

CIRCULAR DATED 5 NOVEMBER 2018

**THIS CIRCULAR IS ISSUED BY CHEW'S GROUP LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF NOVUS CORPORATE FINANCE PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER, TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

**If you are in any doubt about its content or the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company ("Shares") held through The Central Depository (Pte) Limited ("CDP"), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

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

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

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



**CHEW'S GROUP LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 201020806C)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**MANDATORY UNCONDITIONAL CASH OFFER**

by

**HONG LEONG FINANCE LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration No.: 196100003D

for and on behalf of

**GOLDHILL TRUST PTE. LTD.**

(Incorporated in the Republic of Singapore)  
Company Registration No.: 201815906H

to acquire all the issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by Goldhill Trust Pte. Ltd. and parties acting or deemed to be acting in concert with it

**Independent Financial Adviser to the Independent Directors**



**NOVUS CORPORATE FINANCE PTE. LTD.**

(Incorporated in the Republic of Singapore)  
Company Registration No.: 201723484W

**SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER (AS DEFINED HEREIN) AT 5.30 P.M. (SINGAPORE TIME) ON 20 NOVEMBER 2018 ("CLOSING DATE"). THE OFFEROR DOES NOT INTEND TO EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE. NOTICE HAS BEEN GIVEN BY THE OFFEROR THAT THE OFFER WILL NOT BE OPEN FOR ACCEPTANCE BEYOND THE CLOSING DATE, SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.**

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

<b>“1HY2018”</b>	: Half year ended 31 March 2018
<b>“Acquisition”</b>	: The acquisition of 57,580,341 Shares from the Vendor by the Offeror at a consideration of S\$0.2107 for each Share, representing approximately 68.14% of the issued and paid-up share capital of the Company, in accordance with the terms of the Share Purchase Agreement
<b>“Business Day”</b>	: A day other than Saturday, Sunday or a public holiday on which commercial banks are open for general business in Singapore
<b>“Catalist”</b>	: The sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	: The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“CFIL”</b>	: Chew’s Food International Limited (Hong Kong Company Registration No. 1453285), a company incorporated in Hong Kong with its registered office at Workshop 9-11, 6/F of Block B Shatin Industrial Centre 5-7 Yuen Shun Circuit, Shatin, N.T. Hong Kong
<b>“Circular”</b>	: This circular to Shareholders dated 5 November 2018 in relation to the Offer
<b>“Clarification Announcement”</b>	: The joint clarification announcement relating to the payment of dividends released by the Company and the Offeror on 24 August 2018
<b>“Closing Date”</b>	: 5.30 p.m. (Singapore time) on 20 November 2018, such date being the last day for the lodgement of acceptances of the Offer
<b>“Code”</b>	: The Singapore Code on Take-overs and Mergers
<b>“Company”</b>	: Chew’s Group Limited
<b>“Companies Act”</b>	: The Companies Act, Chapter 50 of Singapore
<b>“Company Securities”</b>	: Convertible securities, warrants, options or derivatives in respect of Shares or securities which carry voting rights in the Company
<b>“Constitution”</b>	: The Constitution of the Company
<b>“CPF”</b>	: The Central Provident Fund
<b>“CPFIS”</b>	: CPF Investment Scheme
<b>“CPFIS Investors”</b>	: Investors who have purchased the Shares using their CPF savings under the CPFIS

<b>“Directors”</b>	: The directors of the Company as at the Latest Practicable Date
<b>“FAA”</b>	: Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document
<b>“FAT”</b>	: Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document
<b>“FY”</b>	: The financial year ended or ending 30 September
<b>“Group”</b>	: The Company and its 90%-owned subsidiary, CFIL
<b>“Hong Leong Finance”</b>	: Hong Leong Finance Limited
<b>“IFA”</b>	: Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Offer
<b>“IFA Letter”</b>	: The letter dated 5 November 2018 from the IFA to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
<b>“Independent Auditor”</b>	: Deloitte & Touche LLP
<b>“Independent Directors”</b>	: The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, namely, Chew Chee Bin, Chew Eng Hoe, Chew Chee Keong, Yuen Sou Wai, Chong Chin Fan and Dr Choo Boon Seng
<b>“Interim Dividend Announcement”</b>	: The announcement relating to the declaration of a tax exempt (one-tier) interim dividend of S\$0.10 per Share for FY2018 and the notice of books closure date released by the Company on 26 September 2018
<b>“Latest Practicable Date”</b>	: 29 October 2018, being the latest practicable date prior to the printing of this Circular
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading of securities
<b>“Offer”</b>	: The mandatory unconditional cash offer made by Hong Leong Finance, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT
<b>“Offer Announcement”</b>	: The announcement relating to the Offer released by Hong Leong Finance, for and on behalf of the Offeror, on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	: 8 October 2018
<b>“Offer Document”</b>	: The document dated 23 October 2018, including the FAA and/or the FAT, and any other document which may be issued by Hong Leong Finance, for and on behalf of the Offeror, to amend, revise, supplement or update the document dated 23 October 2018 from time to time
<b>“Offer Price”</b>	: S\$0.2107 in cash for each Offer Share
<b>“Offer Shares”</b>	: All the issued and paid-up Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with it

<b>“Offeror”</b>	: Goldhill Trust Pte. Ltd.
<b>“Offeror Securities”</b>	: (a) Offeror Shares, (b) securities which carry substantially the same rights as any Offeror Shares, and (c) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or such securities in (b)
<b>“Offeror Shares”</b>	: Ordinary shares in the capital of the Offeror
<b>“Overseas Shareholders”</b>	: Shareholders whose mailing addresses are outside Singapore as shown on the Register, or as the case may be, in the records of CDP
<b>“Pre-Conditions”</b>	: Conditions precedent in the Share Purchase Agreement
<b>“Pre-Conditional Offer Announcement”</b>	: The announcement relating to the pre-conditional mandatory general cash offer made by the Offeror on the Pre-Conditional Offer Announcement Date
<b>“Pre-Conditional Offer Announcement Date”</b>	: 22 August 2018
<b>“Reference Period”</b>	: The period commencing on 23 February 2018, being the date falling six (6) months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date
<b>“Register”</b>	: The register of holders of Shares, as maintained by the Registrar
<b>“Registrar”</b>	: Tricor Barbinder Share Registration Services, in its capacity as the share registrar of the Company
<b>“SFA”</b>	: Securities and Futures Act, Chapter 289 of Singapore, as amended, modified and supplemented from time to time
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	: Persons who are registered as holders of Shares in the register of Shareholders maintained by the Registrar and Depositors who have Shares entered against their names in the Depository Register
<b>“Shares”</b>	: Issued and paid-up ordinary shares in the capital of the Company
<b>“Share Purchase Agreement”</b>	: Shall have the meaning as ascribed to it in Section 1.1(b) of this Circular
<b>“SIC”</b>	: Securities Industry Council of Singapore
<b>“SRS”</b>	: The Supplementary Retirement Scheme
<b>“SRS Investors”</b>	: Investors who purchase Shares pursuant to the SRS
<b>“Vendor”</b>	: Fenghe Investment Holding Pte. Ltd.

## Currencies and Units of Measurement

- “S\$” and “cents” : Singapore dollars and cents, respectively, being the lawful currency of Singapore
- “per cent.” or “%” : Per centum or percentage
- (a) The expression “**acting in concert**” shall have the meaning ascribed to it in the Code.
- (b) The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings as ascribed to them respectively in Section 81SF of the SFA.
- (c) Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.
- (d) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (e) References to “**Offer Document**” shall include the FAA and FAT, unless the context otherwise requires.
- (f) Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown in the totals of the figures in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (g) References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to the Shareholders.
- (h) Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Catalist Rules, the SFA or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Catalist Rules, the SFA, or that modification, as the case may be, unless the context otherwise requires.
- (i) The expression “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.
- (j) Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise specified.
- (k) **Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.**
- (i) Any reference in this Circular to the total number of Shares is a reference to a total of 84,498,000 Shares in issue as at the Latest Practicable Date, unless the context otherwise requires.

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “**expect**”, “**anticipate**”, “**believe**”, “**intend**”, “**project**”, “**plan**”, “**strategy**”, “**forecast**” and similar expressions or future or conditional verbs such as “**will**”, “**would**”, “**should**”, “**could**”, “**may**” and “**might**”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

## INDICATIVE TIMELINE

Date of despatch of Offer Document	: 23 October 2018
Date of despatch of this Circular	: 5 November 2018
Closing Date	: 5:30 p.m. (Singapore time) on 20 November 2018. The Offeror has given notice that the Offeror will not extend the Offer beyond 5:30 p.m. (Singapore time) on the Closing Date and the Offer will not be open for acceptance beyond 5:30 p.m. (Singapore time) on the Closing Date, save that such notice shall not be capable of being enforced in a competitive situation.
Date of settlement of consideration for valid acceptances of the Offer <sup>(1)</sup>	: Within seven (7) Business Days after receipt of valid acceptances

**Note:**

(1) Please refer to Appendix 1 to the Offer Document for further details.



# CHEW'S GROUP LIMITED

(Company Registration Number: 201020806C)  
(Incorporated in the Republic of Singapore)

## Board of Directors:

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

## Registered Address:

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

5 November 2018

**To: The Shareholders of Chew's Group Limited**

Dear Sir/Madam

## **MANDATORY UNCONDITIONAL CASH OFFER BY HONG LEONG FINANCE LIMITED, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES**

### **1. INTRODUCTION**

**1.1 Pre-Conditional Offer Announcement.** On the Pre-Conditional Offer Announcement Date, Hong Leong Finance announced, on and behalf of the Offeror, *inter alia*, that:

- (a) The Offeror had on 8 June 2018 entered into a non-legally binding term sheet with the Vendor for the acquisition of 57,580,341 Shares from the Vendor at S\$0.2107 per Share, representing approximately 68.14% of the issued and paid-up share capital of the Company.
- (b) The Offeror had on 22 August 2018 entered into a conditional share purchase agreement with the Vendor for the Acquisition, as amended by the supplemental agreement dated 31 August 2018 and second supplemental agreement dated 8 October 2018 ("**Share Purchase Agreement**"). The Offeror will make an Offer for the Offer Shares upon fulfilment of the Pre-Conditions and subject to completion of the Acquisition.

**1.2 Clarification Announcement.** On 24 August 2018, the Offeror and the Company jointly announced that:

- (a) The Company will make further announcements as and when the Board of Directors makes a decision with respect to the quantum of dividends, in accordance with the requirements of the Catalist Rules.
- (b) The Offeror clarified that subject to the terms of the Share Purchase Agreement, the Vendor shall be entitled to procure the declaration of dividends by the Company so long as the payment of the dividends shall not result in the Company having less than S\$13.5 million in freely useable and uncommitted cash in the Company's bank account(s) as at the date of completion of the Acquisition.

**1.3 Interim Dividend Announcement.** On 26 September 2018, the Company announced the declaration of a tax exempt (one-tier) interim dividend of S\$0.10 per Share for FY2018 by the Board of Directors and the notice of books closure date. The said interim dividend was paid out on 12 October 2018 to the Shareholders.

**1.4 Offer Announcement.** On the Offer Announcement Date, the Offeror announced that as a result of completion of the Acquisition which had taken place on 8 October 2018 by way of an off-market transfer of securities, the Offeror is required to make an Offer, in accordance with Rule 14.1(a) of the Code, for the Offer Shares.

A copy of the Offer Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

- 1.5 **Offer Document.** Shareholders should have, as at the date of this Circular, received a copy of the Offer Document issued by the Offeror, which was despatched on 23 October 2018, setting out, *inter alia*, the terms and conditions of the Offer.

**Shareholders are advised to read the terms and conditions of the Offer contained therein carefully.**

Copies of the Offer Document, the FAA and the FAT are available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

- 1.6 **IFA.** The Company has appointed Novus Corporate Finance Pte. Ltd. as the independent financial adviser to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in Appendix I to this Circular.
- 1.7 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer.

**Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether or not to accept the Offer.**

**If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

## 2. THE OFFER

### 2.1 Principal Terms

The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below.

