

**CHEW'S GROUP LIMITED**  
(Company Registration No. 201020806C)  
(Incorporated in the Republic of Singapore)

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**CHEW'S GROUP LIMITED'S FARM TO MOVE TO NEW SITE**

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**1. INTRODUCTION**

- 1.1. The Board of Directors ("**Board**") of Chew's Group Limited ("**Company**") refers to the announcement released by the Company on 9 May 2016 in relation to the relocation of CAPL ("**Announcement**"). Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the Announcement.
- 1.2. Further to the Announcement, the Company wishes to update its shareholders ("**Shareholders**") that CAPL has entered into the relevant agreements in relation thereto, details of which are set out below.

**2. SALE OF THE PROPERTY**

- 2.1. CAPL had entered into a sale and purchase agreement dated 27 May 2016 ("**SPA**") for the sale of its Property to the Government ("**Sale**").
- 2.2. On the day of completion of the SPA ("**Completion Date**"), CAPL will surrender and transfer to the Government all its estate, interest and rights in the Property, with vacant possession (except for the Agreed Items), in consideration of the payment by the Government to CAPL of \$38,654,322 (excluding GST). CAPL will receive the Sale Consideration in the following manner:
  - (a) the Alienation Premium will be offset against the Sale Consideration ("**Offset**"); and
  - (b) the sum of S\$34,394,652 (excluding GST) ("**Balance Sale Consideration**"), being the balance Sale Consideration following the Offset, will be paid to CAPL on the Completion Date.
- 2.3. The completion of the Sale will take place on 31 May 2016 and the Government will transfer the Balance Sale Consideration to CAPL.

**3. RENTAL**

CAPL had entered into a tenancy agreement dated 27 May 2016 with the Government ("**Tenancy**"). The tenancy will commence on 1 June 2016 and end on 31 May 2019, subject to any early termination by CAPL by giving to the Government not less than three (3) months' written notice.

**4. NEW SITE**

- 4.1. CAPL has purchased the New Site on a 30-year lease ("**Purchase**"). The lease will commence on 27 May 2016 and end on 26 May 2046.

- 4.2. The New Site shall be used for the sole purpose of poultry farming. The Alienation Premium is S\$3,980,000 (excluding GST and processing fees).

## **5. THE NEW FARM**

- 5.1. The New Site, which has a longer lease than the Premises, will provide greater lease certainty for CAPL to make productivity-enhancing investments. The new farm at the New Site ("**New Farm**") will boast an integrated farming concept built with new technologies. The New Farm will comprise, *inter alia*, an automated control system, an egg processing plant, a pasteurised liquid egg plant and a feed processing plant. Upon completion and full operation of the New Farm, the New Farm will possess the capacity to produce 1,000,000 eggs per day, an increase of 100% from the existing production capacity of 500,000 eggs per day.
- 5.2. The Group targets to complete the relocation of CAPL's business operations by 31 May 2019. Due to the lifecycle of CAPL's biological assets, such existing biological assets will be utilised up to the end of CAPL's occupation and use of the Premises. New chicks will be placed in the New Farm upon completion of construction. As such, CAPL will operate concurrently at the Premises and at the New Farm during the interim period before the Tenancy expires.
- 5.3. The capital expenditure (excluding the Alienation Premium) required to build and equip the New Farm is approximately S\$77 million ("**Capex**"). The Balance Sale Consideration will be utilised to finance the Capex. The remainder of approximately S\$32 million will be financed by way of borrowings and/or external funding. Such financing will be asset-backed and serviced by cash flow generated from operations.
- 5.4. The Tenancy, purchase of the New Site and the New Farm is to ensure the continuity of the existing core business of the Company consequential to the Sale of the Property (collectively, the "**Relocation**"), and hence, is in the ordinary course of business. Further, the Company is of the view that the Relocation is in the best interest of the Company and is not expected to materially change the risk profile of the Company.

## **6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling Shareholders of the Company has any interests, direct or indirect, in the Sale, the Tenancy, the Purchase and the New Farm, save for their respective shareholding interests in the Company.

## **7. FURTHER ANNOUNCEMENTS**

The Company will make further announcement(s) to keep the Shareholders updated on any material development in respect of the above mentioned matters, as and when appropriate.

## **8. GENERAL**

When in doubt as to the action they should take, Shareholders and potential investors of the Company should consult their financial, tax or other advisors.

BY ORDER OF THE BOARD

Chew Chee Bin  
Executive Chairman  
27 May 2016

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*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 Catalist. 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.*