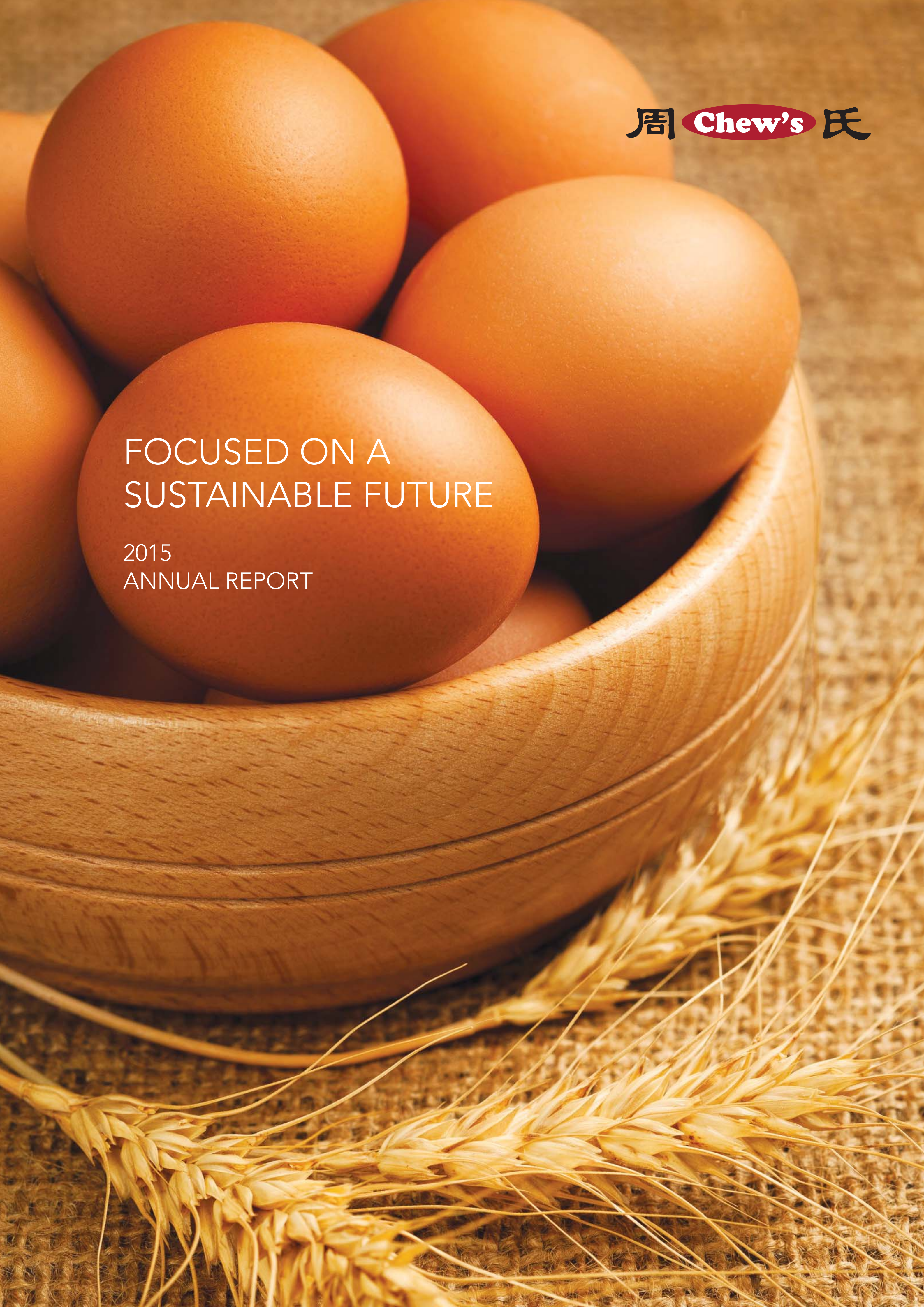
Chew's



FOCUSED ON A SUSTAINABLE FUTURE

2015
ANNUAL REPORT

INTRODUCTION

In 1975, Chew's Group Limited opened its doors as a poultry breeding farm in Choa Chu Kang. Founded by four brothers, it converted to layer farming and distributed its eggs to wholesalers in 1987 as Singapore progressed.

Today, Chew's Group Limited and its subsidiaries ("Chew's Group" or "the Group") is one of Singapore's leading producers of fresh eggs, specialising in an array of generic and designer eggs. With a solid reputation for high quality, wholesome eggs, we enjoy a strong presence in retail outlets across Singapore. We have also seized growth opportunities abroad to become a major local supplier to global food and beverage chains. While we grew the depth of our operations, we also sought to enlarge our product portfolio with the completion of the chicken soup factory.

As a Group, we remain committed to engage sustainable farming practices throughout our operations. To date, we have made significant investments towards creating an eco-friendly operational environment. In the financial year ended 30 September 2015 ("FY2015"), we took another step forward in our key sustainable farming initiatives with the completion of the construction of the Biogas Plant, marking yet another significant milestone for the Group.

Collectively, our efforts are expected to enlarge our business and drive shareholder value while securing a sustainable future for our business, our stakeholders and the environment.


As a Group, we remain committed to engage sustainable farming practices throughout our operations.

OUR CORPORATE PROFILE

Chew's Group Limited specialises in the production of a range of healthy and nutritious, generic and designer eggs under the brand name, Chew's. These designer eggs contain value-added nutrients in wholesome amounts and are customised to suit the nutritional needs of different consumers. As a major brand in the retail sector, the Group is also one of the leading suppliers of generic and liquid eggs to Singapore's expanding food and beverage industry. Today, Chew's is a household name in Singapore and a symbol of trust for retailers and consumers alike.

A Diverse Range of Generic & Designer Eggs
Chew's produces an extensive range of generic and designer eggs for the Singapore market. We are the only local producer of black chicken eggs and kampong chicken eggs, in addition to regular brown eggs. Among the Group's signature products are nutrient-enriched designer eggs. These are created to meet the specific dietary requirements of consumers and such eggs include:

- Cordyceps Fresh Eggs,
- Omega-3 Fresh Eggs,
- Omega-6 Fresh Eggs,
- Organic Selenium Fresh Eggs,
- Sakura Fresh Eggs and Extra Large Sakura Eggs,
- Zeaxanthin Eggs and Zeaxanthin Plus Eggs, and
- Lower Cholesterol Brown Shell Extra Large Eggs, Lower Cholesterol Brown Shell Fresh Eggs, and Corn and Soya Fresh Eggs.

All our eggs meet the nutritional guidelines set by the Health Promotion Board of Singapore ("HPB") as "Healthier Choice" and are approved by the Agri-Food and Veterinary Authority of Singapore ("AVA").

Pure Liquid Eggs
Chew's pure liquid eggs, having no additional ingredients, are produced via a pasteurisation process in a strictly controlled environment. They are supplied only to commercial companies in the food and beverage industry, and offer a convenient and safe alternative when preparing egg dishes, bakery items and other food products with eggs as the main ingredient.

Better Utilisation of Spent Grains
Spent grains are a vital part of the Group's egg production business. The Group procures large quantities of spent grains via a tender process and engages in the trading of such unused amounts.

Food Processing
We produce 100% natural chicken soup with no monosodium glutamate ("MSG") at our chicken soup factory. The fully made-in-Singapore broth is brewed from our own chickens and in-house processing facilities to ensure end-to-end control for top quality product. Through this, we expand our product portfolio and derive better value from our spent hens.

Today, Chew's is a household name in Singapore and a symbol of trust for retailers and consumers alike.

OUR MISSION & OUR VISION

Our mission is to produce healthy and nutritious designer eggs in a controlled, safe and eco-friendly environment.

Our vision is to continue to provide a healthier range of nutritious designer eggs to address the nutritional needs of the different segments of our population and lead the way forward in sustainable farming in Asia.

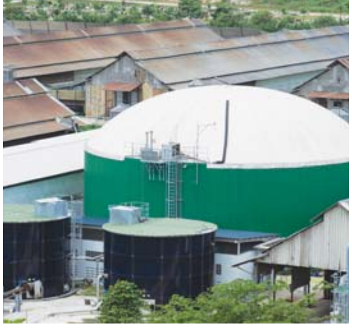
OUR CORPORATE STRUCTURE

CHEW'S GROUP LIMITED

- CHEW'S GROUP INVESTMENT PTE LTD 100% (SINGAPORE)
- CHEW'S AGRICULTURE PTE LTD 100% (SINGAPORE)
- CHEW'S GROUP MARKETING PTE LTD 100% (SINGAPORE)
- CHEW'S ENGINEERING SERVICES PTE LTD 100% (SINGAPORE)
- CHEW'S FOOD INTERNATIONAL LIMITED 90% (HONG KONG)

CHEW CHEE BIN
EXECUTIVE CHAIRMAN

CHEW ENG HOE
MANAGING DIRECTOR



LETTER TO SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors of Chew's Group, we are pleased to report that over the course of FY2015, the Group continued its strong growth trajectory. Driven by higher selling prices and consistent demand, we achieved revenue growth of 9% year-on-year to reach $33.9 million for FY2015. At the same time, we generated a 14% increase in profit from the previous year and achieved $2.1 million profit for FY2015.

Taking advantage of the stable egg market, we persisted in our plans towards holistic and sustainable growth by enlarging our product portfolio while ensuring an eco-friendly environment. In doing so, we advanced our vision of creating a sustainable urban farming system that will enhance growth and drive shareholder value.

Augmenting Our Product Portfolio

While egg production remains the core of our operations, we recognise the need to diversify our product range and capture a wider customer profile.

In the financial year ended 30 September 2013 ("FY2013"), we began our foray into chicken soup production and completed construction of the factory in the following financial year. Today, the fully operational factory boasts the capacity to brew 100% natural chicken soup that is high in short-chain protein and collagen, and with no MSG. By only using our own hens, facilities and equipment, we possess end-to-end control over product quality, with each aspect of the production process being completely traceable. This allows us to maintain quality and consistency of the entirely made-in-Singapore product. To date, our efforts have earned us the ISO 22000:2005 certification and we have attained all necessary approvals from the HPB and the AVA to proceed with the sale of our chicken soup in the market.

The packaging equipment for the chicken soup is expected to be ready by 31 March 2016 and the Group will be ready to package the chicken soup product for sale to consumers in supermarkets.

Having closely monitored and assessed market conditions, we have divested our aquaculture factory in Hainan, China due to the slowdown of the local Chinese economy and the fall in demand for sea cucumbers, which is expected to remain low in the short-to-medium term. Nevertheless, as part of the Group's continued efforts to, *inter alia*, expand its product range, we will continue to keep a look out for opportunities to achieve such goals.

Greening Our Business

At Chew's Group, we understand that we play a critical role in ensuring the long-term sustainability of our business and our environment. Being a farm in an urban setting, it is vital for us to not just conserve power but to also develop an alternative use for our waste products. With this dual-purpose in mind, we embarked on our Biogas Project three years ago and started working with Ngee Ann Polytechnic two years ago on, *inter alia*, converting waste water from the Biogas Plant into concentrated liquid fertiliser.

Today, the Biogas Plant is fully functioning. Synchronised to the power grid in November 2015, it is currently producing 300kWh of electricity, which is channelled towards farming operations. At its maximum capacity, the Biogas Plant is capable of generating up to 500kWh, and we are currently working towards achieving this.

FY2015 also saw the completion of our research and development efforts with Ngee Ann Polytechnic to convert waste water emitted from the Biogas Plant into concentrated liquid fertiliser.

Taking advantage of the stable egg market, we persisted in our plans towards holistic and sustainable growth by enlarging our product portfolio while ensuring an eco-friendly environment.

Dividends
The Board recommends a dividend of 0.49 Singapore cents per share for FY2015 (FY2014: 0.44 Singapore cents per share).

Towards a Sustainable Future
As our farm is located in an area that may be designated for redevelopment, plans to increase production have been placed on hold pending the outcome of our discussions with the Singapore Land Authority ("SLA") and AVA. If a relocation of our farm is inevitable, our vast experience stands us in good stead to design and engineer a new farm with the necessary facilities to support our vision of creating an integrated urban sustainable farming system that is fully capable of solving waste problems through a sustainable and environmentally friendly manner.

We would like to thank our Board, management and staff for their invaluable contributions in making the year's achievements a reality. We also extend our sincerest thanks to our shareholders, suppliers and customers for their unwavering confidence in and support of Chew's Group and its products.

Moving forward, we will redouble our efforts in sustainable farming practices and securing strong returns.

Chew Chee Bin
Executive Chairman

Chew Eng Hoe
Managing Director

BOARD OF DIRECTORS

MR. CHEW CHEE BIN, 56, is our Executive Chairman and was appointed to our Board on 30 September 2010. He was last re-elected on 28 January 2015. He is also a member of our Nominating Committee and Risk Committee. He is responsible for directing the strategic plans and growth of our Group. Prior to joining our Group, Mr. Chew Chee Bin was engaged in the business of construction materials trading through Sunrise Resources Pte Ltd and Celplex Resources Sdn Bhd as well as the manufacture and sale of concrete and precast products through Celplex Sdn Bhd, Sunrise Concrete Industries Pte Ltd and Celplex Precast Sdn Bhd.

Trained as a civil engineer, Mr. Chew Chee Bin has more than 25 years of experience in major infrastructure and property construction as well as civil engineering and building work both locally and overseas. He held positions of civil or project manager in the Civil Aviation Authority of Singapore as well as various companies including Bachy Soletanche Singapore Pte Ltd, Société Auxilliaire D'Entreprises, L&M Geotechnic Pte Ltd, Torie Construction Pte Ltd and Asia-Link Construction Pte Ltd. From 1996 to 2002, he was the general manager of Trevi Contractors (S) Pte Ltd.

Mr. Chew Chee Bin obtained a Technician Diploma (Civil Engineering) from the Singapore Polytechnic and holds a Bachelor of Engineering in Civil Engineering (Division A) (Second Class Honours) from The University of Western Australia.

MR. CHEW ENG HOE, 50, is our Managing Director and was appointed to our Board on 30 September 2010. He was last re-elected on 24 January 2014. He is also a member of the Nominating Committee and Risk Committee. He has more than 30 years of experience in the poultry industry. Mr. Chew Eng Hoe is instrumental to our growth and development and is responsible for our Group's overall operations and management, with a focus on procurement, sales and marketing, production, research and product development. He started work at Chew's Agriculture Pte Ltd ("CAPL") in 1987 as a project manager and assisted in setting up the premises of our layer farm. In 1989, Mr. Chew Eng Hoe was appointed as a director of CAPL and became its Managing Director in 2002, a position which he holds to-date.

BOARD OF DIRECTORS

MR. YUEN SOU WAI, 61, is our Lead Independent Director and was appointed to our Board on 19 January 2011. He was last re-elected on 28 January 2013. Mr. Yuen currently chairs the Audit Committee and is a member of our Remuneration Committee, Nominating Committee and Risk Committee. He is currently the Lead Independent Director of both Libra Group Limited and Huationg Global Limited which are listed on Catalist of the SGX-ST. Mr. Yuen is also an Independent Director at YHI International Limited, a company listed on the official list of the Main Board of the SGX-ST.

Prior to his appointment as a non-executive director of YHI International Limited, Mr. Yuen was the group Chief Financial Officer as well as executive director responsible for the group's operations in Australia, New Zealand, Italy, United States of America and Canada.

Mr. Yuen has more than 36 years of broad-based financial management experiences in various large local and global multinational companies. He has held several senior financial positions including Chief Financial Officer, Regional Finance Director and Group Financial Controller in the Asia Pacific region. Mr. Yuen holds a Master in Business Administration Degree from the University of Leicester, United Kingdom. He is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

MR. CHONG CHIN FAN, 65, is our Independent Director and was appointed to our Board on 19 January 2011. He was last re-elected on 28 January 2013. Mr. Chong currently chairs the Remuneration Committee and is a member of our Audit Committee, Nominating Committee and Risk Committee. Mr. Chong is currently the Executive Director and Vice President (Finance) of Wilton Resources Corporation Limited which is listed on the Catalist Board of SGX-ST. Mr. Chong was the Chief Financial Officer of Luye Pharma Group Ltd. from 2004 to 2012.

Mr. Chong graduated as a certified public accountant in the United Kingdom in 1976 and has more than 35 years of experience in the audit and finance industry and held various senior positions in global multinational companies including KPMG LLP, Wah-Chang International Group, Singapore and Econ Corporation Limited.

Mr. Chong is a Fellow of The Institute of Singapore Chartered Accountants, and was a Fellow of The Association of Chartered Certified Accountants of the United Kingdom.

BOARD OF DIRECTORS

DR. CHOO BOON SENG, 71, is our Independent Director and was appointed to our Board on 19 January 2011. He was last re-appointed on 28 January 2015. Dr. Choo currently chairs the Nominating Committee and is a member of our Audit Committee, Remuneration Committee and Risk Committee. Dr. Choo is presently a director of Brilliant Strategies Corporation Pte Ltd, which offers consulting services in the area of General Enterprises Management, Animal Nutrition and Farm Management, and specialty feed additives.

Prior to his present position, Dr. Choo had been serving as a technical adviser in the Food and Agriculture Organization (FAO) of the United Nations and other international organizations in Africa and Asia Pacific region.

Dr. Choo is a 40-year veteran of the argo-technology industry. He had held several positions including consultant in International Development Research Centre (IDRC), Canada, Australian Agricultural Consultants and Management (AACM) Pty. Ltd. and ACIL Consulting International Ltd., Australia. He holds a PhD degree in Biochemistry/Nutrition from the University of New England, Australia.

MR. CHEW CHEE KEONG, 47, is our Non-Executive Director and was appointed to our Board on 19 January 2011. He was last re-elected on 28 January 2015. He is also a member of our Remuneration Committee and Risk Committee. Trained as a mechanical engineer, Mr. Chew Chee Keong started his career at Meindhart (Singapore) Pte Ltd in 1994. He subsequently joined Acromec Engineers Pte Ltd in 1996 and is currently its engineering director.

Mr. Chew Chee Keong holds a Diploma in Mechanical Engineering from the Singapore Polytechnic and also obtained a Bachelor of Engineering in Mechanical Engineering with a Second Class (Division 1) Honours from the University of Glasgow.