### 2.2 Offer Price

Paragraph 2.1 of the Offer Document states that for and on behalf of the Offeror, Hong Leong Finance makes the Offer to acquire all the Offer Shares, in accordance with Section 139 of the SFA and Rule 14.1(a) of the Code and subject to the terms and conditions of the Offer Document, on the following basis:

***“For each Offer Share: S\$0.2107 in cash (the “Offer Price”)***

***The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation.”***

### 2.3 No Encumbrances

Paragraph 2.2 of the Offer Document states the following:

***“2.2 No Encumbrances.*** *The Offer Shares will be acquired (i) fully paid-up, (ii) free from all liens, equities, claims, charges, pledges, mortgages, debentures, encumbrances, options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of pre-emption, rights of first refusal, moratorium and any other security interests, conditions, encumbrances, rights or interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing, and (iii) save for the Proposed Dividend, together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including, but not limited to, the right to receive and retain all dividends, rights and other distributions and/or return of capital (if any) (the “Distribution”) declared, paid or made by the Company in respect of the Offer Shares on or after the Pre-Conditional Offer Announcement Date.”*

## 2.4 Adjustments for Distribution

Paragraph 2.3 of the Offer Document states the following:

**“2.3 Adjustments for Distribution.** On 26 September 2018, the Company announced the notice of books closure date and dividend payment for the interim dividend of S\$0.10 per Share for the financial year ended 30 September 2018 (the **“Proposed Dividend”**). **Save for the Proposed Dividend, if any Distribution is announced, declared, paid or made on or after the date of the Pre-Conditional Offer Announcement, the Offeror reserves the right to reduce the Offer Price by the amount of such Distribution.”**

## 2.5 Choices

Paragraph 2.4 of the Offer Document states the following:

**“2.4 Choices.** A Shareholder can, in relation to all or part of his Offer Shares, either:

- (i) accept the Offer in respect of such Offer Shares in accordance with the procedures set out in **Appendix 2** to this Offer Document; or
- (ii) take no action and let the Offer lapse in respect of his Offer Shares.”

## 2.6 No Extension of Closing Date

Paragraph 2.5 of the Offer Document states the following:

**“2.5 No Extension of Closing Date.** This Offer is open for acceptance by the Shareholders for 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

**The Offer will close at 5.30 p.m. (Singapore time) on 20 November 2018, being the Closing Date. Notice is hereby given that the Offer will not be extended, revised or open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date, save that such notice shall not be capable of being enforced in a competitive situation.**

For these purposes, a **“competitive situation”** shall be deemed to arise when either (i) a firm intention to make a competing offer for the Company is announced, whether or not subject to any pre-conditions or (ii) SIC determines that a competitive situation has arisen.”

## 2.7 No Condition to the Offer

Paragraph 3 of the Offer Document states the following:

**“3. NO CONDITION TO THE OFFER**

**The Offer is unconditional in all respects. Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.”**

## 2.8 Warranty

Paragraph 4 of the Offer Document states the following:

**“4. WARRANTY**

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid-up, (ii) free from all liens, equities, claims, charges, pledges, mortgages, debentures, encumbrances, options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of pre-emption, rights of first refusal, moratorium and any other security interests, conditions, encumbrances, rights or interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing, and (iii) save for the Proposed Dividend, together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including, but not limited to, the right to receive and retain all Distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Pre-Conditional Offer Announcement Date.”

## 2.9 Further Details of the Offer

Further details on the Offer, in relation to (a) the duration of the Offer, (b) the settlement of the consideration for the Offer, (c) the requirements relating to the announcement of the level of acceptances of the Offer and (d) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

## 2.10 Procedures for acceptance of the Offer

The procedures for acceptance of the Offer are set out in Appendix 2 of the Offer Document and the accompanying FAA and/or FAT (as the case may be).

## 3. INFORMATION ON THE OFFEROR

### 3.1 Offeror

Information on the Offeror is set out in Paragraph 7 of the Offer Document, which has been extracted from the Offer Document and reproduced below.

*“7.1 **The Offeror.** The Offeror is an investment holding company incorporated in Singapore on 10 May 2018. The Offeror is a special purpose vehicle for the purpose of making the Offer. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2.00 comprising two ordinary shares. The shareholders of the Offeror are Mr. Tan Pei Hong, Alex (Chen Peifeng) and Mr. Tan Theng Hong, Amos, each of whom hold one (1) ordinary share in the capital of the Offeror. Mr. Tan Pei Hong, Alex (Chen Peifeng) and Mr. Tan Theng Hong, Amos are also the directors of the Offeror.”*

### 3.2 Further information on the Offeror

Shareholders should refer to Appendix 3 of the Offer Document for further information on the Offeror.

## 4. INFORMATION ON THE COMPANY

Please refer to Appendix II of this Circular for information on the Company.

## 5. NO UNDERTAKING

The full text of the intentions of the Shareholders to provide an undertaking in favour of the Offeror in relation to their acceptance of the Offer as set out in paragraph 9 of the Offer Document has been extracted from the Offer Document and reproduced below.

### **“9. NO UNDERTAKING**

***Undertaking.** None of the Shareholders of the Company has provided or will be providing any undertaking in favour of the Offeror in relation to their acceptance of the Offer.”*

## 6. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer as set out in paragraph 10 of the Offer Document has been extracted from the Offer Document and reproduced below.

### **“10. RATIONALE FOR THE OFFER**

*The Offer is made by the Offeror to comply with Rule 14.1 of the Code because following completion of the Acquisition, the Offeror and parties acting in concert with it have acquired Shares which represent in excess of 30% of the voting rights of the Company.”*

## 7. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

The full text of the Offeror’s intention in relation to the Company as set out in paragraph 11 of the Offer Document has been extracted from the Offer Document and reproduced below.

## **“11. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY**

**Offeror’s Future Plans for the Company.** *Following the completion of the Acquisition and the close of the Offer, the Offeror intends to undertake a review of the business of the Group with a view to strengthening the Group’s financial position and identifying areas in which potential may be optimised. This includes, amongst others, seeking Shareholders’ approval for the Group to diversify its business and enter into the property management and investments sector or any other business should the Offeror decides to enter into.*

*Depending on the outcome of such review, the Offeror may make changes to the operations and business of the Group. Accordingly, the Offeror retains the flexibility at any time to consider any options with respect to making any major changes to the business of the Group (including any redeployment of the fixed assets of the Group) and with respect to the continued employment of the employees of the Group, in addition to any changes which may be made in the ordinary course of business.”*

## **8. LISTING STATUS**

The full text of the Offeror’s intention in relation to the listing status of the Company as set out in paragraph 12 of the Offer Document has been extracted from the Offer Document and reproduced below.

**“12.1 Free Float Requirement.** *Pursuant to Rule 723 of the Catalist Rules, the Company must ensure that at least 10% of the total number of Shares (excluding treasury shares) is at all times held by the public (the “Free Float Requirement”). Pursuant to Rule 1104 of the Catalist Rules, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public. Under Rule 1303(1) of the Catalist Rules, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the listed securities of the Company at the close of the Offer.*

*In addition, under Rule 724(1) of the Catalist Rules, if the Free Float Requirement is not complied with, the Company must, as soon as possible, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the Shares held by members of the public to be raised to at least 10%, failing which the Company may be delisted from the SGX-ST.*

**12.2 Intention of the Offeror.** *It is the intention of the Offeror to retain the listing of the Company on the Catalist board of the SGX-ST. In the event that the Company does not meet the Free Float Requirement at the Closing Date and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing status of the Company.”*

## **9. COMPULSORY ACQUISITION**

The full text of the Offeror’s intention in relation to compulsory acquisition as set out in paragraph 13 of the Offer Document has been extracted from the Offer Document and reproduced below.

**“13.1 Compulsory Acquisition Rights.** *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the total number of the Shares in issue as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Shares held by*

Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer.

As stated above, it is the current intention of the Offeror to maintain the listing status of the Company on the Catalist board of the SGX-ST. **Accordingly, the Offeror does not intend to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act in the event that it receives acceptances pursuant to the Offer representing 90% or more of the Offer Shares.** However, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

**13.2 Dissenting Shareholders’ Rights.** In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Dissenting Shareholders have the right to require the Offeror to acquire their Shares at the Offer Price. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.”

## 10. FINANCIAL EVALUATION OF THE OFFER

The full text of the financial evaluation of the Offer as set out in paragraph 14 of the Offer Document has been extracted from the Offer Document and reproduced below.

### “14. FINANCIAL EVALUATION OF THE OFFER

The Offer Price of S\$0.2107 represents the following discount over the historical traded prices of the Shares:

	<b>Benchmark Price (S\$)<sup>(1)(2)</sup></b>	<b>Discount over Benchmark Price (%)<sup>(3)</sup></b>
Last traded price per Share as quoted on the SGX-ST as at the Last Trading Date	0.2900	27.34
Last traded price per Share as quoted on the SGX-ST as at 5 October 2018, being the last full trading day prior to the date of the Offer Announcement	0.2150	2.00
VWAP of the Shares for the one-month period up to and including the Last Trading Date	0.2849	26.04
VWAP of the Shares for the three-month period up to and including the Last Trading Date	0.2828	25.50
VWAP of the Shares for the six-month period up to and including the Last Trading Date	0.3744	43.72
VWAP of the Shares for the 12-month period up to and including the Last Trading Date	0.4663	54.81

Notes:

(1) Based on data extracted from Bloomberg Finance L.P.

(2) Computed based on the Share prices rounded to the nearest four decimal places.

(3) Percentage figures are rounded to the nearest two decimal places.”

## 11. DISCLOSURES OF HOLDINGS AND DEALINGS IN RELEVANT SECURITIES

The full text of information relating to the disclosure of holdings and dealings in relevant securities by the Offeror and persons acting in concert with the Offeror as set out in paragraph 15 of the Offer Document has been extracted from the Offer Document and reproduced below.

### **“15. DISCLOSURES OF HOLDINGS AND DEALINGS IN RELEVANT SECURITIES**

*15.1 As at the Latest Practicable Date, pursuant to the completion of the Acquisition, the Offeror and persons acting in concert with the Offeror hold in aggregate 57,580,341 Shares, representing approximately 68.14% of the total issued share capital of the Company.*

*15.2 **Holdings.** Save as described in Appendix 5 of this Offer Document, none of the Offeror and persons acting in concert with the Offeror in connection with the Offer owns, controls or has agreed to acquire any Relevant Securities.*

*15.3 **Dealings.** Save as described in Appendix 5 of this Offer Document, none of the Offeror and persons acting in concert with the Offeror in connection with the Offer has dealt for value in any Relevant Securities in the Reference Period.*

*15.4 **Irrevocable Undertakings.** As at Latest Practicable Date, none of the Offeror and persons acting in concert with the Offeror in connection with the Offer has received any irrevocable undertakings from any party to accept or reject the Offer.*

*15.5 **Other Arrangements.** Save as disclosed in this Offer Document and based on the latest information available to the Offeror, none of the Offeror and persons acting in concert with the Offeror has, as at the Latest Practicable Date:*

- (i) entered into any arrangements (whether by way of option, indemnity or otherwise) in relation to the Relevant Securities which might be material to the Offer;*
- (ii) granted a security interest in relation to any Relevant Securities to another person, whether through a charge, pledge or otherwise,*
- (iii) borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold), or*
- (iv) lent any Relevant Securities to another person.*

*15.6 **Further Disclosures.** Appendix 6 to this Offer Document sets out further disclosures required to be made in connection with the Offer.”*

## 12. CONFIRMATION OF FINANCIAL RESOURCES

The full text of the confirmation of financial resources by Hong Leong Finance as set out in paragraph 16 of the Offer Document has been extracted from the Offer Document and reproduced below.

### **“16. CONFIRMATION OF FINANCIAL RESOURCES**

*Hong Leong Finance, as the sole financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Offer by Shareholders on the basis of the Offer Price.”*

## 13. INDEPENDENCE OF THE DIRECTORS

As at the Latest Practicable Date, all of the Directors consider themselves to be independent for the purposes of making a recommendation on the Offer.

## 14. ADVICE OF THE IFA ON THE OFFER

### 14.1 IFA

Novus Corporate Finance Pte. Ltd. has been appointed as the IFA to advise the Independent Directors in respect of the Offer. Shareholders should read and consider carefully the advice of the IFA to the Independent Directors in respect of the Offer as set out in the IFA Letter (set out in Appendix I herein) and the recommendation of the Independent Directors to the Shareholders as set out in Section 15 of this Circular before deciding whether to accept or reject the Offer.

### 14.2 Evaluation of the Offer by the IFA

The IFA Letter setting out the advice and recommendation of the IFA to the Independent Directors in respect of the Offer is set out in Appendix I to this Circular. The key factors relied upon by the IFA in arriving at its advice to the Independent Directors are set out in paragraph 10 of the IFA Letter.

