

DISPOSAL OF SUBSIDIARY – CHEW'S A-TECH ECO-FARMING PTE. LTD.

1. INTRODUCTION

- 1.1 The Board of Directors of (the “**Directors**”) Chew’s Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Chew’s Group Investments Pte. Ltd. (“**Chew’s Investment**”) had on 24 August 2015 entered into a sale and purchase agreement with Revival Investments Pte. Ltd. (“**Revival**”) and Lim Shrimp Aquapolis Pte. Ltd. (“**Limshrimp**”) pursuant to which Chew’s Investment had agreed to sell and Revival had agreed to purchase 745,932 ordinary shares (the “**Sale Shares**”), representing 51% of the issued and paid up share capital of Chew’s A-Tech Eco-Farming Pte. Ltd. (“**Chew’s A-Tech**”), for a consideration S\$125,000.00 (the “**Consideration**”) (the “**Disposal**”). The Company is in the process of, *inter alia*, transferring the Sale Shares to Revival to complete the Disposal (“**Completion**”).
- 1.2 As the Sale Shares represent the entire interest of Chew’s Investment in Chew’s A-Tech, Chew’s A-Tech will cease to be a subsidiary of the Company and Chew’s A-Tech will be renamed immediately upon the Completion. As such, this announcement is also made pursuant to Rule 704(17)(c) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

2. BACKGROUND AND RATIONALE FOR THE DISPOSAL

- 2.1 Chew’s A-Tech was incorporated pursuant to a joint venture entered into between Chew’s Investment, Revival and Limshrimp to undertake, as a joint venture business through the establishment of a wholly foreign owned enterprise pursuant to the provisions of People’s Republic of China (“**PRC**”) Company law, an agri-aquacultural hub in the city of Pan Jin in the Liao Dong Bay District of Liao Ning Province, the PRC (“**Liao Ning**”), *inter alia*, to acquire land from the PRC government to develop, operate, provide technical support, training and management services for sea cucumber farming facilities and engage in business activities related thereto (“**Joint Venture**”). The business of the Joint Venture was subsequently moved to Guilinyang Economic Development Zone, Long Hua District in Hainan Province of the PRC (“**Moving**”) in June 2013 as the initial plans over the land purchase in Liao Ning were delayed and the Company was of the view that the Moving would ensure that the plans set out for the Joint Venture remained on track.
- 2.2 Prior to the Disposal, Chew’s Investment, Revival and Limshrimp held 51%, 32% and 17% shareholding interests in Chew’s A-Tech respectively.
- 2.3 The incorporation of Chew’s A-Tech and the Joint Venture is a result of the Group’s strategy to diversify into new lines of business which are “non-egg” or “non-chicken” related so that should there be a bird flu outbreak or pandemic, part of the Group’s business will remain stable. Also, the Group expects sea cucumber to be in high demand due its nutrition value and sea cucumber is therefore a valued and popular food item in the PRC. However, as announced in the half year financial statement and related dividend announcement for the half year period ended 31 March 2015, the market condition of sea cucumber is challenging due to the depressed prices and therefore the Company believes that the rationale as abovementioned is not realised and accordingly, the Disposal is in the best interest of the shareholders’ interests and in line with the Group’s commitment to optimize profitability and operations.

3. CONSIDERATION

- 3.1 The net asset value (“NAV”) of Chew’s A-Tech is S\$1.15 million for the year ended 30 September 2014. The amount of loss on disposal to the Group is estimated to be approximately S\$430,000.
- 3.2 The Consideration which shall be satisfied in cash was arrived at after arm’s length negotiations on a willing-buyer and willing-seller basis and the NAV of Chew’s A-Tech together with the loss-making nature of Chew’s A-Tech and the long period of time required to build the business.
- 3.3 The Consideration for the purchase of the Sale Shares shall be fully satisfied as regards the Vendor in the following:
- (a) a sum of S\$5,000.00 shall be paid by the Revival on Completion Date (“**Initial Payment**”) which has been received; and
 - (b) the outstanding amounts of the Consideration after the Initial Payment in 24 equal monthly instalments to be paid to the Chew’s Investment on the 27th day of each calendar month beginning the month of September 2015 until such Consideration is fully satisfied. The Company has on 24 August 2015 received banker’s guarantees from Revival for the aforementioned outstanding amount, i.e.S\$120,000.
- 3.4 Notwithstanding section 3.3 above, Chew’s Investment and Revival agree that in the event that the Sale Shares are subsequently sold to third parties (“**Third Party Sale**”), all outstanding amounts of the Consideration due by Revival shall be repaid within three (3) business days from the completion of the Third Party Sale to Chew’s Investment.

4. INFORMATION ON REVIVAL

- 4.1 Revival is a company incorporated in Singapore and is an investment holding company. It is the legal and beneficial owner of 32% of the total issued share capital of Chew’s A-Tech.
- 4.2 Mr Lim Tjoen Kong (“**Mr Lim TK**”) is the sole director of Revival and Limshrimp. Both Mr Lim TK and his son, Mr Lim Chen Chong (“**Mr Lim CC**”) are shareholders of Revival and Limshrimp with the shareholdings as set out below:

	REVIVAL	LIMSHRIMP
Mr Lim TK	76.5%	70.0%
Mr Lim CC	5.9%	15.0%

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

As each of the relative figures computed on the applicable bases as set out in Rule 1006 of the Catalist Rules is less than 5%, the Disposal is a “**Non-discloseable Transaction**” for the purposes of Chapter 10 of the Catalist Rules

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Disposal.

7. GENERAL

The Company will update shareholders of the Company as and when there are material updates on the Disposal.

By Order of the Board

Chew Chee Bin
Executive Chairman

24 August 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income At Raffles, Singapore 049318, telephone (65) 6229 8088.