KEY MANAGEMENT

MS. TAY BEE GEK DORRIZ, 45, is our Chief Financial Officer who joined our Group in August 2010. She is also the Joint Company Secretary and was appointed as the Chief Risk Officer of the Company in November 2012. She has more than 20 years of experience in the financial and accounting sector. She is responsible for all financial and management reporting, taxation, regulatory compliance and corporate secretarial matters of our Group and oversees the human resource and information technology functions of our Company. Prior to joining our Group, Dorriz held top finance positions in Woleco Hotel Supplies Pte Ltd, Sei Woo Polyer Technologies Pte Ltd and Ezyhealth Asia Pacific Limited (a SGX-listed company). She was also a financial analyst manager with Citibank NA and a payrollserve manager with Stone Forest Consulting Pte Ltd.

Dorriz obtained a Degree of Bachelor of Accountancy from the Nanyang Technological University. She also holds a Diploma in Investment from The Institute of Banking and Finance and is a member of the Institute of Singapore Chartered Accountants.

MR. TAN CHEE NAM, 67, is our General Manager, Production, who joined our Group in 1990. He has more than 40 years of experience in the poultry industry. Chee Nam is responsible for the production activities, operation and management of our layer farm and also leads our Group's research and development activities together with our Managing Director, Mr. Chew Eng Hoe. He started his career as a hatchery manager with Singapore Breeding Farm Pte Ltd in 1971 where he was subsequently appointed as its poultry section manager and farm manager in 1974 and 1980 respectively. Prior to joining our Group in 1990, he was the farm manager of Century Farm Pte Ltd from 1987 to 1990.

Chee Nam graduated from the then-existing Nanyang University with a Degree of Bachelor of Science (Department of Biology) with Second Class (Upper Division) honours and holds a Diploma in Business Administration from the National University of Singapore.

KEY MANAGEMENT

MR. CHEW ENG KENG, 52, is our Maintenance and Engineering Manager in charge of the maintenance and repair of all existing farm equipment and machinery. He is also in charge of the upgrading works of the farm equipment and machinery. Mr. Chew Eng Keng joined CAPL as a farm supervisor after his graduation in 1990 and was subsequently appointed to his current position in 2002. He holds a Higher Stage Group Diploma in Accounting from the London Chamber of Commerce and Industry as well as a Diploma in Animal and Veterinary Science from the National Pingtung Institute of Agriculture in Taiwan.

MR. CHEW ENG KIAT, 54, is our Production Manager who assists our General Manager, Production, Mr. Tan Chee Nam, in the production and daily operations of our layer farm. He started his career as a farm supervisor of Chew's Poultry Farm from 1984 to 1991, where he supervised the daily operations of the farm. Prior to joining CAPL in 2007, Mr. Chew Eng Kiat was a freelance taxi driver from 1991 to 2006. Mr. Chew Eng Kiat holds a Diploma in Animal and Veterinary Science from the National Pingtung Institute of Agriculture in Taiwan.

MR. TAN SWEE TECK, 56, is our Sales and Marketing Manager responsible for our Group's sales to hypermarkets, supermarkets and food and beverage outlets. Prior to joining our Group in 2002, he was a sales executive with Pacson Marketing Pte Ltd from 1999 to 2001 and Winmac Manufacturing Pte Ltd from 1988 to 1999, where he sold houseware products.

MR. CHEW CHU HOO, 57, is our Sales Manager responsible for our Group's sales to egg wholesalers and walk-in customers. He ensures that orders are fulfilled in a timely and orderly manner and also assists our management in fixing the prices of our products. Mr. Chew Chu Hoo joined CAPL in 1987 as a sales personnel and was promoted to his current position in 2002.

CORPORATE INFORMATION

Board of Directors:
Chew Chee Bin (Executive Chairman)
Chew Eng Hoe (Managing Director)
Chew Chee Keong (Non-Executive Director)
Yuen Sou Wai (Lead Independent Director)
Chong Chin Fan (Independent Director)
Dr. Choo Boon Seng (Independent Director)

Audit Committee:
Yuen Sou Wai (Chairman)
Chong Chin Fan
Dr. Choo Boon Seng

Remuneration Committee:
Chong Chin Fan (Chairman)
Yuen Sou Wai
Dr. Choo Boon Seng
Chew Chee Keong

Nominating Committee:
Dr. Choo Boon Seng (Chairman)
Yuen Sou Wai
Chong Chin Fan
Chew Chee Bin
Chew Eng Hoe

Risk Committee:
Chew Chee Bin (Chairman)
Chew Eng Hoe
Chew Chee Keong
Yuen Sou Wai
Chong Chin Fan
Dr. Choo Boon Seng

Company Secretary:
Tay Bee Gek, Dorriz
Janet Tan

Registered Address:
80 Raffles Place
#32-01 UOB Plaza 1
Singapore 048624
Tel : 65 6225 2626
Fax : 65 6225 1838
Electronic mail address :
chewsegg@singnet.com.sg
Website : www.chewsegg.com

Principal Place of Business:
20 Murai Farmway
Singapore 709153

Company Registration No:
201020806C

Auditors:
Deloitte & Touche LLP
6 Shenton Way OUE Downtown 2
#33-00
Singapore 068809
Partner-in-charge: Ms. Lim Bee Hui

(Appointed with effect from financial year ended September 30, 2013)

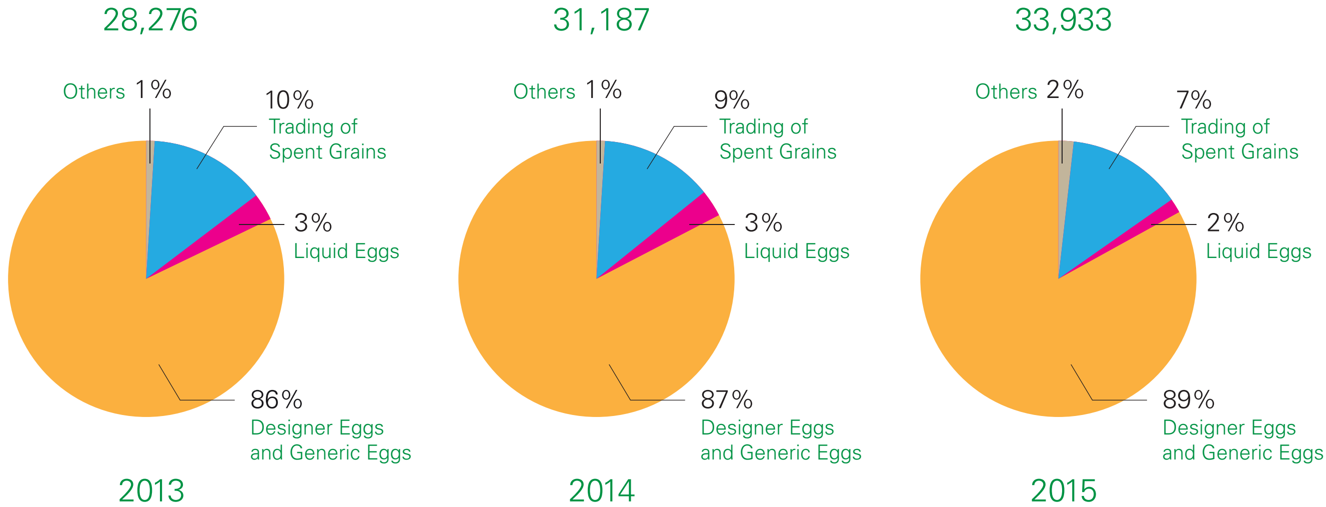
Sponsor:
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

Share Registrar:
Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

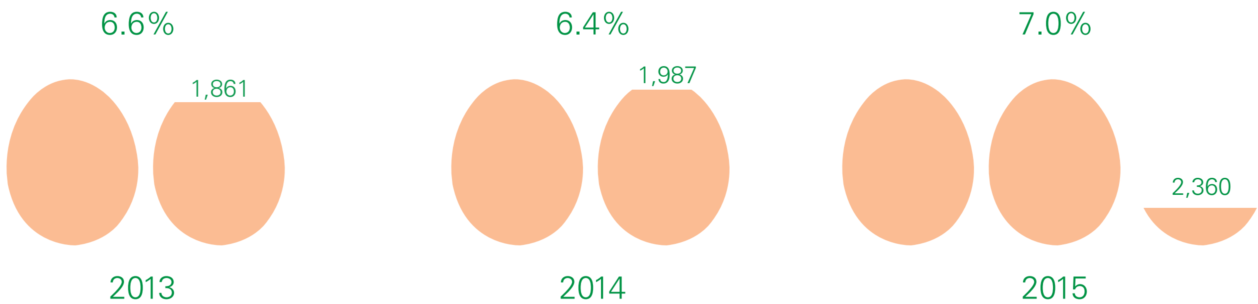
Bankers:
Standard Chartered Bank
United Overseas Bank Limited
Development Bank of Singapore
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited

FINANCIAL HIGHLIGHTS

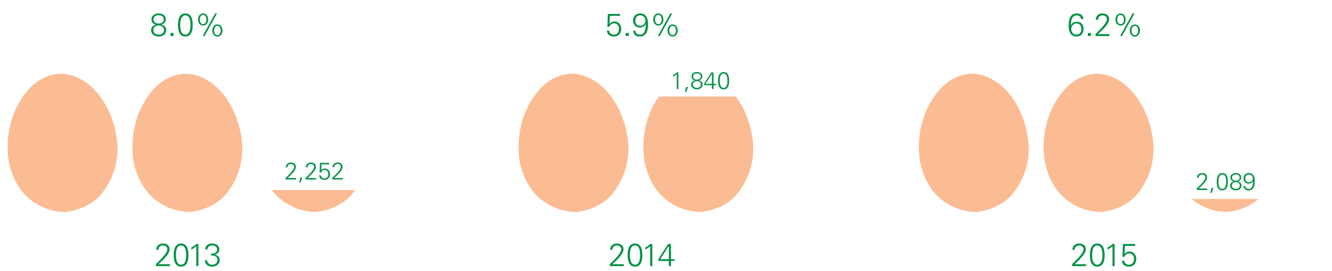
Revenue (S$'000)



Profit before Income Tax (S$'000)
Profit before Income Tax Margin



Net Profit after Tax (S$'000)
Net Profit after Tax Margin



CHAMPIONING SUSTAINABILITY

During the year in review, the Group achieved new milestones in our quest to augment business and environmental sustainability. Our multi-pronged strategy, developed following our listing on the Catalist of Singapore Exchange Securities Trading Limited, seeks further growth in our business while enhancing our sustainability efforts and developing our key management team. In particular, our fully operational chicken soup factory and Biogas Plant stand as testaments of our endeavours.

Achievements in FY2015

The Biogas Plant received approval from Singapore Power in November 2015 and churns out 300kWh of electricity which is channelled towards the farming operations. As this is insufficient to fully power the farm and office facilities, we still tap on the grid for additional power supply. When functioning at full capacity, the Biogas Plant can generate up to 500kWh. We are currently building our experience and expertise in operating the Biogas Plant and plan to gradually increase the feeds to achieve maximum capacity. Conceived in FY2013 with the intention of conserving electricity and providing an alternative channel for chicken waste, the Biogas Plant stands as a testament to our commitment in safeguarding environmental sustainability.

In FY2015, we concluded our research on converting wastewater from the Biogas Plant into concentrated liquid fertiliser. This research and development project was a collaborative effort between the Group and Ngee Ann Polytechnic.

At our chicken soup factory which was completed in the financial year ending 30 September 2014 ("FY2014"), we improved on the recipes and production processes during FY2015 to maximise extraction and to deliver a high protein, all-natural product that is well-suited for athletes, students and convalescents alike. By using our own chickens and processing equipment, we have complete control over the production process and are able to guarantee a quality product that is free of MSG. To date, we have obtained the requisite approvals from HPB and AVA for the product to go on sale in the market. This includes obtaining approval on the nutritional panel to be printed on the chicken soup packaging. With the packaging equipment in place by 31 March 2016, we can begin packing chicken soup for sale in supermarkets. Through this, we harness greater value from our spent hens and at the same time, expand our product portfolio.

Divestment

During FY2015, we divested our aquaculture factory in Hainan, China. Our analysis of the market anticipates the Chinese economy and demand for sea cucumbers to remain slow for the next few years, thereby resulting in our strategic exit from the aquaculture business in Hainan, China.

Moving Forward

Armed with a vision of creating an integrated urban sustainable farming system, the Group is exploring new avenues to advance this goal. At present, we are awaiting the decision by the SLA and AVA in relation to our relocation, in order to better strategise our way forward. Our experience in developing the Biogas Plant and expanding our operations will put us in a good stead in building a new farm with facilities that will support us in achieving our vision.

We are anticipative on our next stage of growth as we seek to enhance shareholder value and secure a sustainable future for the Group.

OPERATING RESULTS

Revenue
The Group's revenue experienced steady growth in FY2015. Revenue rose by $2.7 million or 9% from $31.2 million in FY2014 to reach $33.9 million in FY2015. This was mainly attributable to higher sales of designer and generic eggs, produced by the Group, in Singapore and Hong Kong, which achieved $1.9 million and $0.9 million revenue respectively, bringing in a total of $2.8 million more in revenue. Higher selling prices and production volumes drove sales in Singapore, while in Hong Kong, sales growth stemmed from an increase in the number of supermarket outlets carrying our products. Other sources of revenue growth included sales of imported eggs which increased by $0.3 million, and other trading products which grew by $0.2 million. However, sales of spent grains decreased by $0.4 million. Our other operating income dropped by $0.03 million or 6% year-on-year, from $0.65 million to $0.62 million in FY2015.

Operating Expenses
As at 30 September 2015, inventories rose by $1.0 million as the Group increased the purchase of feed materials in anticipation of higher prices of feed raw materials, especially yellow maize and soya bean meal.

Purchase of materials grew from $5.0 million in FY2014 to $6.7 million in FY2015, marking an increase of $1.7 million or 34%. This was mainly due to a spike in the purchase of feed materials of $1.6 million, of which $0.9 million was kept as inventory, while the remainder was for the Group's increased production. Another contributing factor was the higher purchase of imported eggs by $0.3 million. This was offset by the lower purchase of spent grains of $0.4 million.

Employee benefits expense rose 14% or $0.6 million from $4.0 million in FY2014 to reach $4.6 million in FY2015. Driving the increase were higher production and maintenance staff costs of $0.3 million to support increased production activities and increased staff costs of $0.2 million in the sales and warehouse department, including higher sales commission paid out to drivers, in line with the revenue growth in FY2015.

Meanwhile, depreciation and amortisation expense stood at $0.5 million in FY2015 - an increase of $0.2 million or 40% as compared to $0.3 million in FY2014. The increase was mainly due to the depreciation of the chicken soup equipment which commenced from September 2014.

The Group's rental expenses recorded an increase of 56% or $0.04 million year-on-year to $0.1 million in the financial year mainly due to the rental of an additional warehouse unit in Hong Kong to support the trading activities.

Amortisation of biological assets was $15.5 million in FY2015, as compared to $16.3 million in FY2014. The 5% decrease of $0.8 million stemmed from the Group's ability to extend the average production cycle of its biological assets during FY2015. However, the increased production cycle has raised the average mortality rate of the biological assets.

Other operating expenses rose by $1.6 million or 38%, from $4.0 million in FY2014 to $5.6 million in FY2015. The increase was largely attributable to the rise of $0.4 million in selling expenses due to an increase in the number of supermarket outlets carrying our products, and to support sales growth in Hong Kong; the loss of $0.4 million from the disposal of the aquaculture business in China; the $0.3 million loss from the disposal/write-off of biological assets in FY2015 owing to the longer average hen production cycle which led to a higher mortality rate; and research and development cost of $0.3 million incurred for four projects that the Group undertook with Ngee Ann Polytechnic of Singapore on waste water treatment, and transforming waste water from the Biogas Plant into concentrated liquid fertiliser for use in growing and producing hydroponic plants.

Interest paid on the finance leases and bank loan for the construction of the biogas plant largely contributed to the increase in finance expenses by $0.06 million, from $0.14 million in FY2014 to $0.2 million in FY2015.

Net Profit
The Group generated a profit of $2.1 million, marking a 14% or $0.3 million increase from $1.8 million in FY2014.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP

The Group's total assets stood at $39.2 million as at 30 September 2015 – an increase of $2.3 million year-on-year from $36.9 million. The Group's current assets comprised 34% of total assets at the close of the financial year, recording an increase of $3.4 million from $10.0 million the year before to $13.4 million in FY2015. Three main factors contributed to the growth. They are (i) increase in inventories of $1.0 million to mitigate expected higher raw material prices; (ii) $0.9 million rise in trade receivables in line with sales growth; and (iii) an increase in the Group's cash and bank balances amounting to $1.5 million which resulted from additional finance leases and loans of approximately $4.1 million for the construction of the Biogas Plant. This was partially offset against repayment of bills payables totalling $2.4 million during the year in review.

Meanwhile, non-current assets made up 66% of the Group's total assets decreased from $27.0 million as at 30 September 2014 to $25.8 million as at 30 September 2015 – a drop of $1.2 million brought on largely by a decline of $1.0 million in the Group's property, plant and equipment, out of which $0.6 million was pursuant to the disposal of assets which undertook the Group's aquaculture business in China.

The Group's total liabilities recorded an increase of $0.9 million, reaching $15.1 million as at 30 September 2015 from $14.2 million the year before. Contributing to this increase were mainly the increase in finances leases of $2.2 million as the Group drew down on the finance lease facility following the completion of the Biogas Plant, as well as the rise in tax provision and deferred tax amounting to $0.4 million. The increase was offset by a $0.5 million reduction of trade payables resulting from the payment of the outstanding amount due to the contractor of the Biogas Plant, as well as a $0.9 million decline in other payables as the Group paid the current bills payables of $2.4 million which was in turn offset by a $1.1 million rise in deferred income from food funds received on the Biogas Plant and a $0.3 million increase in the Group's accruals of operating expenses. In addition, a fall in bank loans totalling $0.4 million also compensated for the increase in total liabilities.

At the close of FY2015, the Group generated a positive working capital of $5.2 million, compared to the negative working capital of $0.4 million as at 30 September 2014. Several factors contributed to the improvement including the settlement of current bills payable of $2.4 million with the finance lease on the Biogas Plant, a $1.5 million increase in the cash and bank balance of the Group and a rise in inventories amounting to $1.0 million.

REVIEW OF THE STATEMENT OF CASH FLOW FOR THE GROUP

The Group recognised an increase in cash and cash equivalents of $1.6 million year-on-year to $5.5 million as at 30 September 2015.

Net cash from operating activities stood at $16.0 million versus $22.8 million in FY2014. The lower cash inflow mainly resulted from a decline in the movement of working capital of $7.3 million, offset by a $0.6 million rise in operating cash flow before movements in working capital and $0.1 million in net tax refunds received in FY2015 as opposed to tax payment of $0.6 million in the previous financial year. The decrease in working capital changes came about mainly from a drop in trade and other payables of $6.2 million following a payoff of approximately $0.9 million to suppliers of the Biogas Plant and other equipment as well as a $2.4 million repayment of bills payable.