**Shareholders should read and consider carefully the key factors relied upon by the IFA in arriving at its advice to the Independent Directors, in conjunction with, and in the context of the full text of the IFA Letter.**

### 14.3 Advice of the IFA to the Independent Directors in respect of the Offer

Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has made certain recommendation to the Independent Directors as set out in paragraph 10 of the IFA Letter, an extract of which is reproduced below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

***“Based on the foregoing, and after having considered the information available to us as at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.”***

## 15. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having carefully considered the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA Letter, **CONCUR** with the advice of the IFA in respect of the Offer.

Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Offer. However, in the event that Shareholders are able to dispose of the Offer Shares in the open market and realise their investments at prices higher than the Offer Price after deducting related expenses, they should consider selling the Offer Shares in the open market.

**Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully. Shareholders are also advised to read the IFA Letter set out in Appendix I to this Circular carefully and to consider the recommendation of the Independent Directors in its entirety before deciding whether to accept or reject the Offer. Shareholders should note that the advice of the IFA to the Independent Directors in respect of the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.**

**Shareholders are also advised to take note that there is no assurance that the market price of the Shares will remain at current prevailing levels after the close of the Offer, and that the past trading performance of the Shares may not in any way be relied upon as an indication of the future price performance levels of the Shares.**



Further, in rendering the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

## 16. OVERSEAS SHAREHOLDERS

### 16.1 Overseas Shareholders

The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which they are located. Overseas Shareholders should refer to paragraph 17 of the Offer Document which is reproduced below.

#### **“17. OVERSEAS SHAREHOLDERS**

*17.1 The availability of the Offer to Shareholders whose mailing addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (the “**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. Where there are potential restrictions on sending this Offer Document and/or the Relevant Acceptance Forms to any overseas jurisdictions, the Offeror, Hong Leong Finance and CDP each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom this Offer Document and/or the Relevant Acceptance Forms have not been, or will not be, sent.*

**If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.**

*17.2 The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions in which this Offer Document is released, published or distributed should inform themselves of and observe such restriction.*

*17.3 Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (“**Restricted Jurisdiction**”) and the Offer will not be made to, nor will the Offer be capable of acceptance by, any person within any Restricted Jurisdiction if the offer to and/or acceptance by such person will violate the laws of the Restricted Jurisdiction. Persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

*17.4 This Offer Document does not constitute an offer or a solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer is made solely on the basis of this Offer Document and/or the Relevant Acceptance Forms, which contains the full terms and conditions of the Offer, including details of how the Offer may be accepted. For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom the Offer Document and relevant forms of acceptance may not be sent.*

*17.5 The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.*

17.6 Subject to compliance with the applicable laws, Shareholders (including Overseas Shareholders) may obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours up to the Closing Date from:

- (i) the Registrar (if he is a scripholder) at 80 Robinson Road, #11-02, Singapore 068898; or
- (ii) CDP (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Registrar (if he is a scripholder) at 80 Robinson Road, #02-00, Singapore 068898 or to CDP (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

Electronics copies of this Offer Document, the Relevant Acceptance Forms and any related documents may also be obtained from the website of the SGX-ST at <http://www.sgx.com>.

17.7 It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents, and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including Hong Leong Finance) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including Hong Leong Finance) may be required to pay. In (i) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and Hong Leong Finance that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.

17.8 The Offeror and Hong Leong Finance each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders and Overseas Shareholders by announcement to the SGX-ST and if necessary, by paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.”

## 16.2 Copies of Circular

This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898. Alternatively, an Overseas Shareholder may write to the Registrar at the aforementioned address to request for the Circular and any related documents to be sent to an address in Singapore by ordinary post at his/her own risk (the last date for despatch in respect of such request shall be a date falling five (5) Market Days prior to the Closing Date).

In requesting for this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

## **17. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS**

The full text of the information relating to CPFIS Investors and SRS Investors as set out in paragraph 18 of the Offer Document has been extracted from the Offer Document and reproduced below.

### **“18. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS**

*CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.*

*CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts and SRS investment accounts.”*

## **18. ACTION TO BE TAKEN BY SHAREHOLDERS**

### **18.1 Shareholders who wish to accept the offer**

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. (Singapore Time) on 20 November 2018, being the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document, the FAA and/or the FAT.

### **18.2 Shareholders who do not wish to accept the offer**

The Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

## **19. RESPONSIBILITY STATEMENT**

Save for the (a) IFA Letter, (b) information extracted from the Offer Announcement and the Offer Document and (c) information relating to the Offeror, the Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular are fair and accurate, and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are, after having made all reasonable enquiries and to the best of their knowledge and belief, fair and accurate in all material aspects.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Pre-Conditional Offer Announcement, Clarification Announcement, Interim Dividend Announcement, Offer Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular in its proper form and context.

**20. ADDITIONAL INFORMATION**

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

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

CHEW CHEE BIN  
Executive Chairman

**APPENDIX I – LETTER FROM NOVUS CORPORATE FINANCE PTE. LTD.  
TO THE INDEPENDENT DIRECTORS OF CHEW’S GROUP LIMITED  
IN RESPECT OF THE OFFER**

**NOVUS CORPORATE FINANCE PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201723484W)

9 Raffles Place  
#17-05 Republic Plaza Tower 1  
Singapore 048619

5 November 2018

To: The Independent Directors of Chew’s Group Limited  
(in relation to the Offer (as defined below))

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

Dear Sirs,

**INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE  
MANDATORY UNCONDITIONAL CASH OFFER**

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*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 5 November 2018 (the “**Circular**”) issued by the Company to the shareholders of the Company (the “**Shareholders**”) shall have the same meanings herein.*

**1. INTRODUCTION**

On 8 June 2018, Chew’s Group Limited (the “**Company**”) announced that it had been informed by the controlling shareholder of the Company, Fenghe Investment Holding Pte. Ltd. (“**Fenghe**”), that Fenghe had entered into a non-legally binding term sheet (the “**Termsheet**”) with a potential third party purchaser (the “**Purchaser**”) for the proposed acquisition (the “**Acquisition**”) by the Purchaser from Fenghe of 57,580,341 ordinary shares of the Company (the “**Sale Shares**”), representing approximately 68.14% of the total issued and paid-up share capital of the Company, at the price of S\$0.2107 per Sale Share for a total of S\$12,132,177.85 to be satisfied in cash (the “**Termsheet Announcement**”).

On 22 August 2018, Goldhill Trust Pte. Ltd (the “**Offeror**”) announced that the Offeror and Fenghe had entered into a conditional sale and purchase agreement (the “**SPA**”) for the Acquisition, and the Offeror will make a mandatory general cash offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) for all the issued ordinary shares (the “**Shares**”) in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the “**Offer Shares**”) upon the fulfilment (or waiver) of certain conditions precedent (the “**Pre-Conditions**”) and subject to the completion of the Acquisition (the “**Pre-Conditional Offer Announcement**”).

On 8 October 2018, Hong Leong Finance Limited (“**HLF**”) announced, for and on behalf of the Offeror, that (a) the Offeror had completed the Acquisition pursuant to the SPA (as supplemented by a supplemental agreement dated 31 August 2018 and a second supplemental agreement dated

8 October 2018) entered into by the Offeror and Fenghe (the “**Completion**”); and (b) as a result of the Completion, the Offeror intends to make a mandatory unconditional cash offer (the “**Offer**”) in accordance with Rule 14.1(a) of the Code for the Offer Shares at S\$0.2107 in cash (the “**Offer Price**”) per Offer Share (the “**Offer Announcement**”).

In connection with the Offer, Novus Corporate Finance Pte. Ltd. (“**NCF**”) has been appointed by the Company as the independent financial adviser (the “**IFA**”) to the directors who are considered independent in respect of the Offer (the “**Independent Directors**”) for the purpose of making a recommendation to Shareholders in respect of the Offer.

This letter is addressed to the Independent Directors and sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon, and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Independent Directors to the Shareholders.

## 2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long term merits of the Offer or on the future prospects of the Company and its subsidiary (collectively, the “**Group**”) or the method and terms by which the Offer has been made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the directors of the Company (the “**Directors**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and advice as set out in this letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on the information provided and representations made, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular, by the management of the Company (the “**Management**”) and the Directors. We have not independently verified such information, representation or assurance, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information, representation or assurance.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, (a) all material information in connection with the Offer, the Company and/or the Group has been disclosed to us; (b) such information is true, complete and accurate in all material respects; and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations

or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group, and have not been furnished with any independent valuation or appraisal reports.

Our analysis, opinion and advice as set out in this letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 29 October 2018 (the "**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion and advice, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to accept the Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

**Our opinion and advice in respect of the Offer, as set out in paragraph 10 of this letter, should be considered in the context of the entirety of this letter and the Circular.**

### **3. THE OFFER**

Shareholders should have by now received a copy of the offer document dated 23 October 2018 (the "**Offer Document**") that contains the formal offer by HLF, for and on behalf of the Offeror, to acquire all the Offer Shares. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

#### **3.1 Offer Price**

Paragraph 2.1 of the Offer Document states that for and on behalf of the Offeror, HLF makes the Offer to acquire all the Offer Shares, in accordance with Section 139 of the SFA and Rule 14.1(a) of the Code and subject to the terms and conditions of the Offer Document, on the following basis:

***"For each Offer Share: S\$0.2107 in cash (the "Offer Price")***

***The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation.***

#### **3.2 No Encumbrances**

Paragraph 2.2 of the Offer Document states the following:

***"2.2 No Encumbrances. The Offer Shares will be acquired (i) fully paid-up, (ii) free from all liens, equities, claims, charges, pledges, mortgages, debentures, encumbrances, options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of pre-emption, rights of first refusal, moratorium and any other security interests, conditions, encumbrances, rights or interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing, and (iii) save for the Proposed Dividend, together with all rights, benefits and***

entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including, but not limited to, the right to receive and retain all dividends, rights and other distributions and/or return of capital (if any) (the “**Distribution**”) declared, paid or made by the Company in respect of the Offer Shares on or after the Pre-Conditional Offer Announcement Date.”

### 3.3 Adjustments for Distribution

Paragraph 2.3 of the Offer Document states the following:

**“2.3 Adjustments for Distribution.** On 26 September 2018, the Company announced the notice of books closure date and dividend payment for the interim dividend of S\$0.10 per Share for the financial year ended 30 September 2018 (the “**Proposed Dividend**”). **Save for the Proposed Dividend, if any Distribution is announced, declared, paid or made on or after the date of the Pre-Conditional Offer Announcement, the Offeror reserves the right to reduce the Offer Price by the amount of such Distribution.**”

### 3.4 Choices

Paragraph 2.4 of the Offer Document states the following:

**“2.4 Choices.** A Shareholder can, in relation to all or part of his Offer Shares, either:

- (i) accept the Offer in respect of such Offer Shares in accordance with the procedures set out in Appendix 2 to this Offer Document; or
- (ii) take no action and let the Offer lapse in respect of his Offer Shares.”

### 3.5 No Extension of Closing Date

Paragraph 2.5 of the Offer Document states the following:

**“2.5 No Extension of Closing Date.** This Offer is open for acceptance by the Shareholders for 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

**The Offer will close at 5.30 p.m. (Singapore time) on 20 November 2018, being the Closing Date. Notice is hereby given that the Offer will not be extended, revised or open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date, save that such notice shall not be capable of being enforced in a competitive situation.**

For these purposes, a “**competitive situation**” shall be deemed to arise when either (i) a firm intention to make a competing offer for the Company is announced, whether or not subject to any pre-conditions or (ii) SIC determines that a competitive situation has arisen.”

### 3.6 No Condition to the Offer

Paragraph 3 of the Offer Document states the following:

**“3. NO CONDITION TO THE OFFER**

**The Offer is unconditional in all respects. Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.”**

### 3.7 Warranty

Paragraph 4 of the Offer Document states the following:

**“4. WARRANTY**

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid-up, (ii) free from all liens, equities, claims, charges, pledges, mortgages, debentures, encumbrances,



*options, powers of sale, declarations of trust, hypothecations, retentions of title, rights of preemption, rights of first refusal, moratorium and any other security interests, conditions, encumbrances, rights or interests of any nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing, and (iii) save for the Proposed Dividend, together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including, but not limited to, the right to receive and retain all Distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Pre-Conditional Offer Announcement Date.”*

### **3.8 Further Details of the Offer**

Further details of the Offer, including (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer, are set out in Appendix 1 to the Offer Document.

