10.30

Notes:

- (1) The interests of the Directors and substantial Shareholders do not take into account the Earn-out Consideration as the Earn-out Consideration to be paid to the Vendor depends on the future performance of the Target Group.
- (2) Based on 53,286,009 shares of the Company ("Shares") after completion of the 2017 Placement.
- (3) Based on 71,496,009 Shares, assuming that 18,210,000 Shares will be issued as placement shares pursuant to the Placement Agreement(s) is determined based on the assumption that the aggregate value of the consideration Shares to be issued is A\$10,000,000 at S\$0.60 per new Share, computed based on the volume weighted average price of the Shares for the last five (5) business days immediately preceding the date of the Sale and Purchase Agreement and based on the exchange rate of A\$1: S\$1.0926 as at 16 February 2017.
- (4) Based on 147,371,009 Shares, assuming that 18,210,000 Shares will be issued as placement Shares pursuant to the Placement Agreement(s) and 75,875,000 conversion Shares will be converted pursuant to the conversion of the A\$10 million Convertible Bonds as partial settlement of the Consideration and the A\$40 million Convertible Bonds at a conversion price of S\$0.72, based on a 20% premium to the volume weighted average price of the Shares for the last five (5) business days preceding the date of the Sale and Purchase Agreement of S\$0.60 per Share and based on the exchange rate of A\$1: S\$1.0926 as at 16 February 2017.

- (5) Mr. Hui Yan Sui William is deemed to be interested in 2,984,128 Shares in which 2,766 Shares are held by United Partner Investment Limited, 70,484 Shares are held by his father, Mr. Hui Shu Pei, 93,979 Shares are held by his wife, Ms. Hue Poh Leng and 2,816,899 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited.
- (6) Mr. Hui Yan Moon is deemed to be interested in 8,576,901 Shares in which 2,766 Shares are held by United Partner Investment Limited, 70,484 Shares are held by his father, Mr. Hui Shu Pei, 2,816,899 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited, 1,814,431 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of Mr. Hui Yan Moon and 3,872,321 Shares as held by Mayban Nominees (Singapore) Private Limited.
- (7) As the Bond Subscription Agreements have yet to be entered into, the Company has assumed for the purposes of this Announcement, the number of Shares to be issued by the Company pursuant to the conversion of the Convertible Bonds issued to Mr. Hui Yan Moon, the Controlling Shareholder as part of the Consideration, is determined based on the assumption that the aggregate value of the conversion Shares to be issued is A\$20,000,000 at S\$0.72 per conversion Share, computed based on a 20% premium to the volume weighted average price of the Shares for the last five (5) business days immediately preceding the date of the Sale and Purchase Agreement and based on the exchange rate of A\$1:S\$1.0926 as at 16 February 2017.
- (8) Ms. Hue Poh Leng, the spouse of Mr. Hui Yan Sui William, is deemed to be interested in 2,890,149 Shares in which 2,766 Shares are held by United Partner Investment Limited, 70,484 Shares are held by Mr. Hui Yan Sui William's father, Mr. Hui Shu Pei and 2,816,899 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited.
- (9) Ms. Ip Ming Yan, Janies, the spouse of Mr. Hui Yan Moon, is deemed to be interested in 8,582,137 Shares in which 5,236 Shares are held by Mr. Hui Yan Moon, 2,766 Shares are held by United Partner Investment Limited, 70,484 Shares are held by Mr. Hui Yan Moon's father, Mr. Hui Shu Pei, 2,816,899 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited, 1,814,431 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of Mr. Hui Yan Moon, 3,872,321 Shares are held by Mayban Nominees (Singapore) Private Limited.
- (10) 2,816,899 Shares are held in the name of RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited.
- (11) Deluxe Assets Holdings Limited, who wholly owns United Partner Investment Limited, is deemed to be interested in the Shares held by United Partner Investment Limited.
- (12) Ms. Ip Ming Yan, Janies, the spouse of Mr. Hui Yan Moon, is deemed to be interested in 38,932,137 Shares in which 30,355,236 Shares are held by Mr. Hui Yan Moon, 2,766 Shares are held by United Partner Investment Limited, 70,484 Shares are held by Mr. Hui Yan Moon's father, Mr. Hui Shu Pei, 2,816,899 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited, 1,814,431 Shares are held by RHB Securities Singapore Pte. Ltd. as nominee of Mr. Hui Yan Moon, 3,872,321 Shares are held by Maybank Nominees (Singapore) Private Limited.