In FY2015, the Group channelled $17.3 million towards investing activities. This represents a $6.8 million reduction from the previous year owing to the absence of the purchase of plant, property and equipment amounting to $6.1 million for the Biogas Plant as well as a $0.2 million rise in proceeds from the sales of spent hens.

Meanwhile, net cash from financing activities reached $2.8 million during the financial year on the back of a $0.3 million loan and finance leases totalling $3.8 million for the construction of the Biogas Plant, in addition to a government grant of $1.3 million received in FY2015. These were partially offset by the repayment of finance leases and bank loans amounting to $2.3 million as well as dividend payments of $0.4 million in FY2015.

Corporate Governance Report

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the "**Board**") of Chew's Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 30 September 2015 ("**FY2015**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
BOARD MATTERS The Board's Conduct of Affairs		
1.1	What is the role of the Board?	The Board has six (6) members and comprises the following:

Table 1.1 – Composition of the Board

Name of Director	Designation
Chew Chee Bin	Executive Chairman
Chew Eng Hoe	Managing Director and Executive Director
Yuen Sou Wai	Lead Independent Director
Chong Chin Fan	Independent Director
Choo Boon Seng	Independent Director
Chew Chee Keong	Non-Executive Director

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board oversees the management of the Company (the "**Management**") and affairs of the Group's business. It focuses on the strategies and policies, with particular attention paid to growth and financial performance. The Board works with the Management to achieve this and the Management remains accountable to the Board.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**"), the Nominating Committee (the "**NC**") and the Risk Committee (the "**Risk Committee**") (collectively, the "**Board Committees**"). The compositions of the Board Committees are as follows:

Table 1.3 – Composition of the Board Committees

	AC	NC	RC	Risk Committee
Chairman	Yuen Sou Wai	Choo Boon Seng	Chong Chin Fan	Chew Chee Bin
Member	Chong Chin Fan	Yuen Sou Wai	Yuen Sou Wai	Yuen Sou Wai
Member	Choo Boon Seng	Chong Chin Fan	Choo Boon Seng	Chong Chin Fan
Member		Chew Eng Hoe	Chew Chee Keong	Choo Boon Seng
Member		Chew Chee Bin		Chew Eng Hoe
Member				Chew Chee Keong

Corporate Governance Report

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a half yearly basis, and as and when circumstances require. In FY2015, the number of Board and Board Committee meetings held and the attendance of each Board member are shown below.

Table 1.4 – Board and Board Committee Meetings in FY2015
<table><tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Number of Meetings Held</td><td>3</td><td>2</td><td>2</td><td>2</td></tr><tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></tr><tr><td>Chew Chee Bin</td><td>3</td><td>2*</td><td>2</td><td>2*</td></tr><tr><td>Chew Eng Hoe</td><td>3</td><td>2*</td><td>2</td><td>2*</td></tr><tr><td>Yuen Sou Wai</td><td>3</td><td>2</td><td>2</td><td>2</td></tr><tr><td>Chong Chin Fan</td><td>3</td><td>2</td><td>2</td><td>2</td></tr><tr><td>Choo Boon Seng</td><td>3</td><td>2</td><td>2</td><td>2</td></tr><tr><td>Chew Chee Keong</td><td>3</td><td>2*</td><td>2*</td><td>2</td></tr></table>
* By invitation

The Company's Articles of Association (the "Articles") allow for Board meetings to be held by way of tele-conferences and through other electronic communications equipment.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>Matters that require the Board's approval include, amongst others, the following:
• release of the half year and full year results announcements;
• annual report and financial statements;
• convening of shareholders' meetings;
• corporate strategies;
• material acquisitions and disposals of assets; and
• interested person transactions.</td></tr>
</table>

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.6	(a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel. The Company will provide training to first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate and such training will be arranged and funded by the Company. There were no appointment of new Directors in FY2015.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	During 2015, the external auditors ("**EA**") had briefed the AC on changes or amendments to accounting standards and the Company Secretary had provided updates to the Board on the amendments to the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"). All Directors are provided with courses available/to be conducted by the Singapore Institute of Directors on a regular basis.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	As three (3) out of its six (6) Directors are Independent Directors, the requirement at Guideline 2.2 of the Code that the Independent Directors must make up at least half of the Board, where the Chairman of the Board (the "**Chairman**") is part of the management team and is not an independent director, is satisfied. To strengthen the independence of the Board, Mr Yuen Sou Wai has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders at the Company's general meetings.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC had reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors had also confirmed their independence in accordance with the Code.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	None of the Independent Directors have served on the Board for more than nine (9) years since the date of his first appointment.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="3">2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying director nominees?</td><td rowspan="2">The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group, regardless of gender.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><th colspan="3">Table 2.6 – Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>- Accounting or finance</td><td>2</td><td>33%</td></tr>
<tr><td>- Business management</td><td>6</td><td>100%</td></tr>
<tr><td>- Legal or corporate governance</td><td>2</td><td>33%</td></tr>
<tr><td>- Relevant industry knowledge or experience</td><td>3</td><td>50%</td></tr>
<tr><td>- Strategic planning experience</td><td>6</td><td>100%</td></tr>
<tr><td>- Customer based experience or knowledge</td><td>4</td><td>67%</td></tr>
</table>
</td></tr>
<tr><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td></tr>
<tr><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:

• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</td></tr>
<tr><td>2.8</td><td>Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors had met at least once in the absence of key management personnel in FY2015.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	The roles of the Chairman and the Managing Director are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The roles of the Executive Chairman and the Managing Director are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Executive Chairman and the Managing Director will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. The positions of the Executive Chairman and Managing Director are held by Mr Chew Chee Bin and Mr Chew Eng Hoe respectively. As the Executive Chairman, Mr Chew Chee Bin is responsible to the Board for the corporate directions, operational efficiency and development of the Group. The Executive Chairman will also conduct reviews of the Group's policies and strategies and ensure cohesive working relationship and timeliness of information flow between the Board and Management. As the Managing Director, Mr Chew Eng Hoe leads the management team and is responsible for the day-to-day operations of the Group. He also supports the Executive Chairman in creating business opportunities and driving the Group's growth and development both locally and overseas. Although Mr Chew Chee Bin and Mr Chew Eng Hoe are cousins, 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.
3.4	Have the Independent Directors met in the absence of key management personnel?	The Independent Directors had met the EA and internal auditors ("**IA**") once in the absence of key management personnel in FY2015.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (a) deciding how the Board's performance may be evaluated and proposing objective performance criteria; (b) making recommendations to the Board on the appointment and re-appointment of Directors (including alternate Directors, if applicable) having regard to the Director's contributions and performance, including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board; (c) regularly reviewing the Board structure, size and composition and making recommendations to the Board with regards to any adjustments that are deemed necessary; (d) identifying and nominating candidates as necessary for the approval of the Board, determining annually whether or not a Director is independent under the definition set out in the Code, filling Board vacancies as and when they arise, as well as putting in place plans for succession, in particular, in respect of the roles of the Executive Chairman and the Managing Director; (e) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations and/or a conflict of interest; and (f) reviewing the training and professional development programs for the Board.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) If a maximum has not been determined, what are the reasons?	Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. Only two (2) Directors have directorships in other listed companies and each of them holds not more than three (3) other directorships. As such, the Board does not fix the maximum number of listed company board representations which any Director may hold. However, the NC will from time to time review the maximum number of listed company board representations and other principal commitments which any Director may hold to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2015.
4.5	Are there alternate Directors?	The Company does not have any alternate directors.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	(see tables below)

Table 4.6(a) – Process for the Selection and Appointment of New Directors

1.	Determination of selection criteria	• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.
3.	Assessment of shortlisted candidates	• The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of director	• The NC would recommend the selected candidate to the Board for consideration and approval.

Table 4.6(b) – Process for the Re-electing Incumbent Directors

1.	Assessment of director	• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and • The NC would also consider the current needs of the Board.
2.	Re-appointment of director	• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

Corporate Governance Report

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>Under the Articles, at least one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company.

The NC has recommended to the Board that Mr Yuen Sou Wai and Mr Chong Chin Fan be nominated for re-election at the forthcoming annual general meeting of the Company (“AGM”). Mr Yuen Sou Wai will, upon re-election as a Director, remain as the Chairman of the AC and a member of the NC, RC and Risk Committee. Mr Chong Chin Fan will, upon re-election as a Director, remain as the Chairman of the RC and a member of the AC, NC and Risk Committee. Mr Yuen Sou Wai and Mr Chong Chin Fan will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (“Catalist Rules”).</td></tr>
<tr><td>4.7</td><td>Please provide Directors’ key information.</td><td>The key information of the Directors, including their appointment dates and directorships held in the past three (3) years, are set out on pages 10 to 12 of this annual report.</td></tr>
<tr><td>5.1
5.2
5.3</td><td>What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?</td><td>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole:

<table>
<tr><th colspan="2">Table 5 Performance Criteria for Board Evaluation</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Board’s conduct of meetings
5. Corporate strategy and planning
6. Board accountability
7. Risk management and internal controls
8. Succession planning
9. Communication with shareholders</td></tr>
<tr><td>Quantitative</td><td>1. Performance of the Company
2. Return on equity
3. Earnings per share for shareholders</td></tr>
</table>

Given the relatively small size of the Board, the NC is of the view that there is no formal assessment to be conducted on the Board Committees and contribution of each individual Director to the effectiveness of the Board.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The review of the performance of the Board is conducted by the NC annually. For FY2015, the review process was as follows: 1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, based on criteria disclosed in Table 5 above; 2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and 3. The NC discussed the report and concluded the performance results during the NC meeting. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.
Access to Information		
6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	See Table 6 below. Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Table 6 – Types of information provided by key management personnel to Independent Directors

	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly
2.	Updates to the Group's operations and the markets in which the Group operates in	Half-yearly
3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and EA' report(s)	Half-yearly
4.	Reports on on-going or planned corporate actions	Half-yearly
5.	Enterprise risk framework and IA' report(s)	Half-yearly
6.	Research report(s)	As required
7.	Shareholding statistics	Annually

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3	What is the role of the Company Secretary?	The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: • Ensures that Board procedures are observed and that the Company's memorandum and the Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act and the Catalist Rules, are complied with; • Assists the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assists the Chairman to ensure good information flows within the Board and its committees and key management personnel; • Facilitates orientation and assisting with professional development as required; • Trains, designs and implements a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attends and prepares minutes for all Board meetings; • As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and • Assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS **Developing Remuneration Policies**		
7.1	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) Review and recommend to the Board, in consultation with the Executive Chairman and the Managing Director, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director and key management executives and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework; (b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and (c) Review and approve the granting of share options and/or performance shares to Directors and employees.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2015.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management executives of the required experience and expertise. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market or the industry.

Corporate Governance Report

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>9.1
9.2</td><td>Has the Company disclosed each Director’s and the CEO’s remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Directors for FY2015 is as follows:
<table>
<tr><th colspan="7">Table 9 – Directors’ Remuneration</th></tr>
<tr><th>Name</th><th>Remuneration (S$)</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors Fees (%)</th><th>Benefits-in-kind (%)</th><th>Total (%)</th></tr>
<tr><td>Chew Chee Bin</td><td>270,109</td><td>81</td><td>19</td><td>-</td><td>-</td><td>100</td></tr>
<tr><td>Chew Eng Hoe</td><td>297,115</td><td>76</td><td>17</td><td>-</td><td>7</td><td>100</td></tr>
<tr><td>Yuen Sou Wai</td><td>42,850</td><td>-</td><td>-</td><td>100</td><td>-</td><td>100</td></tr>
<tr><td>Chong Chin Fan</td><td>36,300</td><td>-</td><td>-</td><td>100</td><td>-</td><td>100</td></tr>
<tr><td>Choo Boon Seng</td><td>36,300</td><td>-</td><td>-</td><td>100</td><td>-</td><td>100</td></tr>
<tr><td>Chew Chee Keong</td><td>36,300</td><td>-</td><td>-</td><td>100</td><td>-</td><td>100</td></tr>
</table>
There are no termination and retirement benefits that may be granted to the Directors.</td></tr>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel’s remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Company’s key management executives (who are not Directors or the Managing Director) for FY2015 is as follows:
<table>
<tr><th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th>Name</th><th>Remuneration Band (S$)</th><th>Base/ Fixed Salary (%)</th><th>Variable bonus (%)</th><th>Total (%)</th></tr>
<tr><td>Tay Bee Gek, Dorriz</td><td>< 250,000</td><td>92</td><td>8</td><td>100</td></tr>
<tr><td>Chew Eng Kiat</td><td>< 250,000</td><td>92</td><td>8</td><td>100</td></tr>
<tr><td>Chew Eng Keng</td><td>< 250,000</td><td>93</td><td>7</td><td>100</td></tr>
<tr><td>Chew Chu Hoo</td><td>< 250,000</td><td>93</td><td>7</td><td>100</td></tr>
<tr><td>Tan Chee Nam</td><td>< 250,000</td><td>93</td><td>7</td><td>100</td></tr>
<tr><td>Tan Swee Teck</td><td>< 250,000</td><td>93</td><td>7</td><td>100</td></tr>
</table>
There are no termination and retirement benefits that may be granted to the key management executives.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the top five (5) key management personnel for FY2015 was S$780,423.
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	The Company's Production Manager, Mr Chew Eng Kiat and the Company's Maintenance and Engineering Manager, Mr Chew Eng Keng, are brothers of the Company's Managing Director, Mr Chew Eng Hoe. The remuneration of each of Mr Chew Eng Kiat and Mr Chew Eng Keng falls within the band of S$150,000 and S$200,000 for FY2015. The Company's Human Resource and Procurement Executive, Ms Lee Hwee Hua, is the spouse of the Company's Managing Director, Mr Chew Eng Hoe. Her remuneration falls within the band of S$50,000 and S$100,000 for FY2015. Save as disclosed, there are no other employees who are immediate family members of a Director or the Managing Director and whose remuneration exceed S$50,000 for FY2015.
9.5	Please provide details of the employee share scheme(s).	Information on the Company's Employee Share Option Scheme ("**ESOS**") and Performance Share Plan ("**PSP**") are set out on pages 46 to 47 of this Annual Report and further information can be found in the Company's Offer Document dated 16 February 2011.
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><th colspan="3">Table 9.6(b) – Performance Incentives Criteria</th></tr>
<tr><td>Performance Conditions</td><td>Short-term Incentives
(such as performance bonus)</td><td>Long-term Incentives
(such as the ESOS and PSP)</td></tr>
<tr><td>Quantitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td>1. Group’s major project or development
2. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. PBT of at least S$2 million</td><td></td></tr>
</table>
</td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2015.

For FY2015, all the Executive Directors and key management executives were entitled to receive the incentive bonuses under their respective service agreements according to the performance conditions met.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT **Risk Management and Internal Controls**		
11.4	The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies.	The Risk Committee assumes the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Company's risk management systems and procedures. The Company's Chief Financial Officer ("**CFO**"), Ms Tay Bee Gek Dorriz, has been appointed as the Company's Chief Risk Officer (the "**CRO**") on 27 November 2012 to assist the Risk Committee to meet their objectives. The Risk Committee determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design and implementation of a framework for the monitoring of risk management. It regularly reviews the risks and controls of the Group's business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The CRO reviews all significant control policies and procedures and highlights all significant matters to the Risk Committee. The Risk Committee reviews, at least annually, the adequacy and effectiveness of the Company's risk management and internal control systems, of which includes the financial, operational, compliance and information technology controls.
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2015. The bases for the Board's view are as follows: 1. Assurance has been received from the Managing Director and CFO (refer to Section 11.3(b) below); 2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the AC and Risk Committee on material risks; 4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns;

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		5. An enterprise risk management framework was maintained to identify, manage and mitigate significant risks; and 6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels. In relation to sustainability, the Group has a vision of creating an integrated urban sustainable farming system and the Group has been exploring new avenues to advance this goal. Over the years, the Group has achieved the following: • Setting up a chicken soup factory which utilises spent hens for the production of chicken soup; • Constructed a Biogas Plant which currently churns 300kWh; and • Concluded research on converting wastewater from the Biogas Plant into concentrated liquid fertiliser.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the Managing Director and CFO in respect of FY2015. In addition, the external auditors have provided the Board a clean opinion on its financial statements and that its financial records are properly maintained for FY2015. The IA has carried out its reviews based on the agreed scope and the Board noted there were no major adverse findings on risk management and internal control systems relating to the agreed scope.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.4	What is the role of the AC?	In performing its functions in accordance with a set of terms of reference, the AC meets to, *inter alia*, discuss and review the following: (a) significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Group; (b) adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls at least on an annual basis; (c) audit plan and EA' report presented by the Company's EA; (d) assistance provided by the Company's officers to the EA and IA; (e) internal audit plan and internal audit report with the IA; (f) independence of the EA annually and recommend the EA to be nominated, approve the remuneration of the EA and terms of their engagement; (g) financial statements of the Group and of the Company prior to their submission to the Board for approval; (h) the Company's half-year and full-year results announcements, and any announcements relating to the Group's financial performance; and (i) all interested person transactions.
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC has met with the IA and the EA once in the absence of key management personnel in FY2015.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	See Table 12.6 (a) below
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2015 were not substantial.
12.7	Does the Company have a whistle-blowing policy?	Yes. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to whistle_blowing@chewsegg.com.sg.
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2015, the AC was kept abreast by the EA of changes to accounting standards and issues which have a direct impact on financial statements.

Table 12.6 (a) – Fees Paid/Payable to the EA for FY2015

	S$	% of total
Audit fees	108,000	85
Non-audit fees		
- Tax advice	19,100	15
Total	**127,100**	**100**

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to RSM Risk Advisory Pte. Ltd. that reports directly to the AC Chairman. The IA plans its internal audit schedules in consultation with the Management and its plans are submitted to the AC. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that IA is adequately qualified (given, *inter alia*, its adherence to standards set by nationally or internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES **Communication with Shareholders**		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Communication with shareholders is managed by the Board. All announcements are released via SGXNET, including the half-year and full-year financial results, distribution of notices, press releases, analyst briefings, presentations, announcement on acquisitions and other material developments. The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules. In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNET. The notice of AGM is also advertised in the newspapers.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company does not have a dedicated investor relations team. The Company's Executive Chairman, Managing Director and CFO are responsible for the Company's communication with shareholders.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company will also conduct media interviews as and when appropriate to give shareholders and the public deeper insights of the Group's business and strategies when opportunities present themselves. Further, the Company may, if it considers necessary and appropriate, release press releases or organise media/analyst briefings to keep shareholders informed of its corporate development.