Please refer to Appendix 2 of the Offer Document and the accompanying FAA and/or FAT (as the case may be) for the procedures for acceptance of the Offer.

## **4. INFORMATION ON THE OFFEROR**

The information on the Offeror has been extracted from paragraph 7 of the Offer Document and is reproduced as follows:

*“7.1 **The Offeror.** The Offeror is an investment holding company incorporated in Singapore on 10 May 2018. The Offeror is a special purpose vehicle for the purpose of making the Offer. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2.00 comprising two ordinary shares. The shareholders of the Offeror are Mr. Tan Pei Hong, Alex (Chen Peifeng) and Mr. Tan Theng Hong, Amos, each of whom holds one (1) ordinary share in the capital of the Offeror. Mr. Tan Pei Hong Alex (Chen Peifeng) and Mr. Tan Theng Hong, Amos are also the directors of the Offeror.”*

Please refer to Appendix 3 of the Offer Document for further information on the Offeror.

## **5. INFORMATION ON THE COMPANY**

Please refer to Appendix II of the Circular for information on the Company.

## **6. NO UNDERTAKING**

Paragraph 9 of the Offer Document states the following:

### **“9. NO UNDERTAKING**

***Undertaking.** None of the Shareholders of the Company has provided or will be providing any undertaking in favour of the Offeror in relation to their acceptance of the Offer.”*

## **7. RATIONALE FOR THE OFFER**

The full text of the rationale for the Offer has been extracted from paragraph 10 of the Offer Document and is reproduced as follows:

### **“10. RATIONALE FOR THE OFFER**

*The Offer is made by the Offeror to comply with Rule 14.1 of the Code because following completion of the Acquisition, the Offeror and parties acting in concert with it have acquired Shares which represent in excess of 30% of the voting rights of the Company.”*

## 8. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the Offeror's intentions in relation to the Company has been extracted from paragraph 11 of the Offer Document and is reproduced as follows:

### **"11. OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY**

**Offeror's Future Plans for the Company.** *Following the completion of the Acquisition and the close of the Offer, the Offeror intends to undertake a review of the business of the Group with a view to strengthening the Group's financial position and identifying areas in which potential may be optimised. This includes, amongst others, seeking Shareholders' approval for the Group to diversify its business and enter into the property management and investments sector or any other business should the Offeror decides to enter into.*

*Depending on the outcome of such review, the Offeror may make changes to the operations and business of the Group. Accordingly, the Offeror retains the flexibility at any time to consider any options with respect to making any major changes to the business of the Group (including any redeployment of the fixed assets of the Group) and with respect to the continued employment of the employees of the Group, in addition to any changes which may be made in the ordinary course of business."*

## 9. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the financial terms of the Offer, we have considered the following factors which we view as pertinent and having a significant bearing on our evaluation:

- (a) the historical market price performance and trading activity of the Shares;
- (b) the historical Share price performance relative to market index;
- (c) the net asset value ("**NAV**") and adjusted net asset value ("**Adjusted NAV**") of the Group;
- (d) the historical financial performance of the Group;
- (e) the valuation ratios of selected listed companies which principal business activities are broadly comparable to those of the Group;
- (f) the selected precedent non-privatisation transactions on the SGX-ST; and
- (g) other relevant considerations.

**The figures and underlying financial and market data used in our analysis, including securities prices and foreign exchange rates, have been extracted from Thomson Reuters, the SGX-ST and/or other public filings as at the Latest Practicable Date. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.**

### 9.1 Historical Market Price Performance and Trading Activity of the Shares

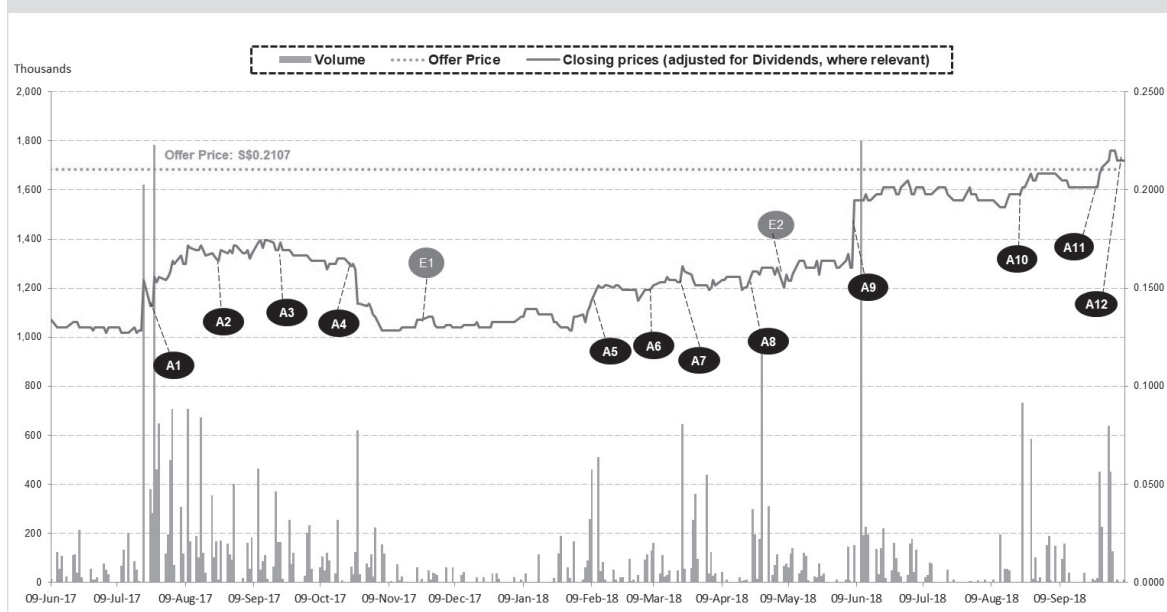
We have compared the Offer Price to the daily closing prices of the Shares for (a) the one-year period prior to the Termsheet Announcement on 8 June 2018<sup>1</sup>; (b) the period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement on 22 August 2018; (c) the period after the Pre-Conditional Offer Announcement and up to the Offer Announcement on 8 October 2018; and (d) the period after the Offer Announcement and up to the Latest Practicable Date.

<sup>1</sup> The Company had on 25 July 2017 announced that it had been informed by its controlling shareholder that it was in discussions with third party(ies) to explore a possible transaction involving the Shares. The negotiations between the controlling shareholder of the Company and such third party(ies), however, were subsequently terminated, as announced by the Company on 25 October 2017.

We note that the Company had on 21 March 2018 and 26 September 2018 declared a special one-tier tax exempt dividend of S\$0.350 per Share (the “**Special Dividend**”) and a one-tier tax exempt interim dividend of S\$0.10 per Share (the “**Interim Dividend**”) respectively (collectively, the “**Dividends**”), which were paid on 10 May 2018 and 12 October 2018 respectively. Taking into consideration the materiality of the Dividends declared and paid by the Company relative to the market prices of the Shares, we have, where relevant, adjusted the historical daily closing prices of the Shares for the Dividends<sup>2</sup> for a more meaningful comparison of the Offer Price *vis-à-vis* the historical market price performance of the Shares.

The daily closing prices (as adjusted for the Dividends, where relevant) and daily trading volumes of the Shares from 9 June 2017 to 8 October 2018, being the last trading day of the Shares prior to the Offer Announcement (the “**Last Trading Day**”) are set out below:

**Exhibit 1 – Daily closing prices (as adjusted for the Dividends, where relevant) and daily trading volumes of the Shares for the one-year period prior to the Termsheet Announcement and up to the Last Trading Day**



Source: Thomson Reuters, the Company’s announcements on the SGXNet and NCF’s calculations

**Earnings announcements:**

- E1.** On 28 November 2017, the Company announced its unaudited financial statements for the financial year ended 30 September 2017 (“**FY2017**”): the full-year net profit attributable to owners of the Company decreased by 87.7% from S\$27.9 million in the financial year ended 30 September 2016 (“**FY2016**”) to S\$3.4 million in FY2017, mainly due to the absence of a one-time gain on disposal in FY2016.
- E2.** On 7 May 2018, the Company announced its unaudited financial statements for the 6-month financial period ended 31 March 2018 (“**1HY2018**”): the Company recorded a loss attributable to owners of the Company of S\$0.1 million in 1HY2018 *vis-à-vis* a net profit attributable to owners of the Company of S\$1.6 million for the 6-month financial period ended 31 March 2017 (“**1HY2017**”). In addition, the net profit from continuing operations of the Group decreased by 63.3% from S\$0.2 million in 1HY2017 to S\$0.06 million in 1HY2018, mainly due to an increase in the purchase of materials in tandem with the higher revenue and other operating expenses.

**Other significant announcements:**

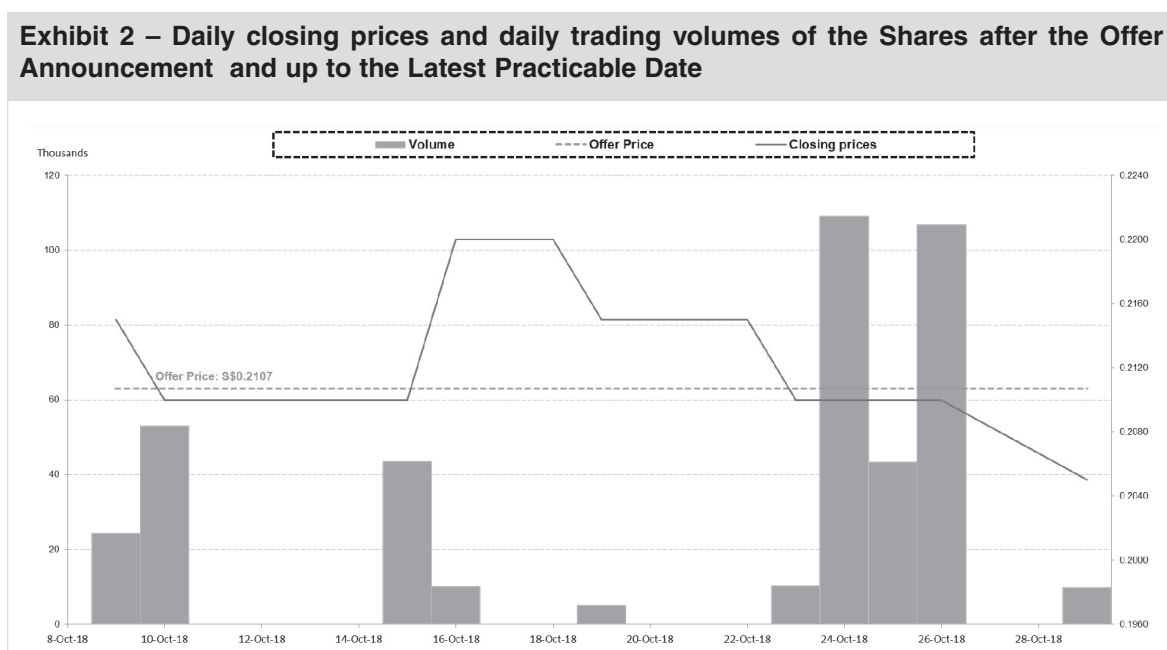
- A1.** On 25 July 2017, the Company announced that Fenghe had informed the Company that it had been approached by, and was in discussions with, third party(ies) to explore a possible transaction involving the Shares, which may or may not lead to an offer being made for the Shares by the third party(ies). No definitive agreements had been entered into between the parties.
- A2.** On 24 August 2017, the Company announced that Fenghe had informed the Company that it had entered into negotiations with such third party(ies) in relation to the possible transaction with respect to their Shares. No definitive agreements had been entered into between the parties.

<sup>2</sup> Adjusted to exclude the effect(s) of the Dividends as a proportion of the closing prices of the Shares immediately prior to the ex-dividend dates for the Dividends.