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.
	Is the Company paying dividends for the financial year? If not, please explain why.	The Board has proposed a first and final dividend of 0.49 Singapore cents per ordinary share for FY2015 which will be subject to shareholders' approval at the forthcoming AGM.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Articles allow for absentia voting. subject to Directors' approval and implementation. However, due to security issues including but not limited to the authentication of shareholder identity information, the Directors have not approved the implementation of absentia voting. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. Along with the Directors, the CFO will also be present and available to address shareholders' queries. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings will made available to shareholders upon their request.

Corporate Governance Report

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the Managing Director, any Director, or controlling shareholder, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following: • framework of risk management control and internal controls established and maintained by the Group; • work performed by the IA and EA; • assurance from the Managing Director and CFO; and • reviews performed by the various Board Committees and the Management.
1204(17)	Interested Persons Transaction ("**IPT**")	The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm's length basis and will not be prejudicial to the interests of the Company and its minority shareholders. There were no interested person transactions entered into during FY2015.
1204(19)	Dealing in Securities	The Company has adopted an internal compliance code to guide and advise Directors and all executives of the Company with regard to dealing in the Company's securities. The Company, Directors and executives shall not deal in the Company's shares on short-term considerations or if they are in possession of price sensitive information and during the period commencing one (1) month prior to each announcement of half-year and full-year financial results by the Company and ending on the date of the announcement of the results. Directors and senior management are also expected to observe insider-trading laws at all times even when dealing in securities within permitted trading periods.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2015.

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended September 30, 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 51 to 104 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 September 30, 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Chew Eng Hoe
Chew Chee Bin
Chew Chee Keong
Yuen Sou Wai
Chong Chin Fan
Dr Choo Boon Seng

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the Share Options and Share Scheme mentioned in paragraphs 4 and 5 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year and their interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act are as follows:

Name of directors and companies in which interests are held	Shareholdings registered in the name of directors	
	At beginning of year	At end of year
The Company (Ordinary shares)		
Chew Eng Hoe	343,350	343,350
Chew Chee Bin	351,025	351,025
Chew Chee Keong	432,025	597,025
Fenghe Investment Holding Pte. Ltd. (Ordinary shares)		
Chew Eng Hoe	2,266	2,266

The directors' interests in the shares of the Company as at October 21, 2015 were the same at September 30, 2015.

By virtue of Section 7 of the Companies Act, Mr Chew Eng Hoe is deemed to have an interest in the shares held by the Company in all its subsidiary corporations.

4 **SHARE OPTIONS**

The Chew's Employee Share Option Scheme (The "**Scheme**")

(i) The Scheme in respect of unissued shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on January 19, 2011.

(ii) The Scheme is administered by the Remuneration Committee whose members are:

Chong Chin Fan (Chairman)
Dr Choo Boon Seng
Yuen Sou Wai
Chew Chee Keong

(iii) Options entitlements

Under the Scheme, the number of shares comprised in any options to be offered to a participant shall be determined by the Remuneration Committee, in their absolute discretion. The Remuneration Committee shall consider criteria such as dedication, loyalty, past performance, and contribution to the Company of that participant.

(iv) Options, exercise period and exercise price

The options that are granted under the Scheme may have exercise prices that are, at the discretion of the Remuneration Committee:

(a) set at a discount to a price ("**Market Price**") equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the five (5) consecutive market days immediately preceding the relevant date of grant of the relevant option of a share subject to a maximum discount of 20%; or

(b) fixed at Market Price.

(v) During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(vi) During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(vii) At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 **SHARE SCHEME**

The Chew’s Performance Share Plan (The “**Share Plan**”)

(i) The Share Plan was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting held on January 19, 2011.

(ii) The Share Plan is administered by the Remuneration Committee.

(iii) A participant’s award under the Share Plan will be determined at the sole discretion of the Remuneration Committee. In considering the award to be granted to a participant, the Remuneration Committee may take into account, inter alia, the participant’s performance during the relevant period, and his capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skill set.

(iv) Awards granted under the Share Plan are performance related and will typically vest only after the satisfactory completion of a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the Share Plan, and the length of the vesting period(s) is determined on a case-by-case basis.

(v) The total number of new shares which may be issued or shares which may be delivered pursuant to awards granted under the Share Plan, when added to the total number of new shares issued and issuable or existing shares delivered and deliverable in respect of:

a. all awards granted under the Share Plan;

b. all options granted the Chew’s Employee Share Option Scheme; and

c. all shares, options, or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the issued capital of the Company (excluding treasury shares) on the day preceding the relevant date of award.

(vi) At the end of the financial year, no awards have been granted under the Share Plan.

6 **AUDIT COMMITTEE**

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Yuen Sou Wai, an independent director, and includes Mr Chong Chin Fan and Dr Choo Boon Seng, both independent directors. The Audit Committee has met two times since the last Annual General Meeting (“AGM”) and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors’ examination and evaluation of the Group’s systems of internal accounting controls;

b) the Group’s financial and operating results and accounting policies;

c) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors’ report on those financial statements;

d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

Directors' Statement

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7 **AUDITORS**

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Chew Chee Bin

....
Chew Eng Hoe

Date: December 30, 2015

Independent Auditors' Report To The Members Of Chew's Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Chew's Group Limited (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 104.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at September 30, 2015 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.

Independent Auditors' Report To The Members Of Chew's Group Limited

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: December 30, 2015

Statements Of Financial Position

As At September 30, 2015

	Note	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
ASSETS					
Current assets					
Cash and bank balances	7	5,552,517	4,006,300	2,210,680	595,499
Trade receivables	8	5,194,548	4,341,123	-	-
Other receivables	9	533,461	485,769	1,693,815	2,200,236
Inventories	10	2,119,241	1,125,512	-	-
Total current assets		13,399,767	9,958,704	3,904,495	2,795,735
Non-current assets					
Other receivables	9	55,000	182,339	-	-
Property, plant and equipment	11	18,272,201	19,314,480	30,975	283
Land use rights	12	1,198,750	1,303,750	-	-
Biological assets	13	6,308,958	6,178,143	-	-
Investment in subsidiary corporations	14	-	-	10,299,720	10,999,720
Total non-current assets		25,834,909	26,978,712	10,330,695	11,000,003
Total assets		39,234,676	36,937,416	14,235,190	13,795,738

Statements Of Financial Position (cont'd)

As At September 30, 2015

	Note	Group		Company	
		2015	2014	2015	2014
		$	$	$	$
LIABILITIES AND EQUITY					
Current liabilities					
Current portion of bank loans	15	1,768,647	2,344,497	-	-
Trade payables	16	2,203,900	2,701,159	7,422	-
Other payables	17	2,236,567	4,190,803	423,425	369,593
Current portion of finance leases	18	1,726,089	951,670	-	-
Income tax payable		237,170	167,172	-	-
Total current liabilities		8,172,373	10,355,301	430,847	369,593
Non-current liabilities					
Bank loans	15	166,581	-	-	-
Other payables	17	3,473,877	2,412,437	-	-
Finance leases	18	2,789,296	1,363,224	-	-
Deferred tax liabilities	19	451,002	105,255	-	-
Total non-current liabilities		6,880,756	3,880,916	-	-
Capital, reserves and non-controlling interests					
Share capital	20	13,292,106	13,292,106	13,292,106	13,292,106
Capital reserve (deficit)	21	1,527	(106,467)	-	-
Foreign exchange translation (deficit) reserve		(16,661)	9,299	-	-
Retained earnings		10,926,500	9,078,625	512,237	134,039
Equity attributable to owners of the Company		24,203,472	22,273,563	13,804,343	13,426,145
Non-controlling interests		(21,925)	427,636	-	-
Total equity		24,181,547	22,701,199	13,804,343	13,426,145
Total liabilities and equity		39,234,676	36,937,416	14,235,190	13,795,738

See accompanying notes to the financial statements.

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

Year Ended September 30, 2015

	Note	Group	
		2015	2014
		$	$
Revenue	22	33,933,131	31,186,871
Other operating income	23	615,503	652,472
Changes in inventories		994,733	83,008
Purchase of materials		(6,686,852)	(5,009,145)
Employee benefits expense		(4,617,778)	(4,040,812)
Depreciation and amortisation expense		(464,120)	(331,997)
Rental expenses		(117,299)	(74,679)
Amortisation of biological assets		(15,523,683)	(16,295,169)
Other operating expenses	24	(5,577,069)	(4,045,488)
Finance costs	25	(196,490)	(138,366)
Profit before income tax		2,360,076	1,986,695
Income tax expense	26	(271,448)	(146,265)
Profit for the year	27	2,088,628	1,840,430

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income (cont'd)

Year Ended September 30, 2015

	Note	Group 2015 $	Group 2014 $
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operation		48,865	10,368
Other comprehensive income for the year, net of tax		48,865	10,368
Total comprehensive income for the year		2,137,493	1,850,798
Profit attributable to:			
Owners of the Company		2,219,666	2,003,854
Non-controlling interests		(131,038)	(163,424)
		2,088,628	1,840,430
Total comprehensive income attributable to:			
Owners of the Company		2,231,866	2,014,222
Non-controlling interests		(94,373)	(163,424)
		2,137,493	1,850,798
Basic and diluted earnings per share (cents)	28	2.63	2.37

See accompanying notes to the financial statements.

Statements Of Changes In Equity

Year Ended September 30, 2015

	Note	Share capital	Capital reserve (deficit)	Foreign exchange translation (deficit) reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
		$	$	$	$	$	$	$
Group								
Balance at October 1, 2013		13,292,106	1,527	(1,069)	7,522,610	20,815,174	71,503	20,886,677
Total comprehensive income for the year:								
Profit for the year		-	-	-	2,003,854	2,003,854	(163,424)	1,840,430
Other comprehensive income for the year		-	-	10,368	-	10,368	-	10,368
Total		-	-	10,368	2,003,854	2,014,222	(163,424)	1,850,798
Transactions with owners, recognised directly in equity:								
Dividends paid	29	-	-	-	(447,839)	(447,839)	-	(447,839)
Equity contribution for non-controlling interests in subsidiary corporation	21	-	(107,994)	-	-	(107,994)	107,994	-
Non-controlling interests arising from increase in share capital and incorporation of subsidiary corporation		-	-	-	-	-	411,563	411,563
Total		-	(107,994)	-	(447,839)	(555,833)	519,557	(36,276)
Balance at September 30, 2014		13,292,106	(106,467)	9,299	9,078,625	22,273,563	427,636	22,701,199

Statements Of Changes In Equity (cont'd)

Year Ended September 30, 2015

	Note	Share capital	Capital reserve (deficit)	Foreign exchange translation (deficit) reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
		$	$	$	$	$	$	$
Group								
Total comprehensive income for the year:								
Profit for the year		-	-	-	2,219,666	2,219,666	(131,038)	2,088,628
Other comprehensive income for the year		-	-	12,200	-	12,200	36,665	48,865
Total		-	-	12,200	2,219,666	2,231,866	(94,373)	2,137,493
Transactions with owners, recognised directly in equity:								
Dividends paid	29	-	-	-	(371,791)	(371,791)	-	(371,791)
Disposal of subsidiary corporations	31	-	121,133	(38,160)	-	82,973	(398,327)	(315,354)
Non-controlling interests arising from increase in share capital of subsidiary corporation	21	-	(13,139)	-	-	(13,139)	43,139	30,000
Total		-	107,994	(38,160)	(371,791)	(301,957)	(355,188)	(657,145)
Balance at September 30, 2015		13,292,106	1,527	(16,661)	10,926,500	24,203,472	(21,925)	24,181,547

Statements Of Changes In Equity (cont'd)

Year Ended September 30, 2015

	Share capital $	Retained earnings $	Total $
Company			
Balance at October 1, 2013	13,292,106	72,253	13,364,359
Profit for the year, representing total comprehensive income for the year	-	509,625	509,625
Dividends paid, representing transactions with owners recognised directly in equity (Note 29)	-	(447,839)	(447,839)
Balance at September 30, 2014	13,292,106	134,039	13,426,145
Profit for the year, representing total comprehensive income for the year	-	749,989	749,989
Dividends paid, representing transactions with owners recognised directly in equity (Note 29)	-	(371,791)	(371,791)
Balance at September 30, 2015	13,292,106	512,237	13,804,343

See accompanying notes to the financial statements.

Consolidated Statement Of Cash Flows

Year Ended September 30, 2015

	Group	
	2015	2014
	$	$
Operating activities		
Profit before income tax	2,360,076	1,986,695
Adjustments for:		
Interest expense	196,490	138,366
Interest income	(2,248)	(2,333)
Biological assets written off, net	1,654,867	1,332,862
Depreciation of property, plant and equipment	457,700	325,577
Amortisation of land use rights	6,420	6,420
Amortisation of biological assets	15,523,683	16,295,169
Allowance for (Reversal of) doubtful trade receivables, net	1,843	(9,789)
Loss on disposal of property, plant and equipment, net	9,774	60,633
Loss on disposal of subsidiary corporations (Note 31)	429,362	-
Government grant income	(257,557)	(325,137)
Operating cash flows before movements in working capital	20,380,410	19,808,463
Trade receivables	(855,268)	(423,750)
Other receivables	(8,085)	397,873
Inventories	(997,778)	(83,216)
Trade payables	(456,854)	1,042,211
Other payables	(1,961,164)	2,745,075
Cash generated from operations	16,101,261	23,486,656
Interest paid	(196,490)	(138,366)
Income tax refunded (paid)	144,297	(577,103)
Net cash from operating activities	16,049,068	22,771,187
Investing activities		
Advance payment for property, plant and equipment	-	(182,339)
Proceeds from disposal of property, plant and equipment	547	23,580
Purchases of property, plant and equipment (Note A)	(1,092,821)	(7,581,850)
Proceeds from disposal of biological assets	619,242	375,108
Purchases of biological assets	(16,780,216)	(16,749,743)
Net cash outflows arising from sale of investment (Note 31)	(50,396)	-
Interest received	2,248	2,333
Net cash used in investing activities	(17,301,396)	(24,112,911)

Consolidated Statement Of Cash Flows (cont'd)

Year Ended September 30, 2015

	Group	
	2015	2014
	$	$
Financing activities		
Government grant deferred	1,341,809	1,276,920
Proceeds from bank loans	300,000	2,100,000
Proceeds from finance leases	3,766,560	-
Repayments of bank loans	(709,269)	(445,824)
Repayments of obligation under finance leases	(1,566,069)	(988,917)
Increase in pledged fixed deposits	(362)	(356)
Dividends paid	(371,791)	(447,839)
Contribution by non-controlling shareholders in subsidiary corporation	30,000	411,563
Net cash from financing activities	2,790,878	1,905,547
Net increase in cash and cash equivalents	1,538,550	563,823
Cash and cash equivalents at beginning of the year	3,904,432	3,330,241
Effects of exchange rate changes on the balance of cash held in foreign currencies	7,305	10,368
Cash and cash equivalents at end of the year (Note 7)	5,450,287	3,904,432

Note A:

In 2015, the Group acquired property, plant and equipment at an aggregate cost of $1,092,821 fully paid in cash.

In 2014, the Group acquired property, plant and equipment at an aggregate cost of $10,066,824, of which $878,535 was acquired under finance lease arrangements and $1,606,439 was capitalised as other deposits as at September 30, 2013. Cash payments of $7,581,850 were made to purchase the property, plant and equipment.

See accompanying notes to the financial statements.

Notes To The Financial Statements

As At September 30, 2015

1 **GENERAL**

The Company (Registration No. 201020806C) is incorporated in the Republic of Singapore with its principal place of business at 20 Murai Farmway, Singapore 709153 and registered office at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary corporations are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended September 30, 2015 were authorised for issue by the Board of Directors of the Company on December 30, 2015.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

ADOPTION OF NEW AND REVISED STANDARDS – On October 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and Company were issued but not effective:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers*[2]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[1]

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(1) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
(2) Applies to annual periods beginning on or after July 1, 2018, with early application permitted.

The management anticipates that the adoption of the new/revised FRSs, INT FRSs and amendments to FRS in future periods, will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except as follows:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL).

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The management anticipates that the application of FRS 109 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practical to provide a reasonable estimate of the effect of FRS 109 until the Group undertakes a detailed review.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, and the related interpretations when it becomes effective.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to be the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more perspective guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

As at date of authorisation of these financial statements, it is not practicable to provide a reasonable estimate of the effect of FRS 115 until the Group performs a detailed review.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The management anticipates that the application of the amendments in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

However, it is not practical to provide a reasonable estimate of the effect of the amendments until the Group undertakes a detailed review.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary corporations. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary corporation begins when the Company obtains control over the subsidiary corporation and ceases when the Company loses control of the subsidiary corporation. Specifically, income and expenses of a subsidiary corporation acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary corporation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary corporations to bring their accounting policies into line with the Group's accounting policies.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Changes in the Group's ownership interests in existing subsidiary corporations

Changes in the Group's ownership interests in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary corporations. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary corporation at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiary corporations are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of the liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The eggs are stated at fair value less cost to sell at the point of harvest, and subsequently accounted for as inventories in accordance with above.

BIOLOGICAL ASSETS - Biological assets are recognised when, and only when:

(a) the Group controls the asset as a result of past events;

(b) it is probable that future economic benefits associated with the asset will flow to the Group; and

(c) the fair value or cost of the asset can be measured reliably.

Biological assets include mature chickens and immature chickens kept by the Group for the production of eggs. A chicken is considered mature when it starts producing eggs at about 23 weeks old.

The chickens are measured at costs less accumulated amortisation and impairment losses as their fair value cannot be measured reliably. The chickens are subjected to amortisation when they are considered mature. They are being amortised on a reducing balance method over the estimated egg laying period of about 53 weeks and thereafter disposed off at a residual value.

The gain or loss arising on the disposal of the biological assets is determined as the difference between the sales proceeds and the carrying amount of the biological assets and is recognised in profit or loss.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

The costs of chickens consists of the initial purchase costs and accumulated costs of vaccine, chicken feed, medicine and other indirect overhead costs incurred to breed the chickens to a mature state and sustain its production capacity.

The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than construction in progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold building	-	47 years
Farm buildings	-	15 years
Plant, machinery and equipment	-	10 years
Office equipment and motor vehicles	-	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

LAND USE RIGHTS - Prepaid land rental is accounted for as land use rights and amortised on a straight-line basis over the lease term of 20 years.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiary corporations operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible 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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognised as an expense or income in profit or loss.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION- The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign exchange translation reserve.

3 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** (cont'd)

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Valuation of biological assets

FRS 41 *Agriculture* states that "a biological asset should be measured on initial recognition and at the end of each reporting period at its fair value less estimated point-of-sale costs, except where the fair value cannot be measured reliably". Where the Group is concerned, the management has assessed and determined that it is appropriate for the chickens to be carried at cost less accumulated amortisation given that market-determined prices or values are not available and alternative estimates of fair value are determined to be unreliable. The computation of the carrying amount of chickens involves management's estimation on the useful lives and residual values of the chickens. As at September 30, 2015, the net carrying amounts of chickens are disclosed in Note 13 to the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of biological assets

The Group assesses annually whether its biological assets have any indication of impairment in accordance with its accounting policy. In instances where there are indicators of impairment, the recoverable amounts of biological assets will be determined based on value-in-use calculations. These calculations require the use of management judgements and estimates. No provision for impairment is considered necessary at the end of the reporting period as no indication of impairment has been identified. The carrying amounts of biological assets are disclosed in Note 13 to the financial statements.

Useful lives of biological assets

As described in Note 2, the Group reviews the estimated useful lives of biological assets at the end of the reporting period. Changes in the estimated egg laying period can impact the economic useful lives of these assets with consequential impact on the future amortisation charge. The carrying amounts of biological assets are disclosed in Note 13 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Useful lives of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge. The carrying amounts of property, plant and equipment are disclosed in Note 11 to the financial statements.

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment exhibit any indication of impairment. In instances where there are indications of impairment, the recoverable amounts of property, plant and equipment will be based on value-in-use calculations. These calculations require the use of management judgement and estimates. No provision for impairment is considered necessary at the end of the reporting period as no indication of impairment has been identified. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 11 to the financial statements.

Allowance for doubtful debts

The Group makes allowance for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of trade and other receivables at the end of the reporting period as disclosed in Notes 8 and 9 to the financial statements respectively, approximate their recoverable amounts as there has not been a significant change in their credit quality since the end of the reporting period.

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	11,248,341	8,737,226	3,894,061	2,781,533
Financial liabilities				
Amortised cost	10,672,161	11,355,246	430,847	369,593

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (cont'd)

(b) Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. Risk management is carried out by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group transacts its business in other foreign currencies including the United States dollar, Euro and Malaysian ringgit and therefore is exposed to foreign exchange risk. The Group does not hedge against foreign exchange exposure as the currency risk is not expected to be significant.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group			
	Liabilities		Assets	
	2015	2014	2015	2014
	$	$	$	$
United States dollar	43,573	15,400	129,009	-
Euro	26,092	779,632	-	-
Malaysian ringgit	6,962	11,651	-	-

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the Singapore dollars. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (cont'd)

If the relevant foreign currencies weaken by 10% against the functional currency of each group entity, the Group's profit before income tax will increase (decrease) by:

	Group impact	
	2015	2014
	$	$
United States dollar	(8,544)	1,540
Euro	2,609	77,963
Malaysian ringgit	696	1,165

If the relevant foreign currencies strengthen by 10% against the functional currency of each group entity, the Group's profit before income tax will have an equal but opposite effect from the above.

As the Company does not hold significant foreign currency denominated assets or liabilities as at September 30, 2015, no sensitivity analysis has been presented in the financial statements.

(ii) Interest rate risk management

Interest-bearing financial assets are mainly bank balances which are short-term in nature and bank deposits which are insignificant. Hence, financial assets do not result in significant interest rate risk.

The Group's exposures to interest rate risk mainly arise from bank loans bearing variable interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for these loans at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before income tax ended September 30, 2015 would decrease/increase by $9,407 (2014 : $5,621).

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (cont'd)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management periodically.

The Group's bank balances are held with creditworthy financial institutions.

Concentration of credit risk exists when economic, industry or geographical factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics, other than one major customer which contributes 38% (2014: 38%) of total receivables. However, management believes that there is no significant credit risk. The Group defines counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

(iv) Liquidity risk management

Management is of the view that there is minimal liquidity risk as the Group maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. If required, financing can be obtained from its existing lines of banking facilities.

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest risk	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	%	$	$	$	$
Group					
2015					
Non-interest bearing	-	4,221,548	-	-	4,221,548
Variable interest rate instruments	2.55	2,106,941	172,115	(343,828)	1,935,228
Fixed interest rate instruments	3.75	1,820,625	2,864,208	(169,448)	4,515,385
		8,149,114	3,036,323	(513,276)	10,672,161
2014					
Non-interest bearing	-	4,327,543	-	-	4,327,543
Variable interest rate instruments	2.19	4,747,208	-	(355,276)	4,391,932
Fixed interest rate instruments	4.16	1,335,048	1,402,374	(101,651)	2,635,771
		10,409,799	1,402,374	(456,927)	11,355,246

The Company's non-derivative financial liabilities of $430,847 (2014 : $369,593) are non-interest bearing and repayable on demand or due within 1 year from the end of the reporting period.

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (cont'd)

Non-derivative financial assets

All financial assets in 2015 and 2014 are non-interest bearing and repayable on demand or due within 1 year from the end of the reporting period, except for non-current portion of other receivables (Note 9).

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of debt, which includes bank loans, finance leases and equity, comprising issued capital and retained earnings.

The Group is not subject to any externally imposed capital requirements.

5 **HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS**

The Company is a subsidiary corporation of Fenghe Investment Holding Pte. Ltd., incorporated in Singapore which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless stated otherwise.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	Group	
	2015	2014
	$	$
Short-term benefits	1,481,432	1,502,841
Post-employment benefits	92,813	97,735
Total	1,574,245	1,600,576

The remuneration of directors and key management is determined by the Board of Directors having regard to the performance of individuals and market trends.

7 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Cash at bank	5,450,287	3,904,432	2,210,680	595,499
Fixed deposits	102,230	101,868	-	-
Cash and bank balances	5,552,517	4,006,300	2,210,680	595,499
Less: Pledged fixed deposits	(102,230)	(101,868)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	5,450,287	3,904,432	2,210,680	595,499

The fixed deposits of $102,230 (2014 : $101,868) were pledged to a bank as security for banking facilities. The fixed deposits bear interest at an average effective interest rate at 0.35% (2014 : 0.35%) per annum and has a tenure of approximately 12 months (2014 : 12 months).

8 TRADE RECEIVABLES

	Group	
	2015	2014
	$	$
Outside parties	5,200,339	4,346,943
Allowance for doubtful trade receivables	(5,791)	(5,820)
	5,194,548	4,341,123

The average credit period on sales of goods is 30 days to 90 days (2014 : 30 days to 90 days). No interest is charged on the outstanding balances.

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limit for each customer. Limits attributed to customers are reviewed periodically.

8 **TRADE RECEIVABLES** (cont'd)

The table below is an analysis of the trade receivables as at the end of the reporting period:

	Group	
	2015	2014
	$	$
Not past due and not impaired	4,428,264	3,968,818
Past due but not impaired	766,284	372,305
Trade receivables not impaired	5,194,548	4,341,123
Impaired receivables	5,791	5,820
Less: Allowance for doubtful trade receivables	(5,791)	(5,820)
	-	-
Total trade receivables, net	5,194,548	4,341,123

The Group does not hold any collateral over these balances. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Aging profile of receivables that are past due but not impaired:

	Group	
	2015	2014
	$	$
< 3 months	570,084	338,094
3 months to 6 months	162,930	31,739
6 months to 12 months	33,270	2,472
> 12 months	-	-
	766,284	372,305

8 **TRADE RECEIVABLES** (cont'd)

Movement in the allowance for doubtful trade receivables:

	Group	
	2015	2014
	$	$
At beginning of year	5,820	16,191
Charged to (Reversed from) profit or loss, net	1,843	(9,789)
Amounts written off during the year	(1,872)	(582)
At end of year	5,791	5,820

9 **OTHER RECEIVABLES**

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Subsidiary corporations (Note 5)	-	-	1,683,381	2,085,330
Prepayments	87,185	95,966	10,434	14,202
Other deposits	383,236	234,951	-	-
Deposits for property, plant and equipment	-	182,339	-	-
Others	118,040	154,852	-	100,704
	588,461	668,108	1,693,815	2,200,236
Current	533,461	485,769	1,693,815	2,200,236
Non-current	55,000	182,339	-	-
	588,461	668,108	1,693,815	2,200,236

The fair value of the Group's receivables approximates their carrying amounts.

10 INVENTORIES

	Group	
	2015	2014
	$	$
Agricultural produce:		
Eggs	104,147	56,893
Trading products	37,286	-
Chicken soup	899	-
Raw materials:		
Feeds	1,761,178	865,477
Vaccines and medicine	52,306	39,261
Packaging materials	163,425	163,881
	2,119,241	1,125,512

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold building	Farm buildings	Construction in progress	Plant, machinery and equipment	Office equipment and motor vehicles	Total
	$	$	$	$	$	$
Group						
Cost:						
At October 1, 2013	-	11,303,678	173,316	11,224,615	771,882	23,473,491
Additions	1,550,000	597,083	5,932,359	1,880,866	106,516	10,066,824
Disposals/Written off	-	(3,906)	-	(529,459)	(44,466)	(577,831)
At September 30, 2014	1,550,000	11,896,855	6,105,675	12,576,022	833,932	32,962,484
Additions	-	87,784	671,303	191,582	142,152	1,092,821
Disposals/Written off	-	-	-	(762,403)	(135,875)	(898,278)
Disposal of subsidiary corporations (Note 31)	-	(470,514)	-	(193,203)	(2,038)	(665,755)
Exchange differences	-	30,330	-	42,707	(28,569)	44,468
At September 30, 2015	1,550,000	11,544,455	6,776,978	11,854,705	809,602	32,535,740

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold building	Farm buildings	Construction in progress	Plant, machinery and equipment	Office equipment and motor vehicles	Total
	$	$	$	$	$	$
Group						
Accumulated depreciation:						
At October 1, 2013	-	7,540,119	-	4,754,352	491,117	12,785,588
Charge for the year	30,230	290,880	-	951,797	83,127	1,356,034
Disposals/Written off	-	(682)	-	(449,272)	(43,664)	(493,618)
At September 30, 2014	30,230	7,830,317	-	5,256,877	530,580	13,648,004
Charge for the year	32,979	313,178	-	1,114,684	93,560	1,554,401
Disposals/Written off	-	-	-	(752,691)	(135,266)	(887,957)
Disposal of subsidiary corporations (Note 31)	-	(33,948)	-	(19,427)	(442)	(53,817)
Exchange differences	-	651	-	9,820	(7,563)	2,908
At September 30, 2015	63,209	8,110,198	-	5,609,263	480,869	14,263,539
Carrying amount:						
At September 30, 2015	1,486,791	3,434,257	6,776,978	6,245,442	328,733	18,272,201
At September 30, 2014	1,519,770	4,066,538	6,105,675	7,319,145	303,352	19,314,480

11 **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Office equipment and motor vehicles
	$
Company	
Cost:	
At October 1, 2013 and September 30, 2014	850
Additions	33,188
Disposals	(850)
At September 30, 2015	33,188
Accumulated depreciation:	
At October 1, 2013	397
Charge for the year	170
At September 30, 2014	567
Charge for the year	2,326
Disposals	(680)
At September 30, 2015	2,213
Carrying amount:	
At September 30, 2015	30,975
At September 30, 2014	283

An amount of $1,096,701 (2014 : $1,030,457) of depreciation charge for the assets used in the production of eggs was capitalised and included in the carrying amount of biological assets in Note 13.

Certain of the Group's plant, machinery and equipment with carrying amount of $3,276,968 (2014: $3,368,202), construction in progress with carrying amount of $4,486,202 (2014 : $Nil) and farm buildings with carrying amount of $840,474 (2014 : $909,554) are under finance lease obligations (Note 18).

During the year, the Group has pledged the leasehold building having a carrying amount of $1,486,791 (2014 : $1,519,770) to secure banking facilities granted to the Group.

12 LAND USE RIGHTS

	Group	
	2015	2014
	$	$
Cost:		
Balance at September 30	2,100,000	2,100,000
Accumulated amortisation:		
Balance at October 1	796,250	691,250
Amortisation for the year	105,000	105,000
Balance at September 30	901,250	796,250
Carrying amount:		
At September 30	1,198,750	1,303,750

An amount of $98,580 (2014 : $98,580) of amortisation charge for the land used in the production of eggs was capitalised and included in the carrying amount of biological assets in Note 13.

13 BIOLOGICAL ASSETS

A reconciliation of the carrying amount of the biological assets is as follows:

	Group	
	2015	2014
	$	$
At beginning of year	6,178,143	6,302,502
Increase due to purchase/depreciation and amortisation charges capitalised (Notes 11 and 12)	17,975,497	17,878,780
Decrease due to amortisation	(15,523,683)	(16,295,169)
Decrease due to disposal of subsidiary corporations (Note 31)	(46,890)	-
Decrease due to sales/write-off of biological assets	(2,274,109)	(1,707,970)
At end of year	6,308,958	6,178,143

Biological assets comprise:

Mature chickens	5,676,993	5,739,493
Immature chickens	631,965	424,120
Immature sea cucumbers	-	14,530
Total	6,308,958	6,178,143

13 **BIOLOGICAL ASSETS** (cont'd)

	Mature $	Immature $	Total $
Group			
Cost:			
At October 1, 2013	21,122,102	534,814	21,656,916
Additions	15,398,993	2,479,787	17,878,780
Transfers	2,497,206	(2,497,206)	-
Written off/Disposals	(14,974,786)	(78,745)	(15,053,531)
At September 30, 2014	24,043,515	438,650	24,482,165
Additions	14,601,679	3,373,818	17,975,497
Transfers	2,875,937	(2,875,937)	-
Disposal of subsidiary corporations (Note 31)	-	(46,890)	(46,890)
Written off/Disposals	(21,011,916)	(257,676)	(21,269,592)
At September 30, 2015	20,509,215	631,965	21,141,180
Accumulated amortisation:			
At October 1, 2013	15,354,414	-	15,354,414
Amortisation for the year	16,295,169	-	16,295,169
Written off/Disposals	(13,345,561)	-	(13,345,561)
At September 30, 2014	18,304,022	-	18,304,022
Amortisation for the year	15,523,683	-	15,523,683
Written off/Disposals	(18,995,483)	-	(18,995,483)
At September 30, 2015	14,832,222	-	14,832,222
Carrying amount:			
At September 30, 2015	5,676,993	631,965	6,308,958
At September 30, 2014	5,739,493	438,650	6,178,143

Biological assets written off comprise degeneration costs as a result of the mortality of the chickens over their lives and from the sale of unproductive hens.

Biological assets are used in the production of eggs. Due to the uniqueness of each chicken and as an active market does not exist for these chickens, these are stated at cost less accumulated amortisation and impairment losses.

Notes To The Financial Statements

As At September 30, 2015

14 INVESTMENT IN SUBSIDIARY CORPORATIONS

	Company 2015	Company 2014
	$	$
Unquoted equity shares, at cost	10,999,720	10,999,720
Add: Additional capital injection during the year	100,000	-
Less: Impairment loss recognised during the year	(800,000)	-
Carrying amount	10,299,720	10,999,720

The principal subsidiary corporations of the Company are as follows:

	Country of incorporation and operation	Proportion of ownership interest and voting power held 2015	Proportion of ownership interest and voting power held 2014	Principal activities
		%	%	
Chew's Agriculture Pte Ltd [(a)]	Singapore	100	100	Production and selling of eggs and trading of spent grains
Chew's Food International [(b)]	Hong Kong	90	90	Trading of eggs
Chew's Group Marketing Pte Ltd [(a)]	Singapore	100	100	Trading of food and agricultural products
Chew's Engineering Services Pte Ltd [(a)]	Singapore	100	100	Provision of engineering, maintenance and construction services
Chew's Group Investment Pte Ltd [(a)]	Singapore	100	100	Investment holding company
LSO Hainan Pte Ltd (formerly known as Chew's A-Tech Eco Farming Pte Ltd) [(c)]	Singapore	-	51	Investment holding company
Hainan Zetta Bio-Tech Co Ltd [(c)]	People's Republic of China	-	51	Rearing and selling of sea cucumbers

14 **INVESTMENT IN SUBSIDIARY CORPORATIONS** (cont'd)

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by Au & Partners, Hong Kong.

(c) Disposed during the financial year (Note 31).

At the end of the reporting period, the non-controlling interests are not significant to the Group.

15 **BANK LOANS**

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Bank loans	1,935,228	2,344,497	-	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,768,647)	(2,344,497)	-	-
Amount due for settlement after 12 months	166,581	-	-	-

The Group has the following principal bank loans:

a) A remaining loan amount of $240,114 (2014: Nil). The loan was raised on November 14, 2014. Fixed monthly repayments commenced on December 14, 2014 and will continue until November 14, 2018. The loan carries a variable interest of 2.00% plus prevailing 3 months SIBOR rate. The average effective interest rate on the bank loan approximated 2.89% per annum during the year. The loan is guaranteed by the Company.

b) A remaining loan amount of $763,150 (2014: $1,000,000), guaranteed by the Company, was raised on July 10, 2014. Fixed quarterly repayments commenced on October 31, 2014 and will continue until July 31, 2018. The loan carries a variable interest of 1.75% plus bank's prevailing cost of funds. The average effective interest rate on the bank loan approximated 2.90% (2014: 2.45%) per annum during the year. The loan has been presented as current liability as the loan may be callable by the bank at any time without cause and the Group does not have unconditional right to defer settlement for at least twelve months after the end of the reporting period.

c) A remaining loan amount of $931,964 (2014: $1,023,620), which was secured by mortgage over a property and was guaranteed by the Company, was raised on November 21, 2013. Fixed monthly repayments commenced on December 30, 2013 and will continue until November 30, 2025. The loan carries a variable interest of 1.3% plus bank's prevailing cost of fund. The average effective interest rate on the bank loan approximated 2.18% (2014: 1.65%) per annum during the year. The loan has been presented as current liability as the loan may be callable by the bank at any time without cause and the Group does not have unconditional right to defer settlement for at least twelve months after the end of the reporting period.

15 **BANK LOANS** (cont'd)

The fair value of the bank loans approximates their carrying amounts as at September 30, 2015.

The bank loans include restrictive covenants, including among others, changes in shareholding structure, maintaining sufficient cash balances and net worth, selling assets and allowing new liens. If the Company were to breach the covenants, the bank loans would become repayable on demand. The Company regularly monitors its compliance with the covenants.