- A3.** On 22 September 2017, the Company announced that the board had been informed by Fenghe that it was continuing negotiations on the possible transaction with respect to their Shares. No definitive agreements had been entered into between the parties.
- A4.** On 25 October 2017, the Company announced that Fenghe had informed the Company that while it had entered into negotiations with third party(ies), it had decided to terminate its negotiations with such third party(ies).
- A5.** On 9 February 2018, the Company announced that the Company had entered into a term sheet with Huat Lai Resources Berhad and/or its nominees ("**Huat Lai**"), pursuant to which the Company agreed to sell to Huat Lai, and Huat Lai agreed to acquire, the entire issued and paid-up shares (the "**Disposal of Sale Subsidiaries**") in the capital of Chew's Agriculture Pte Ltd, Chew's Group Investment Pte Ltd, Chew's Group Marketing Pte Ltd and Chew's Engineering Services Pte Ltd (collectively, the "**Sale Subsidiaries**").
- A6.** On 8 March 2018, the Company announced that the Company had entered into a sale and purchase agreement with HL Plus Pte. Ltd., which is a wholly-owned subsidiary and nominee of Huat Lai, for the Disposal of Sale Subsidiaries, on the terms and subject to the conditions of the sale and purchase agreement. The Company will be seeking the approval of the Shareholders for the Disposal of Sale Subsidiaries. Following the completion of the Disposal of Sale Subsidiaries, the Group will continue to hold its 90%-owned subsidiary, Chew's Food International Limited ("**Chew's HK**"), which is in the trading business. The Company intends to continue its business through Chew's HK.
- A7.** On 21 March 2018, the Company announced the declaration of the Special Dividend from retained earnings as part of the Company's continuing effort in enhancing the Shareholders' value.
- A8.** On 20 April 2018, the Company announced the completion of the Disposal of Sale Subsidiaries.
- A9.** On 8 June 2018, the Termsheet Announcement was made.
- A10.** On 22 August 2018, the Pre-Conditional Offer Announcement was made.
- A11.** On 26 September 2018, the Company announced the declaration of the Interim Dividend.
- A12.** On 8 October 2018, the Offer Announcement was made and the Company announced the appointment of the independent financial adviser in respect of the Offer.

Based on Exhibit 1 above, we note that during the one-year period prior to the Termsheet Announcement and up to the Last Trading Day, save for the period between 28 September 2018 and 8 October 2018, the closing prices of the Shares (as adjusted for the Dividends, where relevant) had consistently traded below the Offer Price of S\$0.2107 per Share.

The daily closing prices and daily trading volumes of the Shares for the period after the Offer Announcement and up to the Latest Practicable Date are set out below:



Source: Thomson Reuters and NCF's calculations

Based on Exhibit 2 above, we note that between 9 October 2018 (being the Market Day after the Offer Announcement) and the Latest Practicable Date, the closing prices of the Shares had traded narrowly between S\$0.205 and S\$0.220.

We set out below the premium/(discount) implied by the Offer Price over/(to) the historical volume-weighted average prices (as adjusted for the Dividends, where relevant) (“VWAPs”) and historical trading volumes of the Shares for (a) the one-year period prior to the Termsheet Announcement; (b) the period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement; (c) the period after the Pre-Conditional Offer Announcement and up to the Offer Announcement; and (d) the period after the Offer Announcement and up to the Latest Practicable Date:

**Exhibit 3 – Premium/(discount) implied by the Offer Price over/(to) VWAP<sup>(1)</sup> and historical trading volumes of the Shares**

	VWAP <sup>(1)</sup> (S\$)	Premium/ (discount) of Offer Price over/(to) VWAP (%)	Highest closing price (S\$)	Lowest closing price (S\$)	Average daily trading volume (‘000) (“ADTV”) <sup>(2)</sup>	ADTV as a percentage of free float <sup>(2)(3)</sup> (%)
<b>Periods prior to the Termsheet Announcement</b>						
One-year	0.155	35.9	0.175	0.127	109	0.73
6-month	0.153	37.7	0.167	0.129	74	0.49
3-month	0.158	33.4	0.167	0.149	97	0.65
One-month	0.161	30.9	0.167	0.154	52	0.35
Last Market Day prior to the Termsheet Announcement	0.167 <sup>(4)</sup>	26.2	0.167	0.167	152	1.02
<b>Period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement</b>						
After the Termsheet Announcement and up to the Pre-Conditional Offer Announcement	0.197	7.0	0.205	0.191	91	0.61
Last Market Day prior to the Pre-Conditional Offer Announcement	0.198 <sup>(5)</sup>	6.4	0.198	0.198	50	0.33
<b>Period after the Pre-Conditional Offer Announcement and up to the Offer Announcement</b>						
After the Pre-Conditional Offer Announcement and up to the Offer Announcement	0.208	1.3	0.220	0.201	137	0.91
Last Trading Day	0.215 <sup>(6)</sup>	(2.0)	0.215	0.215	10	0.07
<b>Period after the Offer Announcement and up to the Latest Practicable Date</b>						
After the Offer Announcement and up to the Latest Practicable Date	0.212	(0.6)	0.220	0.205	28	0.18
Latest Practicable Date	0.205 <sup>(7)</sup>	2.8	0.205	0.205	10	0.07

Source: Thomson Reuters and NCF’s calculations

**Notes:**

- (1) The VWAPs have been weighted based on the average traded prices (as adjusted for the Dividends, where relevant) and traded volumes of the Shares for the relevant trading days for each of the above periods.
- (2) The average daily trading volumes of the Shares have been calculated based on the total volume of Shares traded during the period divided by the number of Market Days during that period.

- (3) Free float refers to the Shares other than those held by the Directors and the substantial Shareholders, and amounts to approximately 15.0 million Shares, representing approximately 17.71% of the issued Shares as at the Latest Practicable Date.
- (4) Refers to the closing price of the Shares (as adjusted for the Dividends) on 8 June 2018.
- (5) Refers to the closing price of the Shares (as adjusted for the Dividends) on 17 August 2018, being the last Market Day prior to the Pre-Conditional Offer Announcement.
- (6) Refers to the closing price of the Shares on the Last Trading Day.
- (7) Refers to the closing price of the Shares on the Latest Practicable Date.

Based on Exhibit 3 above, we note the following:

Periods prior to the Termsheet Announcement

- (a) The Offer Price is above the range of daily closing prices of the Shares (as adjusted for the Dividends) over the one-year period prior to the Termsheet Announcement, which were between a low of S\$0.127 and a high of S\$0.175, and represents a significant premium of approximately 35.9%, 37.7%, 33.4% and 30.9% over the VWAPs of the Shares (as adjusted for the Dividends) for the one-year, 6-month, 3-month and one-month periods prior to the Termsheet Announcement respectively.
- (b) The Offer Price represents a premium of approximately 26.2% over the closing price of the Shares (as adjusted for the Dividends) of S\$0.167 on the last Market Day prior to the Termsheet Announcement.
- (c) During the one-year period prior to the Termsheet Announcement, the average daily trading volume of the Shares ranged from approximately 52,000 Shares to 109,000 Shares, representing approximately 0.35% and 0.73% of the Company's free float over each of the one-year, 6-month, 3-month and one-month periods. While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to undertake transactions in larger amounts of Shares.

Period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement

- (d) The Offer Price is above the range of daily closing prices of the Shares (as adjusted for the Dividends) over the period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement, which were between a low of S\$0.191 and a high of S\$0.205.
- (e) The Offer Price represents a premium of approximately 7.0% over the VWAP of the Shares (as adjusted for the Dividends) of S\$0.197 over the period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement.
- (f) The Offer Price represents a premium of approximately 6.4% over the closing price of the Shares (as adjusted for the Dividends) of S\$0.198 on the last Market Day prior to the Pre-Conditional Offer Announcement.
- (g) During the period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement, the Shares were traded at an average daily trading volume of approximately 91,000 Shares representing approximately 0.61% of the Company's free float.

Period after the Pre-Conditional Offer Announcement and up to the Offer Announcement

- (h) The Offer Price is within the range of daily closing prices of the Shares (as adjusted for the Dividends, where relevant) over the period after the Pre-Conditional Offer Announcement and up to the Offer Announcement, which were between a low of S\$0.201 and a high of S\$0.220.
- (i) The Offer Price represents a marginal premium of approximately 1.3% over the VWAP of the Shares (as adjusted for the Dividends, where relevant) of S\$0.208 over the period after the Pre-Conditional Offer Announcement and up to the Offer Announcement.

- (j) The Offer Price represents a marginal discount of approximately 2.0% to the closing price of the Shares of S\$0.215 on the Last Trading Day.
- (k) During the period after the Pre-Conditional Offer Announcement and up to the Offer Announcement, the Shares were traded at an average daily trading volume of approximately 137,000 Shares representing approximately 0.91% of the Company's free float.

Period after the Offer Announcement and up to the Latest Practicable Date

- (l) The Offer Price is within the range of daily closing prices of the Shares over the period after the Offer Announcement and up to the Latest Practicable Date, which were between a low of S\$0.205 and a high of S\$0.220.
- (m) The Offer Price is close to the VWAP of the Shares of S\$0.212 over the period after the Offer Announcement and up to the Latest Practicable Date.
- (n) The Offer Price represents a marginal premium of approximately 2.8% over the closing price of S\$0.205 on the Latest Practicable Date.
- (o) During the period after the Offer Announcement and up to the Latest Practicable Date, the Shares were traded at an average daily trading volume of approximately 28,000 Shares representing approximately 0.18% of the Company's free float.

**It would appear that the market prices of the Shares, which trended upwards significantly after the Termsheet Announcement, are being supported by the Offer. Shareholders should note that there is no assurance that the market prices of the Shares would remain at the current prevailing level after the close of the Offer, and that the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance.**

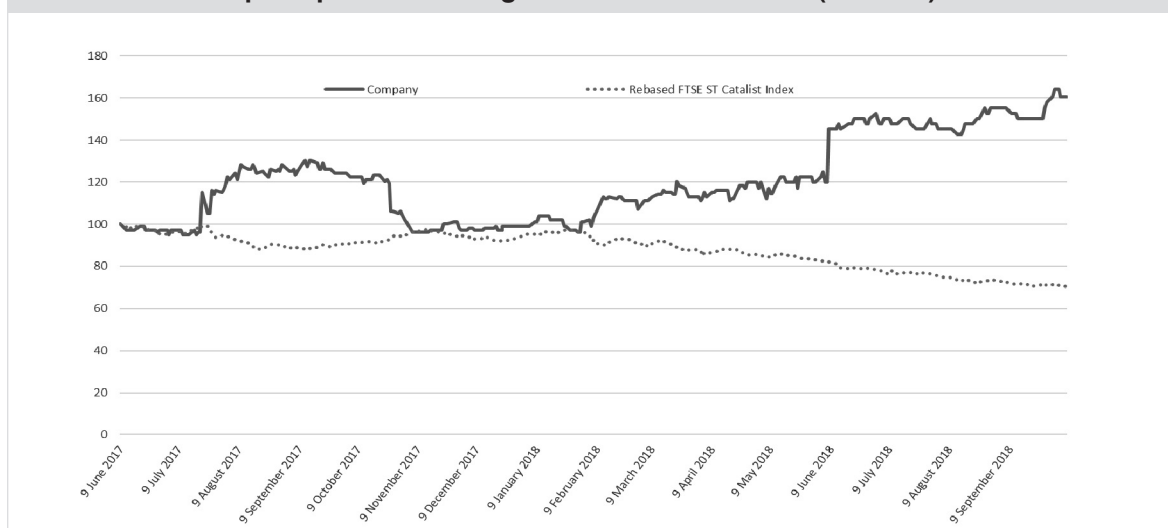
We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the corporate activities of the Company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

## **9.2 Historical Share Price Performance Relative to Market Index**

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movements of the Shares against the FTSE ST Catalist Index (the "**Catalist Index**"), which is a market capitalisation-weighted index that tracks the performance of sponsored companies listed on the SGX-Catalist.

The relative market price performance of the Shares (as adjusted for the Dividends, where relevant) *vis-à-vis* the Catalist Index for the one-year period prior to the Termsheet Announcement and up to the Last Trading Day is illustrated below:

#### Exhibit 4 – Share price performance against the Catalyst Index (rebased)



Source: Thomson Reuters and NCF's calculations

We have also set out in the table below the movements in the closing prices of the Shares and the Catalyst Index between the Last Trading Day and the Latest Practicable Date:

	As at the Last Trading Day (S\$)	As at the Latest Practicable Date (S\$)	Percentage Change (%)
Shares (S\$)	0.215	0.205	(4.7)
Catalist Index	353.8	330.2	(6.7)

Source: Thomson Reuters

Based on the above, we note the following:

- (a) during the one-year period prior to the Termsheet Announcement and up to the Last Trading Day, the Shares had generally outperformed the Catalyst Index; and
- (b) between the Last Trading Day and the Latest Practicable Date, the Share price had decreased by approximately 4.7% while the Catalyst Index had decreased by approximately 6.7% over the same period.

The above observations reinforce our view that the market prices of the Shares appear to have been supported by the Offer subsequent to the Termsheet Announcement.

### 9.3 NAV and Adjusted NAV of the Group

#### 9.3.1 NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.



Shareholders should nonetheless note that an analysis based on the NAV of the Group provides only an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised.

A summary of the unaudited financial position of the Group as at 31 March 2018 is set out below:

	<b>Unaudited As at 31 March 2018 (\$'000)</b>
<hr/>	
<u>Current assets</u>	
Cash and bank balances	48,142
Trade receivables	1,004
Other receivables	313
Inventories	68
	<hr/>
	49,526 <sup>(1)</sup>
Assets classified as held for sale	19,019
	<hr/>
<b>Total current assets</b>	<b>68,545</b>
<u>Non-current assets</u>	
Other receivables	–
Property, plant and equipment	129
Land use rights	–
Biological assets	–
Investment in subsidiary corporations	–
	<hr/>
<b>Total non-current assets</b>	<b>129</b>
	<hr/>
<b>Total assets</b>	<b>68,674</b>
	<hr/> <hr/>
<u>Current liabilities</u>	
Current portion of bank loans	–
Trade payables	141
Other payables	3,118
Current portion of finance leases	–
Income tax payable	4
	<hr/>
	3,263
Liabilities associated with assets classified as held for sale	11,225
	<hr/>
<b>Total current liabilities</b>	<b>14,488</b>
<u>Non-current liabilities</u>	
Bank loans	–
Other payables	–
Finance leases	–
Deferred tax liabilities	–
	<hr/>
<b>Total non-current liabilities</b>	<b>–</b>
	<hr/>

	<b>Unaudited As at 31 March 2018 (S\$'000)</b>
<hr/>	
<u>Capital, reserves and non-controlling interests</u>	
Share capital	13,292
Capital reserve	2
Foreign exchange translation deficit	(33)
Retained earnings	40,891
	<hr/>
Equity attributable to owners of the Company	54,152
Non-controlling interests	34
	<hr/>
<b>Total equity / NAV</b>	<b>54,186</b>
	<hr/>
<b>Total liabilities and equity</b>	<b>68,674</b>
	<hr/> <hr/>

*Source: The Group's unaudited financial statements for 1HY2018*

**Note:**

(1) As a result of rounding differences, numbers or percentages may not add up to the total.

Subsequent to 31 March 2018, the Company had undertaken certain significant corporate exercises, including the Disposal of Sale Subsidiaries which was completed on 24 April 2018, the payment of the Special Dividend on 10 May 2018 and the payment of the Interim Dividend on 12 October 2018. As these corporate exercises have had a material impact on the NAV of the Group subsequent to 31 March 2018, it would not be meaningful to compare the Offer Price with the unaudited NAV of the Group as at 31 March 2018.

### **9.3.2 Adjusted NAV of the Group**

#### Adjusted NAV of the Group

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 March 2018 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to impact the NAV of the Group as at 31 March 2018.

As set out in paragraph 9.3.1 of this letter, subsequent to 31 March 2018, the Company had completed the Disposal of Sale Subsidiaries and had declared and paid the Dividends. In addition, we understand from the Management that there are other expenses incurred by the Group after 31 March 2018, which may have a material impact on the financial position of the Group (the "Expenses"). Accordingly, we have made adjustments to the unaudited NAV of the Group as at 31 March 2018 to reflect the effects of the Disposal of Sale Subsidiaries, the Dividends and the Expenses in order to estimate the adjusted NAV of the Group as at 31 March 2018 (the "Adjusted NAV") as follows:

	S\$'000
Unaudited NAV of the Group as at 31 March 2018	54,152
<i>Adjustments for the Disposal of Sale Subsidiaries</i>	
Add: balance consideration received for the Disposal of Sale Subsidiaries	8,500
Less: one-off bonus to employees <sup>(1)</sup>	(1,060)
Less: NAV of the Sale Subsidiaries (including the effects of the Disposal of Sale Subsidiaries)	(8,425)
	53,167
<i>Adjustments for the Dividends</i>	
Less: Declaration and payment of the Special Dividend of S\$0.35 per Share	(29,574)
Less: Declaration and payment of the Interim Dividend of S\$0.10 per Share	(8,450)
	15,143
<i>Adjustments for the Expenses</i>	
Less: Management's remuneration and other expenses <sup>(2)</sup>	(610)
	14,533
Number of issued Shares as at 31 March 2018 ('000)	84,498
<b>Adjusted NAV per Share (S\$)</b>	<b>0.1720</b>
<b>Premium of Offer Price over Adjusted NAV per Share (%)</b>	<b>22.5</b>
<b>Offer Price-to-Adjusted NAV per Share ("P/Adjusted NAV") ratio</b>	<b>1.23 times</b>

**Notes:**

- (1) As announced on 20 April 2018, the Company made a one-off bonus payment of S\$1,059,705 (inclusive of contribution towards the Central Provident Fund) to the employees of the Sale Subsidiaries.
- (2) The Management's remuneration excludes the payment in lieu of 6 months' notice and the pro-rata annual wage supplement to Mr. Chew Chee Bin, as set out in the Offer Document.

Based on the above, we note that the Offer Price is at a premium of approximately 22.5% over the Adjusted NAV per Share of S\$0.1720 and values the Group at a P/Adjusted NAV ratio of 1.23 times.

Ex-cash Adjusted NAV of the Group

Taking into consideration (a) the adjustments in relation to the Disposal of Sale Subsidiaries; (b) the payment of the Dividends; and (c) the Management's remuneration and other expenses incurred and/or to be incurred by the Group as further illustrated above, the Group would have unaudited cash and cash balances of approximately S\$13.7 million and no borrowings, translating into net cash of S\$0.1622 per Share (based on 84,498,000 issued Shares) as at 31 March 2018. Adjusting for the net cash value, the Adjusted NAV of the Group on an ex-cash basis as at 31 March 2018 would be approximately S\$0.8 million, or S\$0.0098 per Share (the "**Ex-Cash Adjusted NAV per Share**"). The Offer Price, after adjusting for the net cash per Share of S\$0.1622, would be S\$0.0485 (the "**Ex-Cash Offer Price**") which represent a significant premium of approximately 394.9% over the Ex-Cash Adjusted NAV per Share, and would value the Group at an ex-cash P/Adjusted NAV (the "**Ex-Cash P/Adjusted NAV**") ratio of 4.95 times.

In this regard, the Directors have confirmed<sup>3</sup>, to the best of their knowledge and belief as at the Latest Practicable Date, that:

- (a) save for the adjustments in arriving at the Adjusted NAV above, there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have material impact on the NAV of the Group as at 31 March 2018;
- (b) there are no other contingent liabilities, bad or doubtful debts or impairment losses as at the Latest Practicable Date which would likely have a material impact on the NAV of the Group as at 31 March 2018;
- (c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings as at the Latest Practicable Date which might materially and adversely affect the financial position of the Company and the Group as at 31 March 2018;
- (d) there are no intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group as at 31 March 2018; and
- (e) save for the Disposal of Sale Subsidiaries, there are no material acquisitions or disposals of assets by the Group between 31 March 2018 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

As set out in paragraph 8 of this letter, the Offeror intends to undertake a review of the business of the Group with a view to strengthening the Group's financial position and identifying areas in which potential may be optimised. This includes, amongst others, seeking Shareholders' approval for the Group to diversify its business and enter into the property management and investments sector or any other business should the Offeror decides to enter into.

#### **9.4 Historical Financial Performance of the Group**

Following the approval of Shareholders obtained at the extraordinary general meeting of the Company held on 12 April 2018, the disposal of the Sale Subsidiaries was completed on 20 April 2018. Accordingly, the Group had ceased its business in producing and selling generic and designer eggs, liquid eggs, trading of spent grains and food processing. As at the Latest Practicable Date, the Group is principally engaged in the trading business, including but not limited to the trading of eggs.

Given that the Sale Subsidiaries had accounted for more than 94% of the Group's profit before tax in each of the financial years ended 30 September 2015 ("FY2015"), 30 September 2016 ("FY2016") and 30 September 2017 ("FY2017") and 1HY2018, it would not be meaningful to set out the Group's historical financial performance for FY2015, FY2016, FY2017 and 1HY2018 for analysis as the Group's current trading business is significantly different in scale and profitability from those of the Sale Subsidiaries.

#### **9.5 Valuation Ratios of Selected Listed Companies which Principal Business Activities are Broadly Comparable to Those of the Group**

For the purpose of our evaluation of the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on regional securities exchanges with a market capitalisation of below S\$100.0 million (or its equivalent in foreign currency) and are principally engaged in the distribution and trading of food and food-related products, which we considered to

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<sup>3</sup> Excluding operating and other income and expenses which may be recognised by the Group after 31 March 2018.

be broadly comparable to the current trading business of the Group following the completion of the Disposal of Sale Subsidiaries (collectively, the “**Comparable Companies**” and each, a “**Comparable Company**”), in order to get an indication of the current market expectations with regard to the perceived valuation of the Group.

In evaluating the Comparable Companies, we have applied and used the following valuation ratios:

<b>Valuation Ratio</b>	<b>Description</b>
Price-earnings (“ <b>P/E</b> ”) ratio	<p>The P/E ratio or earnings multiple is the ratio of a company’s share price divided by the historical consolidated full-year net profit attributable to shareholders on a per share basis.</p> <p>The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The P/E ratio illustrates the ratio of the market capitalisation of a company in relation to the historical net profit attributable to its shareholders. As such, it is affected by a company’s capital structure, tax position and accounting policies relating to depreciation and intangible assets.</p> <p>The full-year net earnings per Share of the Group for FY2017, as provided by the Company, relate only to the continuing operations of the Group and excludes the discontinued businesses of the Sale Subsidiaries. We have considered the P/E ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their latest full-year net earnings per share (as adjusted for any corporate activities undertaken by the Comparable Companies subsequent to their latest financial year which may affect their P/E ratios, where relevant).</p>
Price-net asset value (“ <b>P/NAV</b> ”) ratio	<p>NAV refers to consolidated net asset value, which is the total assets less total liabilities of a company.</p> <p>P/NAV refers to the ratio of a company’s share price divided by NAV per share.</p> <p>The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>The latest-available NAV per Share of the Group is based on the Adjusted NAV per Share, as further illustrated in paragraph 9.3.2 of this letter. We have considered the P/NAV ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their latest-available NAV per share (as adjusted for any corporate activities undertaken by the</p>

Comparable Companies subsequent to their latest-available balance sheet which may affect their P/NAV ratios, where relevant).

Price-net asset value on ex-cash basis ("**Ex-Cash P/NAV**") ratio

Ex-cash NAV refers to consolidated net asset value less net cash, if applicable, of a company.

Ex-cash P/NAV refers to the ratio of a company's share price (less net cash, if applicable) divided by ex-cash NAV per share.

The Ex-Cash P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company on an ex-cash basis.

The latest-available ex-cash NAV per Share of the Group is based on the Ex-Cash Adjusted NAV per Share, as further illustrated in paragraph 9.3.2 of this letter. We have considered the Ex-Cash P/NAV ratios of the Comparable Companies based on their respective closing prices (less net cash per share, if applicable) on the Latest Practicable Date and their latest-available NAV per share (less net cash, if applicable, and adjusted for any corporate activities undertaken by the Comparable Companies subsequent to their latest-available balance sheet which may affect their Ex-Cash P/NAV ratios, where relevant).

Enterprise Value-to-Earnings before Interest, Taxes, Depreciation and Amortisation ("**EV/EBITDA**") ratio

EV refers to enterprise value, which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.

EBITDA refers to a company's historical consolidated earnings before interest, taxes, depreciation and amortisation.

The EV/EBITDA ratio illustrates the ratio of the market value of a company's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the EV/EBITDA ratio and the P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.

The full-year EBITDA of the Group for FY2017, as provided by the Company, relates only to the continuing operations of the Group and excludes the discontinued businesses of the Sale Subsidiaries. We have considered the EV/EBITDA ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date, latest-available balance sheet values and latest full-year EBITDA.