16 **TRADE PAYABLES**

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Outside parties	2,203,900	2,701,159	7,422	-

The average credit period of trade payables is 30 days to 90 days (2014 : 30 days to 90 days). No interest is charged on the outstanding balances.

17 **OTHER PAYABLES**

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Government grant deferred	3,692,796	2,608,544	-	-
Accruals	2,017,448	1,551,724	423,425	325,366
Bills payable	-	2,368,312	-	-
Others	200	74,660	-	-
Subsidiary corporations (Note 5)	-	-	-	44,227
	5,710,444	6,603,240	423,425	369,593
Current	2,236,567	4,190,803	423,425	369,593
Non-current - government grant deferred	3,473,877	2,412,437	-	-
	5,710,444	6,603,240	423,425	369,593

In 2014, the bills payable carried an average effective interest rate of 2.24% to 2.41% per annum on the outstanding bills payable balance and was secured against the Group's construction in progress (Note 11). The fair value of the Group's payables approximates their carrying amounts.

18 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	$	$	$	$
Amounts payable under finance leases:				
Within one year	1,820,625	1,007,722	1,726,089	951,670
In the second to fifth year inclusive	2,864,208	1,402,374	2,789,296	1,363,224
	4,684,833	2,410,096	4,515,385	2,314,894
Less: Future finance charges	(169,448)	(95,202)	NA	NA
Present value of lease obligations	4,515,385	2,314,894	4,515,385	2,314,894
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(1,726,089)	(951,670)
Amount due for settlement after 12 months			2,789,296	1,363,224

It is the Group's policy to lease certain of its plant, equipment and motor vehicles under finance leases. The average lease terms is 4 years (2014 : 4 years). The average effective borrowing rates ranges from 1.3% to 5.0% (2014 : 2.5% to 5.0%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount as at September 30, 2015.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets (Note 11) and guaranteed by the Company.

19 DEFERRED TAX LIABILITIES

	Accelerated tax depreciation
	$
Group	
At October 1, 2013	294,218
Credited to profit or loss (Note 26)	(188,963)
At September 30, 2014	105,255
Charged to profit or loss (Note 26)	345,747
At September 30, 2015	451,002

20 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$	$
Issued and fully paid:				
At beginning and at end of year	84,498,000	84,498,000	13,292,106	13,292,106

The Company has one class of ordinary share which has no par value and carries a right to dividend as and when declared by the Company.

21 CAPITAL RESERVE

In 2015, one of the subsidiary corporations issued new shares in which the Group has contributed $13,139 (2014 : $107,994) on behalf of the non-controlling shareholders. This has been recorded in capital reserve as an equity contribution for non-controlling interests in subsidiary corporation.

Subsequently, in August 2015, the Group disposed of its entire shareholdings in the subsidiary corporation. Accordingly, the capital reserve of $121,133 (Note 31) was reversed to profit or loss.

22 REVENUE

These represent revenue from sale of goods.

23 OTHER OPERATING INCOME

	Group	
	2015	2014
	$	$
Reversal of allowance for doubtful trade receivables	4,148	13,466
Government grants	257,557	325,137
Sundry income	245,088	247,910
Net foreign exchange gain	100,875	63,626
Insurance claim	5,587	-
Interest income	2,248	2,333
Total	615,503	652,472

24 OTHER OPERATING EXPENSES

	Group	
	2015	2014
	$	$
Loss on disposal of property, plant and equipment	9,774	60,633
Loss on disposal of subsidiary corporations	429,362	-
Advertisements	784,273	357,350
Professional expenses	455,179	428,182
Carriage charges	70,000	72,702
Insurance	235,102	246,063
Allowance for doubtful trade receivables	5,991	3,677
Biological assets written off	1,654,867	1,332,862
Repair and maintenance	9,155	48,347
Research and development	266,208	15,213
Staff welfare	397,740	317,591
Transport expenses	251,491	258,250
Branding expenses	26,865	31,256
Other general expenses	981,062	873,362
Total	5,577,069	4,045,488

25 FINANCE COSTS

	Group	
	2015	2014
	$	$
Interest on bank loans	82,407	61,766
Interest on obligation under finance leases	114,083	76,600
Total	196,490	138,366

26 INCOME TAX EXPENSE

	Group	
	2015	2014
	$	$
Income tax:		
- Current year	237,171	167,172
- (Over) Under provision of prior year	(311,470)	168,056
Deferred tax (Note 19):		
- Current year	296,886	195,407
- Under (Over) provision of prior year	48,861	(384,370)
Total	271,448	146,265

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the financial year can be reconciled to the accounting profit as follows:

	Group	
	2015	2014
	$	$
Profit before income tax	2,360,076	1,986,695
Income tax expense at statutory rate	401,213	337,738
Effect of expenses that are not deductible in determining taxable profit	224,770	155,743
Effect of tax concessions	(49,149)	(63,864)
Overprovision of prior year's tax	(262,609)	(216,314)
Effect of previously unrecognised and unused tax losses now recognised as deferred tax assets	-	(8,293)
Tax exemption	(48,379)	(58,388)
Others	5,602	(357)
Total income tax expense	271,448	146,265

As at the end of the reporting period, the Group has unutilised tax losses amounting to $256,353 (2014 : $192,310) available for offset against future taxable profits. These deferred tax benefits for the Group have not been recognised in the financial statements in accordance with the accounting policy set out in Note 2 due to uncertainty of its recoverability.

27 **PROFIT FOR THE YEAR**

	Group 2015	Group 2014
	$	$
Profit for the year is arrived at after charging (crediting):		
Government grants	(257,557)	(325,137)
Cost of inventories recognised as expense	5,692,119	4,926,137
Directors' fee	151,750	137,000
Directors' remuneration	567,224	520,042
Depreciation of property, plant and equipment	457,700	325,577
Amortisation of land use rights	6,420	6,420
Amortisation of biological assets (Note 13)	15,523,683	16,295,169
Biological assets written off, net	1,654,867	1,332,862
Loss on disposal of property, plant and equipment, net	9,774	60,633
Allowance for (Reversal of) doubtful trade receivables, net	1,843	(9,789)
Employee benefits expense (including directors' remuneration)		
Salaries	5,395,649	4,913,799
Cost of defined contribution plan	940,382	831,943
Others	75,985	47,242
	6,412,016	5,792,984
Capitalised and included in the carrying amount of biological assets	(1,794,238)	(1,752,172)
Total employee benefits expense	4,617,778	4,040,812
Audit fees	108,000	111,000
Non-audit fees:		
- paid to auditors of the company	19,100	20,700
- paid to other auditors	45,454	29,352

28 **EARNINGS PER SHARE**

Earnings per share is calculated based on the profit attributable to the owners of the Company of $2,219,666 (2014 : $2,003,854) and share capital of 84,498,000 shares.

The fully diluted earnings per share is equal to the basic earnings per share as there is no dilution.

29 **DIVIDENDS**

On February 4, 2014, in respect of the financial year ended September 30, 2013, a final one-tier tax exempt dividend of $447,839 was declared by the Company and paid to the shareholders of the Company.

On January 28, 2015, in respect of the financial year ended September 30, 2014, a final one-tier tax exempt dividend of $371,791 was declared by the Company and paid to the shareholders of the Company.

On November 27, 2015, in respect of the financial year ended September 30, 2015, a final one-tier tax exempt dividend of $0.0049 per ordinary share amounting to a total of $414,040 was declared. This is subject to approval by shareholders at the forthcoming Annual General Meeting on January 26, 2016 and has not been included as a liability in these financial statements.

30 **SEGMENT INFORMATION**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The operating segments operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about the resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

The Group's reportable operating segments are as follows:

(a) Designer and generic eggs - production and sale of designer and generic eggs

(b) Liquid eggs - production and sale of liquid eggs

(c) Spent grains - trading of spent grains

(d) Food processing - production and sale of chicken soup

(e) Aqua culture - rearing and sales of sea cucumbers

Others relates to sale of chickens, feed material and others that do not constitute an operating segment. Accordingly, others are presented as a reconciliation to the segment information presented.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment result represents the profit earned by each segment without allocation of other operating income, corporate expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

30 SEGMENT INFORMATION (cont'd)

For the purpose of monitoring segment performance and allocating resources, the chief operating decision maker monitors the tangible and financial assets attributable to each segment. Assets, if any, used jointly by reportable segments are allocated on the basis of the revenue earned by individual reporting segments.

During the year, the Group has disposed of its aqua culture business in China. For FY2015, "Others" include results from the aqua culture business up till the date of disposal (Note 31).

Information regarding the Group's reportable segments is presented below.

	Designer and generic eggs	Liquid eggs	Spent grains	Food processing	Others	Total
	$	$	$	$	$	$
2015						
REVENUE						
External revenue	30,229,538	785,671	2,375,315	1,595	541,012	33,933,131
RESULT						
Segment result	5,158,898	20,412	135,194	(170,312)	(465,850)	4,678,342
Unallocated other operating income						393,185
Unallocated corporate expenses						(2,514,961)
Finance costs						(196,490)
Profit before income tax						2,360,076
SEGMENT ASSETS						
Segment assets	29,858,900	193,014	228,134	2,430,080	146,296	32,856,424
Unallocated corporate assets						6,378,252
Total assets						39,234,676
SEGMENT LIABILITIES						
Segment liabilities	6,953,620	-	564,596	1,578,073	-	9,096,289
Unallocated corporate liabilities						5,956,840
Total liabilities						15,053,129

30 SEGMENT INFORMATION (cont'd)

	Designer and generic eggs	Liquid eggs	Spent grains	Food processing	Aqua culture	Others	Total
	$	$	$	$	$	$	$
2014							
REVENUE							
External revenue	27,190,508	823,864	2,746,619	-	-	425,880	31,186,871
RESULT							
Segment result	5,428,034	68,370	153,586	(58,385)	(383,602)	143,302	5,351,305
Unallocated other operating income							370,318
Unallocated corporate expenses							(3,596,562)
Finance costs							(138,366)
Profit before income tax							1,986,695
SEGMENT ASSETS							
Segment assets	26,994,035	168,107	128,606	2,560,158	1,181,593	121,159	31,153,658
Unallocated corporate assets							5,783,758
Total assets							36,937,416
SEGMENT LIABILITIES							
Segment liabilities	7,669,969	-	620,744	1,608,371	170,018	-	10,069,102
Unallocated corporate liabilities							4,167,115
Total liabilities							14,236,217

30 **SEGMENT INFORMATION** (cont'd)

Geographical information

The group operates in three principal geographical areas –Singapore (country of domicile), Hong Kong and the People's Republic of China (PRC).

The group's revenue from external customers and information about its segment assets (non-current assets excluding non-current other receivables) by geographical location are detailed below:

	Singapore	Hong Kong	Others	Total
	$	$	$	$
2015				
REVENUE				
External revenue	31,581,690	2,351,400	41	33,933,131
NON-CURRENT ASSETS				
Non-current assets (excluding non-current other receivables)	25,766,193	13,716	-	25,779,909

	Singapore	Hong Kong	PRC	Total
	$	$	$	$
2014				
REVENUE				
External revenue	29,931,665	1,255,206	-	31,186,871
NON-CURRENT ASSETS				
Non-current assets (excluding non-current other receivables)	26,169,179	15,243	611,951	26,796,373

Information about major customers

Included in revenues arising from selling of designer and generic eggs are $10,455,910 (2014 : $7,583,803) which arose from sales to the Group's largest customer.

31 **DISPOSAL OF SUBSIDIARY CORPORATIONS**

On August 24, 2015, the Group entered into a sale agreement to dispose of its 51% shareholdings in Chews A-Tech Eco Farming Pte Ltd and its subsidiary corporation, Hainan Zetta Bio Tech Co Ltd (collectively known as "subsidiary corporations"), which carried out the aqua culture business in China. The disposal was completed on August 28, 2015 with the shares being transferred to one of the non-controlling shareholders of the subsidiary corporations. Details of the disposal are as follows:

Notes To The Financial Statements

As At September 30, 2015

31 **DISPOSAL OF SUBSIDIARY CORPORATIONS** (cont'd)

Carrying amounts of consolidated net assets over which control was lost:

	2015 $
Non-current assets	
Property, plant and equipment	611,938
Biological assets	46,890
Total non-current assets	658,828
Current assets	
Cash and bank balances	60,396
Other receivables	202,732
Inventories	4,049
Total current assets	267,177
Current liabilities	
Trade payables	40,405
Other payables	15,884
Total current liabilities	56,289
Consolidated net assets derecognised	869,716
Consideration received	
Cash	10,000
Deferred consideration	115,000
Total consideration received	125,000
Loss on disposal	
Consolidated net assets derecognised	869,716
Non-controlling interests derecognised	(398,327)
Share of cumulative exchange differences	(38,160)
Capital reserve derecognised	121,133
Consolidation received	(125,000)
Loss on disposal	429,362

The loss on disposal of the subsidiary corporations is recorded as part of the profit for the year. As the subsidiary corporations are not considered as major line of operations, the results and cash flows of the subsidiary corporations are not presented separately as discontinued operations.

	2015 $
Net cash outflows arising on disposal	
Cash consideration received	10,000
Cash and bank balances disposed of	(60,396)
	(50,396)

The deferred consideration will be settled by the purchaser on or before August 31, 2017.

32 **CAPITAL COMMITMENTS**

	Group	
	2015	2014
	$	$
Commitments for the acquisition of property, plant and equipment	198,339	1,227,689

33 **OPERATING LEASE ARRANGEMENTS**

	Group	
	2015	2014
	$	$
Minimum lease payments under non-cancellable operating leases recognised as an expense in the year	117,299	74,679

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group	
	2015	2014
	$	$
Within 1 year	64,161	33,334
Within 2 to 5 years	77,212	32,450
	141,373	65,784

Operating lease payments represent rentals payable by the Group for residential premises and office equipment. Residential premises leases are negotiated and rentals are fixed for an average term of 2.5 years (2014: 1 year). Office equipment leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years.

In prior and current years, the management held discussions with the Singapore Land Authority and Agri-Food & Veterinary Authority of Singapore with respect to a possible redevelopment of Lim Chu Kang area where the Group's chicken farm is located. The Group has not received a formal notification on the potential redevelopment up to the date of the issuance of the financial statements.

34 **RECLASSIFICATIONS AND COMPARATIVE FIGURES**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

Whilst there is no change to the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income, certain line items have been amended in the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

Statistics of Shareholding

As At 18 December 2015

Issued and paid up shares capital	:	S$13,624,500
Number of issued shares	:	84,498,000
Treasury shares	:	NIL
Class of share	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary shares

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 DECEMBER 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	7	2.81	1,225	0.00
1,000 - 10,000	95	38.15	507,300	0.60
10,001 - 1,000,000	142	57.03	16,441,884	19.46
1,000,001 and above	5	2.01	67,547,591	79.94
TOTAL	**249**	**100.00**	**84,498,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 18 DECEMBER 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	FENGHE INVESTMENT HOLDING PTE. LTD.	57,580,341	68.14
2	CHEW CHU HOO	5,732,375	6.78
3	CHEW ENG KENG	1,678,800	1.99
4	ANG HAO YAO (HONG HAOYAO)	1,354,000	1.60
5	CHEW SUU HAI	1,202,075	1.42
6	SOPHIA ANG BEE LENG	886,000	1.05
7	LOO WAI HOONG MRS ANG WAI HOONG	850,000	1.01
8	ANG BEE KIAT	750,000	0.89
9	UOB KAY HIAN PTE LTD	651,700	0.77
10	HONG LEONG FINANCE NOMINEES PTE LTD	629,000	0.74
11	GBM VENTURE PTE LTD	600,000	0.71
12	CHEW CHEE KEONG	597,025	0.71
13	KOH CHIN HWA	550,000	0.65
14	CHEW CHEE CHEN	368,025	0.44
15	CHEW LAY KIEN	368,025	0.44
16	CHEW LEE MENG	368,025	0.44
17	CHEW YAM BER	368,025	0.44
18	LAI CHOY KUEN	364,000	0.43
19	CHEW CHEE BIN	351,025	0.42
20	CHEONG ZHEN WEN (ZHANG ZHENWEN)	350,000	0.41
	TOTAL:	**75,598,441**	**89.48**

Statistics of Shareholding (cont'd)

As At 18 December 2015

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 18 December 2015, approximately 17.66% of the issued ordinary shares of the Company is held by the public.

Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest	
No.	**Name of Shareholder**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Fenghe Investment Holding Pte Ltd [(1)]	57,580,341	68.14	-	-
2	Chew Chu Hoo	5,732,375	6.78	-	-
3	Chew's Farm Holdings Pte Ltd [(1)]	-	-	57,580,341	68.14

Note :

(1) Fenghe Investment Holding Pte Ltd ("Fenghe Investment") is an investment holding company incorporated in Singapore on 20 September 2010. It is held by Messrs Chew See Lian (1,958 shares (9.79%)), Chew Suu Hai (3,758 shares (18.79%)), Chew Chu Hoo (2,088 shares (10.44%)), Chew Eng Kiat (1,006 shares (5.03%)), Chew Eng Hoe (2,266 shares (11.33%)), Chew Eng Keng (870 shares (4.35%)) and Chew's Farm Holdings Pte Ltd ("Chew's Farm Holdings") (8,054 shares (40.27%)). Accordingly, Chew's Farm Holdings is deemed interested in the Shares held by Fenghe Investment by virtue of its 40.27% interest in Fenghe Investment pursuant to Section 7 of the Companies Act. Chew's Farm Holdings is an investment holding company incorporated in Singapore on 6 June 2007 held by Chew Yam Ber, Chew Chee Chen, Chew Lay Kien, Chew Lee Meng, Chew Chee Sen, Chew Chee Bin and Chew Chee Keong who each holds four (4) shares in Chew's Farm Holdings.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chew's Group Limited (the "**Company**") will be held at Raffles Country Club (Stamford 1 & 2), 450 Jalan Ahmad Ibrahim, Singapore 639932 on Tuesday, 26 January 2016 at 10.30 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 September 2015 together with the Auditors' Report thereon.
(Resolution 1)

2. To declare a first and final dividend of 0.49 Singapore cents per ordinary share (one-tier tax-exempt) for the financial year ended 30 September 2015. (2014: 0.44 Singapore cents per ordinary share).
(Resolution 2)

3. To re-elect Mr. Yuen Sou Wai who retires pursuant to Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director of the Company.
[See Explanatory Note (1)] **(Resolution 3)**

4. To re-elect Mr. Chong Chin Fan who retires pursuant to Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director of the Company.
[See Explanatory Note (2)] **(Resolution 4)**

5. To approve the payment of Directors' fees of S$151,250 for the financial year ending 30 September 2016, payable half yearly in arrears.
(Resolution 5)

6. To re-appoint Messrs Deloitte & Touche LLP as external auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)

7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:

(a) (i) allot and issue shares in the capital of 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 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 in pursuance of the Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing 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 cent. (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) (subject to such manner of calculation and adjustments 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) at the time this Resolution is passed, 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 and subsisting at the time this Resolution is passed, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; 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), all applicable legal requirements under the Companies Act, and otherwise, and the Articles of Association for the time being of the Company; and

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (3)] **(Resolution 7)**

9. **Authority to allot and issue shares under the Chew's Employee Share Option Scheme**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to offer and grant options ("**Options**") in accordance with the provisions of the Chew's Employee Share Option Scheme and to allot and issue from time to time such number of ordinary shares in the capital of the Company ("**Ordinary Shares**") as may be required to be issued pursuant to the exercise of Options, provided always that the aggregate number of Ordinary Shares to be allotted and issued pursuant to the Chew's Employee Share Option Scheme, when added to the number of Ordinary Shares issued and issuable in respect of all options or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, including the awards granted under Chew's Performance Share Plan, shall not exceed fifteen per cent. (15%) of the total issued share capital (excluding treasury shares) of the Company on the date preceding the date of the relevant grant of an Option and that such authority shall from time to time, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of

the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier.
[See Explanatory Note (4)] **(Resolution 8)**

10. **Authority to allot and issue shares under the Chew's Performance Share Plan**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to offer and grant awards ("**Awards**") in accordance with the provisions of the Chew's Performance Share Plan and to allot and issue from time to time such number of ordinary shares in the capital of the Company ("**Ordinary Shares**") as may be required to be issued pursuant to the vesting of the Awards granted under the Chew's Performance Share Plan, provided always that the aggregate number of Ordinary Shares to be allotted and issued pursuant to the Chew's Performance Share Plan, when added to the number of Ordinary Shares issued and issuable in respect of all Awards, and all Ordinary Shares issued and issuable in respect of all options or awards granted under any other share incentive scheme or share plans adopted by the Company and for the time being in force, including the options granted under the Chew's Employee Share Option Scheme shall not exceed fifteen per cent. (15%) of the total issued share capital (excluding treasury shares) of the Company on the date preceding the date of the relevant grant and that such authority shall from time to time, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier.
[See Explanatory Note (5)] **(Resolution 9)**

11. **Authority to renew the Share Buy Back Mandate of Chew's Group Limited**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchase(s) (each a "**Market Purchase**") transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules and the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the memorandum and articles of association of the Company and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the Relevant Period (as hereinafter defined) and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the share buybacks are carried out to the full extent of the Share Buy-Back Mandate; or

(iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting;

(c) for purposes of this Resolution:

"**Maximum Limit**" means ten per cent. (10%) of the total issued ordinary shares of the Company as at the date of the passing of this Resolution 10, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy back) in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued ordinary shares of the Company shall be taken to be the total number of the issued ordinary shares of the Company as altered by such capital reduction (the total number of ordinary shares shall exclude any ordinary shares that may be held as treasury shares by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution 10 and expiring on the earliest of the date the next annual general meeting of the Company is held or is required by law to be held, the date on which the share buybacks are carried out to the full extent of the Share Buy-Back Mandate or the date the said mandate is revoked or varied by the Company in a general meeting;

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, fifteen per cent. (15%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;

(e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Companies Act; and

(f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.
[See Explanatory Note (6)] **(Resolution 10)**

BY ORDER OF THE BOARD

Janet Tan
Company Secretary
Singapore

11 January 2016

EXPLANATORY NOTES:

(1) Mr. Yuen Sou Wai will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating, the Remuneration and the Risk Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Detailed information on Mr. Yuen Sou Wai can be found under the "Board of Directors" section in the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr. Yuen Sou Wai and the other Directors, the Company and its ten per cent. (10%) shareholder.

(2) Mr. Chong Chin Fan will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit, the Nominating and the Risk Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Detailed information on Mr. Chong Chin Fan can be found under the "Board of Directors" section in the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr. Chong Chin Fan and the other Directors, the Company and its ten per cent. (10%) shareholder.

(3) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares), of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares).

For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares) at the time Resolution 7 is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Resolution 7 is passed and any subsequent consolidation or subdivision of shares.

(4) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors, from the date of this Annual General Meeting until the next annual general meeting of the Company, or the date by which

the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue ordinary shares pursuant to the exercise of Options granted or to be granted under the Chew's Employee Share Option Scheme and such other share-based incentive scheme or share plan up to a number not exceeding, in total, fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) on the date preceding the date of the relevant grant.

(5) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors, from the date of the this Annual General Meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue ordinary shares pursuant to the vesting of Awards under the Chew's Performance Share Plan and such other share-based incentive scheme or share plan up to a number not exceeding, in total, fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) on the date preceding the date of the relevant grant.

(6) The Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors of the Company, from the date of the this Annual General Meeting until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten per cent. (10%) of the total number of issued Shares excluding any Shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate are set out in greater detail in the Addendum for the Renewal of Share Buy-Back Mandate dated 11 January 2016.

NOTES:

1. A Member (other than a Relevant Intermediary) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Such proxy need not be a Member of the Company and where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.

2. A Member who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiar of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (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 ("**CPF 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

4. The instrument or form appointing a proxy, duly executed, must be deposited at the Company's registered office at 80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY:

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

Addendum

DATED 11 JANUARY 2016

This Appendix is circulated to shareholders of Chew's Group Limited (the "**Company**") ("**Shareholders**") together with the Company's annual report for the financial year ended 30 September 2015 (the "**2015 Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information relating to the proposed renewal of the Share Buy-Back Mandate (as defined hereinafter) to be tabled at the annual general meeting of the Company to be held on 26 January 2016 at 10.30 a.m. at Raffles Country Club (Stamford 1 & 2), 450 Jalan Ahmad Ibrahim, Singapore 639932, and at any adjournment thereof (the "**AGM**").

The ordinary resolution proposed to be passed in respect of the above matter is set out in the notice of AGM and proxy form which are enclosed with the 2015 Annual Report.

If you have sold or transferred all your shares in the capital of the Company, represented by physical share certificate, you should immediately forward this Appendix, together with the notice of AGM and proxy form which are enclosed with the 2015 Annual Report, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Appendix 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 Appendix.

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

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.

CHEW'S GROUP LIMITED

(Company Registration No. 201020806C)

(Incorporated in the Republic of Singapore on 30 September 2010)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

Addendum

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated :

"2015 Annual Report"	:	The Annual Report of the Company for financial year ended 30 September 2015
"2016 AGM"	:	The AGM of the Company scheduled to be convened on 26 January 2016
"ACRA"	:	Accounting & Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company
"Appendix"	:	The appendix to Shareholders dated 11 January 2016 in relation to the proposed renewal of the Share Buy-Back Mandate
"Articles"	:	The Articles of Association of the Company, as amended from time to time
"Associate"	:	(a) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; or (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have a interest of 30% or more
"Awards"	:	The contingent award of Shares granted or which may be granted pursuant to the Plan
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	Chew's Group Limited
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"Controlling Shareholder"	:	A person who : (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
"Director(s)"	:	Director(s) of the Company as at the date of this Appendix
"EPS"	:	Earnings per Share

Addendum

DEFINITIONS

"Group"	:	The Company and its subsidiaries, collectively
"Latest Practicable Date"	:	29 December 2015, being the latest practicable date prior to the printing of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Memorandum and Articles"	:	The Memorandum and Articles of Association of the Company, as amended from time to time
"NAV"	:	Net asset value
"New Shares"	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of Options under the Scheme or the vesting of Awards under the Plan
"Notice of AGM"	:	The notice of AGM dated 11 January 2016
"NTA"	:	Net tangible asset
"Options"	:	The options which may be granted pursuant to the Scheme
"Ordinary Resolution"	:	Ordinary resolution as set out in the Notice of AGM which is on pages 107 to 113 of the 2015 Annual Report
"Plan" or "Chew's Performance Share Plan"	:	The performance share plan which was approved by Shareholders at the extraordinary general meeting held on 19 January 2011, as may be modified or altered from time to time
"Relevant Period"	:	The period commencing from the date on which the resolution relating to the renewal of the Share Buy-Back Mandate is passed at the forthcoming 2016 AGM and expiring on the earliest of the date on which the next AGM is held or is required by law to be held, the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate or the date the said mandate is revoked or varied by the Company in a general meeting
"Scheme" or "Chew's Employee Share Option Scheme"	:	The employee share option scheme which was approved by Shareholders at the extraordinary general meeting held on 19 January 2011, as may be modified or altered from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Buy-Back Mandate"	:	The proposed renewal of the general and unconditional mandate to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"Share(s)"	:	Ordinary share(s) in the capital of the Company

Addendum

DEFINITIONS

"Shareholders"	:	Registered holder(s) of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
"SIC"	:	The Securities Industry Council of Singapore
"Substantial Shareholder"	:	A person who has an interest in one (1) or more voting shares in the Company and the total votes attaching to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
Take-over Code	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
Treasury Shares	:	Shares purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate and held by the Company in accordance with Section 76H of the Companies Act
"S$" and "cents"	:	Singapore dollars and cents, respectively
"%"	:	Per cent or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term "**subsidiary**" shall have the meaning ascribed to it under Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the Companies Act or the Catalist Rules, or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Addendum

CHEW'S GROUP LIMITED
(Company Registration No. 201020806C)
(Incorporated in the Republic of Singapore on 30 September 2010)

Directors

Mr Chew Chee Bin (Executive Chairman)
Mr Chew Eng Hoe (Managing Director)
Mr Chew Chee Keong (Non-Executive Director)
Mr Yuen Sou Wai (Lead Independent Director)
Mr Chong Chin Fan (Independent Director)
Dr Choo Boon Seng (Independent Director)

Registered Office

80 Raffles Place,
#32-01 UOB Plaza 1,
Singapore 048624

11 January 2016

To: The Shareholders of Chew's Group Limited

Dear Shareholder,

1. INTRODUCTION

We refer to:

(a) the Notice of AGM dated 11 January 2016, accompanying the 2015 Annual Report, convening the 2016 AGM which is scheduled to be held on 26 January 2016; and

(b) Ordinary Resolution 10 in relation to the renewal of the Share Buy-Back Mandate under the heading "Special Business" set out in the Notice of AGM.

The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 The Existing Share Buy-Back Mandate

At the Extraordinary General Meeting of the Company held on 20 January 2012, the Shareholders had approved the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire Shares. At the AGM on 28 January 2015, the Shareholders approved the renewal of Share Buy-Back Mandate. As the Share Buy-Back Mandate will expire on the date of the forthcoming 2016 AGM, the Directors propose that the Share Buy-Back Mandate be renewed at the 2016 AGM.

2.2 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the Articles.

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares. Article 11 of the Articles expressly permits the Company to purchase its issued Shares.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, approval is being sought from Shareholders at the 2016 AGM for the proposed renewal of the Share Buy-Back Mandate.

If approved by Shareholders at the 2016 AGM, the authority conferred by the Share Buy-Back Mandate will take effect from the date of the 2016 AGM at which the proposed renewal of the Share Buy-Back Mandate will be approved ("**Approval Date**") and continue to be in force for the duration of the Relevant Period, which is until the earlier of the date on which the next AGM is held or is required by law to be held (whereupon it will lapse, unless renewed at such meeting), the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate or the date the said mandate is varied or revoked by the Company in a general meeting. Subject to its continued relevance to the Company, the Share Buy-Back Mandate will be put to Shareholders for renewal at each subsequent AGM.

2.3 **Rationale for the Proposed Renewal of the Share Buy-Back Mandate**

The Share Buy-Back Mandate will give the Company the flexibility to purchase or otherwise acquire its Shares if and when circumstances permit. The Directors believe that share buy-backs would allow the Company and its Directors to better manage the Company's share capital structure, dividend payout and cash reserves. In addition, it also provides the Directors a mechanism to facilitate the return of surplus cash over and above the Company's ordinary capital requirements in an expedient and cost-efficient manner, and the opportunity to exercise control over the Company's share capital structure with a view to enhancing the EPS and/or NAV per Share. Share buy-backs also helps the Company to minimise the dilution impact arising from the Scheme and the Plan.

Pursuant to the Companies Act, Shares purchased or otherwise acquired pursuant to the Share Buy-Back Mandate may be held or dealt with as Treasury Shares.

The existing Shares purchased by the Company under the Share Buy-Back Mandate, if held as Treasury Shares, may be used for the purposes as set out in paragraph 2.6.3 of this Appendix, which include but is not limited to the issuance of Shares pursuant to the exercise of Options and the vesting of Awards. Under the Companies Act, the Company may deliver Shares pursuant to the exercise of Options granted under the Scheme and/or Awards granted under the Plan in the form of existing Shares held as Treasury Shares and/or an issue of New Shares.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company and when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders.

2.4 **Terms of the Proposed Renewal of the Share Buy-Back Mandate**

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below.

2.4.1 <u>Maximum number of Shares</u>

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company during the Relevant Period shall not exceed ten per cent. (10%) of the total number of issued Shares of the Company as at the Approval Date, unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78B or 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the court, as the case may be. For purposes of calculating the percentage of Shares referred to above, any of the Shares which are held as Treasury Shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 84,498,000 Shares, and assuming no further Shares are issued on or prior to the 2016 AGM, no more than 8,449,800 Shares representing ten per cent. (10%) of the issued and paid-up share capital of the Company as at that date of the 2016 AGM may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.4.2 Duration of authority

Purchases or acquisitions of Shares may be made during the Relevant Period, which is at any time and from time to time, on and from the Approval Date, up to the earliest of:

(a) the date on which of the next AGM is held or is required by law to be held; or

(b) the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate; or

(c) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting.

2.4.3 Manner of purchase of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Catalist Rules and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme. Pursuant to the Companies Act, an Off-Market Purchase must satisfy all of the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded:

(1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

(3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

(aa) the terms and conditions of the offer;

(bb) the period and procedures for acceptances;

(cc) the reasons for the proposed share buy-back;

(dd) the consequences, if any, of share buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;

(ee) whether the share buy-back, if made, would have any effect on the listing of the Shares on the SGX-ST;

(ff) details of any share buy-back made by the Company in the previous twelve (12) months (whether Off-Market Purchases in accordance with an equal access scheme or Market Purchases), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(gg) whether the share purchased by the Company will be cancelled or kept as Treasury Shares.

2.4.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares, excluding related expenses of the purchase or acquisition, must not exceed the Maximum Price (as defined hereinafter) which is:

(a) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, fifteen per cent. (15%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme stating the purchase price (which shall not be more than the Maximum Price (as defined hereinafter) calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

2.5 **Status of Purchased Shares under the Share Buy-Back Mandate**

A Share purchased or otherwise acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Shares are held by the Company as Treasury Shares to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or otherwise acquired by the Company and which are not held as Treasury Shares. All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act), will be automatically de-listed by the SGX-ST, and the certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time. The Company may hold Shares purchased pursuant to the Share Buy- Back Mandate as Treasury Shares to be used, *inter alia*, in the issue of Shares pursuant to the exercise of Options under the Scheme and/or the grant of Awards under the Plan.

2.6 **Treasury Shares**

Under the Companies Act, Shares purchased or otherwise acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below.

2.6.1 <u>Maximum holdings</u>

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares. Any shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as the Registrar of Companies may allow.

2.6.2 <u>Voting and other rights</u>

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Shares into Treasury Shares of a greater or smaller number is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

2.6.3 <u>Disposal and cancellation</u>

Where Shares are held as Treasury Shares, the Company may at any time:

(a) sell the Treasury Shares for cash;

(b) transfer the Treasury Shares for the purposes of, or pursuant to any share scheme of the Company, whether for employees, Directors or other persons;

(c) transfer the Treasury Shares as consideration for the acquisition of Shares in, or assets of, another company or assets of a person;

(d) cancel the Treasury Shares; or

(e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

2.7 **Reporting Requirements**

Within thirty (30) days of the passing of a Shareholders' resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or otherwise acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before the purchase or acquisition of Shares, the Company's issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form.

The Catalist Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares no later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchase or acquisition of shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion, the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

2.8 **Source of funds**

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Articles and the applicable laws of Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. As stated in the Companies Act, the share buy-back may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if at the date of the payment made by the company in consideration of acquiring any right with respect to the purchase or acquisition of its own shares:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if:

(1) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

(2) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due within the period of 12 months immediately after the date of the payment; and

(c) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after the proposed purchase, acquisition, variation or release (as the case may be) of the company's obligations, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds to finance the Company's purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that it would have a material adverse effect on the working capital requirements and/ or the gearing of the Group.

2.9 **Financial effects**

Under the Companies Act, the purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including any expenses (including brokerage or commission) incurred directly in the purchase or acquisition by the Company of the Shares) will correspondingly reduce the profits of the Company and hence the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (including any expenses (including brokerage or commission) incurred directly in the purchase or acquisition by the Company of the Shares) will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced. The NTA of the Company and of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

For illustrative purposes only, as at the Latest Practicable Date, the issued and paid-up ordinary share capital of the Company (excluding Treasury Shares) comprises 84,498,000 Shares. The exercise in full of the Share Buy-Back Mandate would result in the purchase of 8,449,800 Shares.

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-Back Mandate on the NTA and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or otherwise acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and whether the Shares purchased or otherwise acquired are cancelled or held as Treasury Shares.

For illustrative purposes only, the financial effects of the Share Buy-Back Mandate on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 September 2015 are based on the following assumptions:

Addendum

(a) based on 84,498,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued purchased and kept as Treasury Shares on or prior to the 2016 AGM, the purchase or acquisition by the Company of 8.51% of its issued Shares will result in the purchase or acquisition of 7,191,333 Shares;

(b) Cash of S$1.35 million had been disbursed from the wholly-owned subsidiaries to the Company prior to the purchase or acquisition of Shares by the Company;

(c) in the case of Market Purchase by the Company and assuming that the Company purchases or acquires 7,191,333 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) assuming a maximum price of S$0.25 for one Share which is five per cent. (5%) above the average of the closing market prices of the Share for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S$1.80 million; and

(d) in the case of the Off-Market Purchases by the Company and assuming that the Company purchases or acquires 7,191,333 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) assuming a Maximum Price of S$0.27 which is fifteen per cent. (15%) above the average closing market prices of the Shares for the last five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S$1.94 million.