A brief description of the Comparable Companies is as follows:

<b>Company Name</b>	<b>Business Description</b>	<b>Country of Listing</b>	<b>Financial Year End</b>
Asia Grocery Distribution Limited (“ <b>Asia Grocery</b> ”)	Asia Grocery Distribution Limited is an investment holding company principally involved in the distribution of food and beverage grocery in Hong Kong. The company’s products include commodities and cereal products, packaged food, sauce and condiment, dairy products and eggs, beverage and wine, as well as kitchen products.	Hong Kong	31 March 2018
Cool Link (Holdings) Limited (“ <b>Cool Link</b> ”)	Cool Link (Holdings) Limited is a Singapore-based company principally engaged in the import of food products. The company provides various types of food products including canned food and packaged beverages in the dry category, various dairy products in the chilled category and ice cream and frozen cakes and pies in the frozen category to its ship supply customers. The company also exports food products directly to trading companies in the Asia Pacific region, such as Cambodia, the Philippines and Indonesia.	Hong Kong	31 December 2017
Heng Tai Consumables Group Limited (“ <b>Heng Tai</b> ”)	Heng Tai Consumables Group Limited is a Hong Kong-based investment holding company principally engaged in the sales of fast moving consumer goods (“ <b>FMCGs</b> ”). The company operates through 3 segments, being (a) the FMCG trading segment which is engaged in sales of FMCGs, including packaged foods, beverages, household consumable products, cosmetic products and cold chain products; (b) the agri-products segment which is engaged in the cultivation and sales of fresh and processed fruits and vegetables; and (c) the logistics services segment which is engaged in the provision of logistics services.	Hong Kong	30 June 2018

<b>Company Name</b>	<b>Business Description</b>	<b>Country of Listing</b>	<b>Financial Year End</b>
Hosen Group Ltd. (“ <b>Hosen</b> ”)	Hosen Group Ltd. is a Singapore-based investment holding company. The company is an importer, exporter and distributor of fast moving consumer goods, specialising in processed food. It operates through 2 segments: house brands and non-house brands	Singapore	31 December 2017
Khong Guan Limited (“ <b>Khong Guan</b> ”)	Khong Guan Limited is principally engaged in the trading of wheat flour, edible products, and investment holding.	Singapore	31 July 2018
Shineroad International Holdings Limited (“ <b>Shineroad</b> ”)	Shineroad International Holdings Limited is a China-based company principally engaged in the provision of food ingredients and food additives to food manufacturers. The company provides 2 kinds of food ingredients, including main food ingredients and accessorial food ingredients. Its main food ingredients include meat based, fish based, fruit based, dairy based ingredients and others, whereas accessorial food ingredients include starch, modified starch, starch sugar, sugar alcohol, special flour, yeast products, oligosaccharides, proteins and others. The company provides 2 categories of food additives, including direct food additives and indirect food additives. The company is also engaged in the distribution of packaging materials.	Hong Kong	31 December 2017



Company Name	Business Description	Country of Listing	Financial Year End
SunMoon Food Company Limited (“SunMoon”)	SunMoon Food Company Limited is a Singapore-based investment holding company, and is a consumer-focused distributor and marketer of branded fruits, vegetables and products. The company operates through the fruits division which procures and distributes fresh fruits and processed fruits across the world. Its customers include importers, wholesalers, supermarket chains, as well as individual consumers from around the world. It has sales and market network spanning approximately 5 continents, and manages a network of retail franchise outlets that provide direct connection to the end consumer. Its products include fresh fruits, packaged, frozen, juices or snacks. It also offers citrus fruits, pears, blueberries, avocados, young coconuts, mangos and other fruit related consumer products.	Singapore	31 March 2018

*Source: Thomson Reuters*

The valuation ratios of the Comparable Companies based on their respective closing share prices on the Latest Practicable Date are set out below:

#### Exhibit 5 – Comparable Companies

Comparable Company	Market capitalisation (million)	P/E (times)	P/NAV (times)	Ex-Cash P/NAV (times)	EV/EBITDA (times)
Asia Grocery	HK\$168.5	36.63 <sup>(1)</sup>	1.64	2.41	15.84
Cool Link	HK\$534.0	57.02 <sup>(2)</sup>	5.11	5.11 <sup>(3)</sup>	40.07
Heng Tai	HK\$445.7	N.M. <sup>(4)</sup>	0.21	0.21 <sup>(5)</sup>	N.M. <sup>(4)</sup>
Hosen	S\$10.7	14.28	0.37	0.37 <sup>(3)</sup>	5.09
Khong Guan	S\$43.9	42.32	0.68	0.61	16.78
Shineroad	HK\$360.4	9.09	1.19	1.49	3.21
SunMoon	S\$33.0	N.M. <sup>(4)</sup>	2.36	3.70	N.M. <sup>(4)</sup>
<b>Max</b>		57.02	5.11	5.11	40.07
<b>Min</b>		9.09	0.21	0.21	3.21
<b>Mean</b>		31.87	1.08 <sup>(6)</sup>	1.99	10.23 <sup>(6)</sup>
<b>Median</b>		36.63	0.94 <sup>(6)</sup>	1.49	10.47 <sup>(6)</sup>
<b>Company (implied by the Offer Price)</b>		N.M. <sup>(4)(7)</sup>	1.23 <sup>(8)</sup>	4.95 <sup>(9)</sup>	N.M. <sup>(4)(7)</sup>

*Source: Thomson Reuters, annual reports and announcements of the Comparable Companies and NCF’s calculations*

#### Notes:

- (1) Excludes the listing expenses which were incurred in the financial year ended 31 March 2018 in connection with the listing of Asia Grocery on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong on 13 April 2017.

- (2) Excludes the listing expenses which were incurred in the financial year ended 31 December 2017 in connection with the listing of Cool Link on GEM of the Stock Exchange of Hong Kong on 22 September 2017.
- (3) Refers to the P/NAV ratio as Cool Link and Hosen do not have net cash balances (i.e. higher borrowings than cash balances).
- (4) N.M. denotes not meaningful as the company incurred a net loss and recorded a negative EBITDA in its latest financial year.
- (5) Refers to the P/NAV ratio as the net cash balances per share of Heng Tai was higher than its closing price on the Latest Practicable Date.
- (6) Excluded Cool Link as a statistical outlier in the mean and median computation in relation to the P/NAV and EV/EBITDA ratios.
- (7) As provided by the Company, the continuing operations of the Group had incurred a net loss and recorded a negative EBITDA in FY2017.
- (8) Based on the Group's Adjusted NAV per Share of S\$0.1720 as at 31 March 2018.
- (9) Based on the Ex-Cash Offer Price of S\$0.0485 and the Group's Ex-Cash Adjusted NAV per Share of S\$0.0098 as at 31 March 2018.

Based on the above, we observe that:

- (a) the Company had incurred a net loss in respect of its continuing business in FY2017, hence the P/E ratio of the Company (as implied by the Offer Price) is not applicable. Solely for illustration purposes, the P/E ratios of the Comparable Companies ranged between 9.09 times and 57.02 times, with the mean and median P/E ratios at 31.87 times and 36.63 times respectively;
- (b) the P/Adjusted NAV ratio of the Company (as implied by the Offer Price) of 1.23 times is within the range of P/NAV ratios of the Comparable Companies of between 0.21 times and 5.11 times, and is above the mean and median P/NAV ratios of 1.08 times and 0.94 times of the Comparable Companies respectively;
- (c) the Ex-Cash P/Adjusted NAV ratio of the Company (as implied by the Ex-Cash Offer Price) of 4.95 times is within the range of Ex-Cash P/NAV ratios of the Comparable Companies of between 0.21 times and 5.11 times, and is significantly above the mean and median Ex-Cash P/NAV ratios of 1.99 times and 1.49 times of the Comparable Companies respectively; and
- (d) the Company had recorded a negative EBITDA in respect of its continuing business in FY2017, hence the EV/EBITDA ratio of the Company (as implied by the Offer Price) is not applicable. Solely for illustration purposes, the EV/EBITDA ratios of the Comparable Companies ranged between 3.21 times and 40.07 times, with the mean and median EV/EBITDA ratios at 10.23 times and 10.47 times respectively.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the regional securities exchanges that may be identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

## 9.6 Selected Precedent Non-Privatisation Transactions on the SGX-ST

In view that it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST, we have compared the trading and valuation statistics of the Company (based on the Offer Price) *vis-à-vis* those in respect of recent non-privatisation take-over offers of companies listed on the SGX-ST (excluding real estate investment trusts and business trusts) which were announced between 1 January 2017 and the Offer Announcement and completed as at the Latest

Practicable Date, where the offeror had indicated its intention to preserve the listing status of the target companies (the “Comparable Transactions”) as follows:

### Exhibit 6 – Comparable Transactions

Company name	Announcement date	Offer price (\$)	Premium/(discount) of offer price over/(to) <sup>(1)</sup>				Offer price to NTA/NAV (times)	
			Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)		
CH Offshore Ltd.	26 July 2018	0.1300	0.0	(11.0)	(11.6)	(21.7)	0.55 <sup>(2)</sup>	
TMC Education Corporation Ltd.	15 December 2017	0.0675	68.8	50.0	29.8	29.8	1.53 <sup>(3)</sup>	
New Wave Holdings Ltd.	19 October 2017	0.0130	44.4	38.0	9.0	18.7	0.89 <sup>(2)</sup>	
BRC Asia Limited	8 September 2017 <sup>(4)</sup>	0.9250	33.1	30.3	35.3	42.0	0.81 <sup>(2)</sup>	
Blumont Group Ltd. <sup>(5)</sup>	24 August 2017	0.000182	(81.8)	(87.9)	(86.0)	(90.4)	0.57 <sup>(2)</sup>	
Mary Chia Holdings Limited	24 August 2017	0.1110	68.2	93.0	96.1	99.6	2.85 <sup>(2)</sup>	
United Engineers Limited	13 July 2017 <sup>(6)</sup>	2.6000	7.9	11.5	12.8	12.7	0.86 <sup>(2)(7)</sup>	
Cityneon Holdings Limited	12 May 2017	0.9000	(5.8)	0.6	3.9	0.3	3.21	
CMC Infocomm Limited (currently known as Yinda Infocomm Limited) <sup>(8)</sup>	7 May 2017	0.0950	18.8	18.8	35.5	9.5	1.73 <sup>(3)</sup>	
International Healthway Corporation Limited (currently known as OUE Lippo Healthcare Limited)	16 February 2017	0.1060	1.9	14.0	20.5	32.5	1.11 <sup>(2)</sup>	
Healthway Medical Corporation Limited	7 February 2017	0.0420	2.4	8.9	15.0	16.8	0.66	
			<b>Maximum</b>	68.8	93.0	96.1	99.6	3.21
			<b>Minimum</b>	(81.8)	(87.9)	(86.0)	(90.4)	0.55
			<b>Mean</b>	24.0 <sup>(9)</sup>	17.9 <sup>(10)</sup>	16.7 <sup>(10)</sup>	15.6 <sup>(10)</sup>	1.34
			<b>Median</b>	13.4 <sup>(9)</sup>	14.0 <sup>(10)</sup>	15.0 <sup>(10)</sup>	16.8 <sup>(10)</sup>	0.89
<b>Company (based on the Offer Price)<sup>(11)</sup></b>	<b>8 October 2018<sup>(11)</sup></b>	<b>0.2107</b>	<b>26.2</b>	<b>30.9</b>	<b>33.4</b>	<b>37.7</b>	<b>1.23<sup>(12)</sup></b>	

Source: Thomson Reuters and the respective target companies' circulars to shareholders.

#### Notes:

- (1) The market premia/(discounts) have been calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and the VWAPs for the one-month, 3-month and 6-month periods prior to the respective announcements.

- (2) Based on the revalued NAV/NTA per share (where relevant), as published in the respective circulars of the target companies.
- (3) Based on the adjusted NAV/NTA per share (where relevant), as published in the circulars of the target companies.
- (4) On 30 May 2017 (the “**BRC Holding Announcement**”), BRC Asia Limited (“**BRC Asia**”) released a holding announcement to inform its shareholders that some of the substantial shareholders of BRC Asia had received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued shares of BRC Asia. The market premia in the table above were computed based on the share prices prior to the BRC Holding Announcement
- (5) Based on the VWAPs as announced by Blumont Group Limited on 24 August 2017.
- (6) On 27 September 2016, United Engineers Limited (“**United Engineers**”) announced that Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited had on 26 September 2016 announced that they were reviewing strategic options with respect to their combined stakes in the Company and WBL Corporation Limited. The market premia in the table above were computed based on the closing share prices prior to and including 26 September 2016.
- (7) As set out in the circular of United Engineers, United Engineers has 5 distinct business divisions comprising (a) property (which consists of its property rental and hospitality and property development segments); (b) manufacturing; (c) distribution; (d) engineering; and (e) corporate services and others. The independent financial adviser to the independent directors of United Engineers had also valued each of the Group’s businesses separately to arrive at an estimated lower and higher sum-of-the-parts valuation of each share of S\$2.36 and S\$3.12 respectively. Accordingly, the offer price of S\$2.60 was within the range of the estimated sum-of-the-parts valuation of each share of United Engineers.
- (8) Based on the volume-weighted closing prices which had been weighted based on the closing prices of the shares of CMC Infocomm Limited and its traded volumes for the trading days of the relevant periods, as published in the circular of CMC Infocomm Limited.
- (9) Excludes Blumont Group Ltd. as a statistical outlier in the mean and median computation.
- (10) Excludes Blumont Group Ltd. and Mary Chia Holdings Limited as statistical outliers in the mean and median computation.
- (11) The VWAPs of the Company have been weighted based on the average traded prices (as adjusted for the Dividends) and traded volumes of the Shares during the relevant trading days for each of the respective periods prior to the Termsheet Announcement.
- (12) Based on the Group’s Adjusted NAV per Share of S\$0.1720 as at 31 March 2018.