For illustrative purposes only and on the basis of the assumptions set out in (a), (b), (c) and (d) above, the financial effects of the:

(i) purchase or acquisition of 7,191,333 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Market Purchases made entirely out of profit and/or capital and cancelled or held in treasury; and

(ii) purchase or acquisition of 7,191,333 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Off-Market Purchases made entirely out of profits and/or capital and cancelled or held in treasury,

on the audited financial statements of the Company and the Group for the financial year ended 30 September 2015 are set out below.

Addendum

Scenario 1A: Purchases made entirely out of capital and cancelled

	Group			Company		
	Before	After Share Buy-Back		Before	After Share Buy-Back	
	Share Buy-Back	Market Purchase	Off-Market Purchase	Share Buy-Back	Market Purchase	Off-Market Purchase
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 30 September 2015						
Share Capital	13,292	11,180	11,011	13,292	11,180	11,011
Capital Reserve	2	2	2	-	-	-
Accumulated Profits	10,926	10,926	10,926	512	512	512
Translation Reserve	(17)	(17)	(17)	-	-	-
Shareholders' Funds	24,203	22,091	21,922	13,804	11,692	11,523
NTA	24,203	22,091	21,922	13,804	11,692	11,523
Current Assets	13,399	11,287	11,118	3,905	642	473
Current Liabilities	8,172	8,172	8,172	431	431	431
Working Capital	5,227	3,115	2,946	3,474	211	42
Total Borrowings	6,451	6,451	6,451	-	-	-
Cash and Cash Equivalents	5,553	3,440	3,271	2,211	1,448	1,279
Total Issued Number of Shares ('000)	84,498	77,307	77,307	84,498	77,307	77,307
Weighted Average Number of Shares ('000)	84,498	77,307	77,307	84,498	77,307	77,307
Profit Attributable to the Owners of the Company	2,220	2,220	2,220	750	750	750
Financial Ratios						
NTA per Share (S$)	0.29	0.29	0.28	0.16	0.15	0.15
Gearing (%)	26.65	29.20	29.43	-	-	-
Current Ratio (times)	1.64	1.38	1.36	9.06	1.49	1.10
EPS [1] (cents)	2.63	2.87	2.87	0.89	0.97	0.97

Notes:

[1] For EPS computation, Treasury Shares and Shares cancelled are excluded from the weighted average number of Shares in issue.

Addendum

Scenario 1B: Purchases made entirely out of profit and cancelled

	Group			Company		
	Before	After Share Buy-Back		Before	After Share Buy-Back	
	Share Buy-Back	Market Purchase	Off-Market Purchase	Share Buy-Back	Market Purchase	Off-Market Purchase
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 30 September 2015						
Share Capital	13,292	13,292	13,292	13,292	13,292	13,292
Capital Reserve	2	2	2	-	-	-
Accumulated Profits	10,926	8,814	8,645	512	(1,600)	(1,769)
Translation Reserve	(17)	(17)	(17)	-	-	-
Shareholders' Funds	24,203	22,091	21,922	13,804	11,692	11,523
NTA	24,203	22,091	21,922	13,804	11,692	11,523
Current Assets	13,399	11,287	11,118	3,905	642	473
Current Liabilities	8,172	8,172	8,172	431	431	431
Working Capital	5,227	3,115	2,946	3,474	211	42
Total Borrowings	6,451	6,451	6,451	-	-	-
Cash and Cash Equivalents	5,553	3,440	3,271	2,211	1,448	1,279
Total Issued Number of Shares ('000)	84,498	77,307	77,307	84,498	77,307	77,307
Weighted Average Number of Shares ('000)	84,498	77,307	77,307	84,498	77,307	77,307
Profit Attributable to the Owners of the Company	2,220	2,220	2,220	750	750	750
Financial Ratios						
NTA per Share (S$)	0.29	0.29	0.28	0.16	0.15	0.15
Gearing (%)	26.65	29.20	29.43	-	-	-
Current Ratio (times)	1.64	1.38	1.36	9.06	1.49	1.10
EPS [1] (cents)	2.63	2.87	2.87	0.89	0.97	0.97

Notes:
[1] For EPS computation, Treasury Shares and Shares cancelled are excluded from the weighted average number of Shares in issue.

Addendum

Scenario 2A: Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	Before	After Share Buy-Back		Before	After Share Buy-Back	
	Share Buy-Back	Market Purchase	Off-Market Purchase	Share Buy-Back	Market Purchase	Off-Market Purchase
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 30 September 2015						
Share Capital	13,292	13,292	13,292	13,292	13,292	13,292
Capital Reserve	2	2	2	-	-	-
Accumulated Profits	10,926	10,926	10,926	512	512	512
Translation Reserve	(17)	(17)	(17)	-	-	-
Treasury Shares	-	(2,112)	(2,281)	-	(2,112)	(2,281)
Shareholders' Funds	24,203	22,091	21,922	13,804	11,692	11,523
NTA	24,203	22,091	21,922	13,804	11,692	11,523
Current Assets	13,399	11,287	11,118	3,905	642	473
Current Liabilities	8,172	8,172	8,172	431	431	431
Working Capital	5,227	3,115	2,946	3,474	211	42
Total Borrowings	6,451	6,451	6,451	-	-	-
Cash and Cash Equivalents	5,553	3,440	3,271	2,211	1,448	1,279
Total Issued Number of Shares ('000)	84,498	84,498	84,498	84,498	84,498	84,498
Weighted Average Number of Shares ('000)	84,498	84,498	84,498	84,498	84,498	84,498
Profit Attributable to the Owners of the Company	2,220	2,220	2,220	750	750	750
Financial Ratios						
NTA per Share (S$)	0.29	0.26	0.26	0.16	0.14	0.14
Gearing (%)	26.65	29.20	29.43	-	-	-
Current Ratio (times)	1.64	1.38	1.36	9.06	1.49	1.10
EPS [1] (cents)	2.63	2.63	2.63	0.89	0.89	0.89

Notes:

[1] For EPS computation, Treasury Shares and Shares cancelled are excluded from the weighted average number of Shares in issue.

Addendum

Scenario 2B: Purchases made entirely out of profits and held as Treasury Shares

	Group			Company		
	Before	After Share Buy-Back		Before	After Share Buy-Back	
	Share Buy-Back	Market Purchase	Off-Market Purchase	Share Buy-Back	Market Purchase	Off-Market Purchase
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 30 September 2015						
Share Capital	13,292	13,292	13,292	13,292	13,292	13,292
Capital Reserve	2	2	2	-	-	-
Accumulated Profits	10,926	10,926	10,926	512	512	512
Translation Reserve	(17)	(17)	(17)	-	-	-
Treasury Shares	-	(2,112)	(2,281)	-	(2,112)	(2,281)
Shareholders' Funds	24,203	22,091	21,922	13,804	11,692	11,523
NTA	24,203	22,091	21,922	13,804	11,692	11,523
Current Assets	13,399	11,287	11,118	3,905	642	473
Current Liabilities	8,172	8,172	8,172	431	431	431
Working Capital	5,227	3,115	2,946	3,474	211	42
Total Borrowings	6,451	6,451	6,451	-	-	-
Cash and Cash Equivalents	5,553	3,440	3,271	2,211	1,448	1,279
Total Issued Number of Shares ('000)	84,498	84,498	84,498	84,498	84,498	84,498
Weighted Average Number of Shares ('000)	84,498	84,498	84,498	84,498	84,498	84,498
Profit Attributable to the Owners of the Company	2,220	2,220	2,220	750	750	750
Financial Ratios						
NTA per Share (S$)	0.29	0.26	0.26	0.16	0.14	0.14
Gearing (%)	26.65	29.20	29.43	-	-	-
Current Ratio (times)	1.64	1.38	1.36	9.06	1.49	1.10
EPS [1] (cents)	2.63	2.63	2.63	0.89	0.89	0.89

Notes:

[1] For EPS computation, Treasury Shares and Shares cancelled are excluded from the weighted average number of Shares in issue.

The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buy-back taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares).

Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Company and the Group for the financial year ended 30 September 2015, and is not necessarily representative of the future financial performance of the Company and the Group.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to ten per cent. (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire ten per cent. (10%) of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

2.10 **Take-over implications arising from share buy-back**

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.10.1 Obligation to make a take-over offer

Rule 14 of the Take-over Code ("**Rule 14**") requires, *inter alia*, that except with the consent of the SIC, where:

(a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent (1%) of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.

2.10.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant `to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia,* be presumed to be acting in concert with each other under the Take-over Code:

(a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(b) a company with its parent, subsidiaries and fellow subsidiaries, and their associated companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights, all with one another. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status; and

(c) an individual with his close relatives, related trusts and person(s) who are accustomed to act in accordance with his instructions.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

2.10.3 <u>Effect of Rule 14 and Appendix 2</u>

Appendix 2 of the Take-over Code contains the share buy-back guidance note. In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, if, as a result of any purchase or acquisition by the Company of its Shares, the proportionate percentage of voting rights held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If as a result of such increase, a Shareholder or group of Shareholders acting in concert with a Director obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert with a Director could become obliged to make a take-over offer for the Company under Rule 14.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

2.10.4 <u>Advice to Shareholders</u>

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.

2.10.5 <u>Interests of Directors and Substantial Shareholders</u>

Based on the information set out below, assuming that there is no change to the interest set out below since the Latest Practicable Date, none of the Shareholders, including Directors and persons acting in concert with them respectively, are expected to incur an obligation to make a general offer to other Shareholders under the Take-over Code solely by reason of the Share Buy-Back Mandate.

(i) **Interest of Directors**

Based on the Register of Directors' Shareholdings of the Company maintained pursuant to Section 164 of the Companies Act, as at the Latest Practicable Date, the shareholdings of the Directors before and after the purchase of Shares (assuming (i) the Company purchases 8,449,800 Shares being the maximum number of ten per cent. (10%) of the issued Shares of the Company as at the Latest Practicable Date; and (ii) there is no change in the number of Shares held or deemed to be held by the Directors) were/will be as follows:

Name of Directors	Before Share Buy Back (Number of Shares)		Before Share Buy-Back (%)[3]	After Share Buy-Back (%)[4]
	Direct Interest	Deemed Interest		
Chew Chee Bin [1]	351,025	-	0.42	0.46
Chew Eng Hoe [2]	343,350	-	0.41	0.45
Chew Chee Keong [1],[2]	597,025	-	0.71	0.79

Notes:

(1) Chew Chee Bin, the Group's Executive Chairman and Chew Chee Keong, the Group's Non-Executive Director are siblings.

(2) Chew Eng Hoe, the Group's Managing Director, Chew Chee Bin and Chew Chee Keong are cousins.

(3) The percentages in the table are calculated based on 84,498,000 Shares as at the Latest Practicable Date.

(4) The percentages in the table are calculated based on 76,048,200 Shares, assuming the Company purchases the maximum number of ten per cent. (10%) of the Shares as at the Latest Practicable Date.

In the event that the Company undertakes share buy-backs of up to ten per cent. (10%) of the issued Shares of the Company as permitted under the Share Buy-Back Mandate, the shareholdings and voting rights of the Directors will remain below thirty per cent. (30%). Accordingly, no general offer by the Directors is required to be made pursuant to the Take-over Code.

(ii) **Substantial Shareholders' interests**

Based on the Register of Substantial Shareholders of the Company maintained pursuant to Section 88 of the Companies Act, as at the Latest Practicable Date, the shareholdings of the Substantial Shareholders before and after the purchase of Shares (assuming (i) the Company purchases 8,449,800 Shares, being the maximum number of ten per cent. (10%) of the issued Shares of the Company as at the Latest Practicable Date; and (ii) there is no change in the number of Shares held or deemed to be held by the Substantial Shareholders) were/will be as follows:

Name	Before Share Buy Back (Number of Shares)		Before Share Buy-Back (%)[3]	After Share Buy-Back (%)[4]
	Direct Interest	Deemed Interest		
Fenghe Investment Holding Pte.Ltd. **("Fenghe Investment")** [1]	57,580,341	-	68.14	75.72
Chew Chu Hoo	5,732,375	-	6.78	7.54
Chew's Farm Holdings Pte.Ltd. **("Chew's Farm Holdings")** [2]		57,580,341	68.14	75.72

Notes:

(1) Fenghe Investment is an investment holding company incorporated in Singapore on 20 September 2010. It is held by Messrs Chew See Lian (1,958 shares (9.79%)), Chew Suu Hai (3,758 shares (18.79%)), Chew Chu Hoo (2,088 shares (10.44%)), Chew Eng Kiat (1,006 shares (5.03%)), Chew Eng Hoe (2,226 shares (11.33%)), Chew Eng Keng (870 shares (4.35%)) and Chew's Farm Holdings (8,054 shares (40.27%)).

(2) Chew's Farm Holdings is deemed interested in the 57,580,341 Shares held by Fenghe Investment by virtue of its 40.27% shareholding interest in Fenghe Investment as at the Latest Practicable Date.

(3) The percentages in the table are calculated based on 84,498,000 issued and paid-up Shares in the ordinary share capital of the Company as at the Latest Practicable Date.

(4) The percentages in the table are calculated based on 76,048,200 Shares, assuming the Company purchases the maximum number of ten per cent. (10%) of the Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, Fenghe Investment and Chew's Farm Holdings own an aggregate of 68.14% of the shareholdings of the Company.

In the event that the Company undertakes share buy-backs of up to ten per cent (10%) of the issued Shares of the Company as permitted under the Share Buy-Back Mandate, the shareholdings and voting rights of Fenghe Investment and Chew's Farm Holdings will remain above fifty per cent (50%). Accordingly, no general offer is required to be made pursuant to the Take-over Code.

(iii) **Listing status of Shares on the SGX-ST**

The Company does not have any individual shareholding limit or foreign shareholding limit. However, the Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent. (10%) of its Shares are in the hands of the public. The term "public", as defined under the Catalist Rules, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries; and (ii) the Associates of persons in (i).

As at the Latest Practicable Date, there are 250 Shareholders and approximately 14,922,000 issued Shares were held by the public, representing 17.66% of the total number of issued Shares. For illustrative purposes only, assuming that the Company purchases the maximum number of ten per cent. (10%) of the issued Shares, being 8,449,800 Shares as at the Latest Practicable Date, and assuming that such Shares are held in public hands, the resultant number of Shares held by the public after the purchase of such Shares would be reduced to 6,472,200 Shares, representing approximately 8.51% of the remaining issued Shares of the Company. Therefore, in such a case and in order not to adversely affect the listing status of Shares on the SGX-ST, the Company will not be permitted to undertake purchases or acquisitions of its Shares to the full ten per cent. (10%) limit pursuant to the Share Buy-Back Mandate. Accordingly, the Company is restricted to market purchases of up to 7,191,333 Shares which would result in the number of Shares in the hands of the public to be reduced to 7,730,667 Shares, representing ten per cent. (10%) of the remaining issued Shares of the Company.

Before deciding to effect a purchase of Shares, the Directors will consider whether, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

The Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if the purchase or acquisition of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

2.10.6 Shares purchased by the Company

The Company has not made any Share purchases in the last 12 months preceding the date of this Appendix.

2.11 **Timing of purchases**

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-year and full-year results, as the case may be, and ending on the date of announcement of the relevant results.

2.12 **Tax implications**

Shareholders who are in doubt as to their respective tax positions or tax implications arising from share buy-backs by the Company in their respective jurisdictions should consult their own professional advisers.

3. **ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the 2016 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, not later than forty-eight (48) hours before the time fixed for the 2016 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he so wishes in place of the proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least seventy-two (72) hours before the 2016 AGM.

4. **DIRECTORS' RECOMMENDATION**

Having fully considered the rationale set out in paragraph 2.3 of this Appendix, the Directors are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 10 pertaining to the proposed renewal of the Share Buy-Back Mandate to be proposed at the 2016 AGM.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement herein misleading. Where information in this Appendix 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 Appendix in its proper form and context.

6. **DOCUMENTS FOR INSPECTION**

Copies of the Memorandum and Articles and the 2015 Annual Report are available for inspection during normal office hours at the registered office of the Company at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624 from the date of this Appendix up to the date of the 2016 AGM.

Yours faithfully

For and on behalf of the Board of Directors of
CHEW'S GROUP LIMITED

Chew Chee Bin
Executive Chairman
11 January 2016

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

ANNUAL GENERAL MEETING
PROXY FORM

I/We ____

of ____

____

being a member/members of Chew's Group Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or **(delete as appropriate)**

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at Raffles Country Club (Stamford 1 & 2), 450 Jalan Ahmad Ibrahim, Singapore 639932 on Tuesday, 26 January 2016 at 10.30 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).

All resolutions put to the vote of the AGM shall be decided by way of poll.

No.	Ordinary Resolutions	Number of Votes For*	Number of Votes Against*
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 September 2015 together with the Auditors' Report thereon.		
2.	To declare a first and final dividend of 0.49 Singapore cents per ordinary share (one-tier tax-exempt) for the financial year ended 30 September 2015. (2014: 0.44 Singapore cents per ordinary share).		
3.	To re-elect Mr. Yuen Sou Wai who retires pursuant to Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director of the Company.		
4.	To re-elect Mr. Chong Chin Fan who retires pursuant to Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director of the Company.		
5.	To approve the payment of Directors' fees of S$151,250 for the financial year ending 30 September 2016, payable half yearly in arrears.		
6.	To re-appoint Messrs Deloitte & Touche LLP as external auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To grant the Directors the authority to allot and issue shares in the capital of the Company.		
8.	To grant the Directors the authority to allot and issue shares in the capital of the Company under the Chew's Employee Share Option Scheme.		
9.	To grant the Directors the authority to allot and issue shares in the capital of the Company under the Chew's Performance Share Plan.		
10.	To approve the proposed renewal of the Share Buy-Back Mandate.		

* If you wish to exercise all your votes "For" or "Against", please indicate with a "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ____________________ 2016.

Total number of Shares Held	
CDP Register	
Member's Register	
TOTAL	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member (other than a Relevant Intermediary) of the Company 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 on his behalf. Where a member appoints two (2) proxies, the member must specify the proportion of shareholdings to be represented by each proxy. If no such proportion or number is specified the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624, not less than forty-eight (48) hours before the time set for the AGM of the Company.

4. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (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;

   (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 ("**CPF 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

8. The Company shall be entitled to reject an instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By attending the AGM of the Company and/or any adjournment thereof or 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) for the purpose of the processing and administration by the Company (or its agents) 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) 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), 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) 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.

1st fold here

AFFIX
STAMP

CHEW'S GROUP LIMITED
80 Raffles Place #32-01
UOB Plaza 1
Singapore 048624

2nd fold here

3rd fold here and seal

周 Chew's 氏

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