Based on the above, we note the following:

- (a) the premium of approximately 26.2% implied by the Offer Price over the closing price of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (i) within the range of the Comparable Transactions of between a discount of 81.8% and a premium of 68.8%, and (ii) above the corresponding mean and median premia of 24.0% and 13.4% of the Comparable Transactions respectively;
- (b) the premium of approximately 30.9% implied by the Offer Price over the one-month VWAP of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (i) within the range of the Comparable Transactions of between a discount of 87.9% and a premium of 93.0%, and (ii) significantly above the corresponding mean and median premia of 17.9% and 14.0% of the Comparable Transactions respectively;
- (c) the premium of approximately 33.4% implied by the Offer Price over the 3-month VWAP of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (i) within the range of the Comparable Transactions of between a discount of 86.0% and a premium of 96.1%, and (ii) significantly above the corresponding mean and median premia of 16.7% and 15.0% of the Comparable Transactions respectively;
- (d) the premium of approximately 37.7% implied by the Offer Price over the 6-month VWAP of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (i) within the range of the Comparable Transactions of between a discount of 90.4% and a premium of 99.6%, and (ii) significantly above the corresponding mean and median premia of 15.6% and 16.8% of the Comparable Transactions respectively; and

- (e) the P/Adjusted NAV per Share ratio of 1.23 times implied by the Offer Price is (i) within the range of the Comparable Transactions of between 0.55 times and 3.21 times, (ii) below the mean offer price-to-NAV ratio of the Comparable Transactions of 1.34 times, and (iii) above the median offer price-to-NAV ratio of the Comparable Transactions of 0.89 times.

Shareholders should note that the level of premium (if any) which an acquirer would normally pay for acquiring a listed company varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business (if any), the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control that the acquirer already has in the target company and prevailing market expectations. Consequently, each Comparable Transaction has to be judged on its own merits (or otherwise).

The list of Comparable Transactions indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Comparable Transactions over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the Comparable Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each Comparable Transaction or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control over the companies. In addition, as some of the companies had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the offer price of such Comparable Transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the relevant companies, where available.

**We wish to highlight that the Group is not in the same industry and does not conduct the same businesses as the other companies in the list of Comparable Transactions and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Comparable Transactions. Therefore, any comparison of the Offer with the Comparable Transactions is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.**

## **9.7 Other Relevant Considerations**

### **9.7.1 Outlook of the Group**

The following statements were made in the announcement on 7 May 2018 of the Group's financial statements for the half year ended 31 March 2018:

*"Following the completion of the Proposed Disposal as announced on 20 April 2018, the Sale Subsidiaries have ceased to be subsidiaries of the Company. Accordingly, the Group will cease to operate its production and trading businesses in Singapore. The Company is currently exploring various options and the Group will in the meantime, continue its trading business in Hong Kong."*

### 9.7.2 Offeror's intentions for the Company

The Offeror has stated that following the close of the Offer, it intends to undertake a review of the business of the Group with a view to strengthening the Group's financial position and identifying areas in which potential may be optimised. This includes, amongst others, seeking Shareholders' approval to diversify its business and enter into the property management and investments sector or any other business should the Offeror decide to enter into.

Depending on the outcome of such review, the Offeror may make changes to the operations and business of the Group. Accordingly, the Offeror retains the flexibility at any time to consider any options with respect to making any major changes to the business of the Group (including any redeployment of the fixed assets of the Group) and with respect to the continued employment of the employees of the Group, in addition to any changes which may be made in the ordinary course of business.

We note that pursuant to the terms of the SPA, all the Directors shall resign from the board of the Company upon the close of the Offer.

### 9.7.3 Unconditional offer

As the Offer is unconditional in all respects, Shareholders who accept the Offer are assured of receiving the Offer Price for each Offer Share tendered in acceptance of the Offer.

### 9.7.4 No increase in Offer Price

Shareholders should note that the Offer Price is final as the Offeror has stated that it does not intend to revise the Offer Price, except that it reserves the right to do so in a competitive situation. In view of the Offeror's shareholding interest of approximately 68.14% in the Company as at the Latest Practicable Date, a competitive situation would appear to be unlikely.

### 9.7.5 Likelihood of competing offers

The Directors have confirmed, to the best of their knowledge and belief, that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

In view of the Offeror's shareholding interest of approximately 68.14% in the Company as at the Latest Practicable Date, it is unlikely that there will be a competing offer from any third party.

### 9.7.6 Statutory control over the Company

As at the Latest Practicable Date, the Offeror holds 57,580,341 Shares representing approximately 68.14% of the issued and paid-up share capital of the Company. Accordingly, the Offeror has statutory control over the Company which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at the Company's general meetings.

### 9.7.7 Listing status of the Company

Pursuant to Rule 723 of the Catalist Rules, the Company must ensure that at least 10% of the total number of Shares (excluding treasury shares) is at all times held by the public (the "**Free Float Requirement**"). Pursuant to Rule 1104 of the Catalist Rules, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public. Under Rule 1303(1) of the Catalist Rules, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the listed securities of the Company at the close of the Offer.

In addition, under Rule 724(1) of the Catalist Rules, if the Free Float Requirement is not complied with, the Company must, as soon as possible, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, for the percentage of the Shares held by members of the public to be raised to at least 10%, failing which the Company may be delisted from the SGX-ST.

We note that the Offeror has stated that its intention is to retain the listing of the Company on the Catalist board of the SGX-ST. In the event that the Company does not meet the Free Float Requirement at the close of the Offer and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing status of the Company.

#### 9.7.8 Compulsory acquisition by the Offeror

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the date of despatch of the Offer Document otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the total number of issued Shares as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of the Offer Document), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Shares held by Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer.

As stated above, it is the current intention of the Offeror to maintain the listing status of the Company on the Catalist board of the SGX-ST. Accordingly, the Offeror does not intend to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act in the event that it receives acceptances pursuant to the Offer representing 90% or more of the Offer Shares. However, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Dissenting Shareholders have the right to require the Offeror to acquire their Shares at the Offer Price. **Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.**

#### 9.7.9 Dividend track record

The Company had declared and paid the following dividends in respect of the last 3 financial years:

(S\$)	FY2016	FY2017	FY2018
Interim one-tier tax exempt dividend per Share	–	–	0.1000
Final one-tier tax exempt dividend per Share	0.0049	0.0050	–
Special one-tier tax exempt dividend per Share	–	–	0.3500
<b>Total one-tier tax exempt dividends per Share</b>	<b>0.0049</b>	<b>0.005</b>	<b>0.4500</b>

*Source: Company's announcements*

We note that the Company had declared and paid a final dividend of up to S\$0.0050 per Share in each of FY2016 and FY2017, as well as a special dividend of S\$0.350 per Share in connection with the disposal of the Sale Subsidiaries and an interim dividend of S\$0.10 per Share in FY2018.

We wish to highlight that the above dividend payments are not an indication of the Company's future dividend policy, and there is no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in past periods. In addition, pursuant to the

terms of the SPA, all the Directors will be resigning from the board of the Company upon the close of the Offer and, accordingly, the declaration and payment of future dividends (if any) shall be decided by the new board of directors of the Company to be appointed.

## 10. OPINION AND ADVICE

In arriving at our opinion and advice on the financial terms of the Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this letter. The following should be read in conjunction with, and in the context of, the full text of this letter:

- (a) an assessment of the historical market price performance and trading activity of the Shares as follows:
  - (i) during the one-year period prior to the Termsheet Announcement and up to the Last Trading Day, save for the period between 28 September 2018 and 8 October 2018, the closing prices of the Shares (as adjusted for the Dividends, where relevant) had consistently traded below the Offer Price of S\$0.2107 per Share;

### Periods prior to the Termsheet Announcement

- (ii) the Offer Price (aa) is above the range of daily closing prices of the Shares (as adjusted for the Dividends) over the one-year period prior to the Termsheet Announcement, which were between a low of S\$0.127 and a high of S\$0.175, (bb) represents a significant premium of approximately 35.9%, 37.7%, 33.4% and 30.9% over the VWAPs of the Shares (as adjusted for the Dividends) for the one-year, 6-month, 3-month and one-month periods prior to the Termsheet Announcement respectively, and (cc) represents a premium of approximately 26.2% over the closing price of the Shares (as adjusted for the Dividends) of S\$0.167 on the last Market Day prior to the Termsheet Announcement;
- (iii) the average daily trading volume of the Shares ranged from approximately 52,000 Shares to 109,000 Shares, representing approximately 0.35% and 0.73% of the Company's free float over each of the one-year, 6-month, 3-month and one-month periods prior to the Termsheet Announcement;

### Period after the Termsheet Announcement and up to the Pre-Conditional Offer Announcement

- (iv) the Offer Price (aa) is above the range of daily closing prices of the Shares (as adjusted for the Dividends) over the period, which were between a low of S\$0.191 and a high of S\$0.205, (bb) represents a premium of approximately 7.0% over the VWAP of the Shares (as adjusted for the Dividends) of S\$0.197 over the period, and (cc) represents a premium of approximately 6.4% over the closing price of the Shares (as adjusted for the Dividends) of S\$0.198 on the last Market Day prior to the Pre-Conditional Offer Announcement;
- (v) the Shares were traded at an average daily trading volume of approximately 91,000 Shares representing approximately 0.61% of the Company's free float;

### Period after the Pre-Conditional Offer Announcement and up to the Offer Announcement

- (vi) the Offer Price (aa) is within the range of daily closing prices of the Shares (as adjusted for the Dividends, where relevant) over the period, which were between a low of S\$0.201 and a high of S\$0.220, (bb) represents a marginal premium of approximately 1.3% over the VWAP of the Shares (as adjusted for the Dividends, where relevant) of S\$0.208 over the period, and (cc) represents a marginal discount of approximately 2.0% to the closing price of the Shares of S\$0.215 on the Last Trading Day;
- (vii) the Shares were traded at an average daily trading volume of approximately 137,000 Shares representing approximately 0.91% of the Company's free float;



Period after the Offer Announcement and up to the Latest Practicable Date

- (viii) the Offer Price (aa) is within the range of daily closing prices of the Shares over the period which were between a low of S\$0.205 and a high of S\$0.220, (bb) is close to the VWAP of the Shares of S\$0.212 over the period, and (cc) represents a marginal premium of approximately 2.8% over the closing price of S\$0.205 on the Latest Practicable Date; and
- (ix) the Shares were traded at an average daily trading volume of approximately 28,000 Shares representing approximately 0.18% of the Company's free float;
- (b) an assessment of the historical Share price performance relative to market index, namely, that the Shares had (i) generally outperformed the Catalist Index during the one-year period prior to the Termsheet Announcement and up to the Last Trading Date, and (ii) decreased by approximately 4.7% while the Catalist Index had decreased by approximately 6.7% between the Last Trading Day and the Latest Practicable Date;
- (c) an assessment of the NAV and Adjusted NAV of the Group, namely, that (i) the Offer Price is at a premium of approximately 22.5% over the Adjusted NAV per Share of S\$0.1720 and is at a P/Adjusted NAV ratio of 1.23 times, and (ii) the Ex-Cash Offer Price of S\$0.0485 is at a significant premium of approximately 394.9% over the Ex-Cash Adjusted NAV per Share of S\$0.0098 and would value the Group at an Ex-Cash P/Adjusted NAV ratio of 4.95 times;
- (d) a comparison with the valuation ratios of the Comparable Companies as follows:
  - (i) the Company had incurred a net loss and recorded a negative EBITDA in respect of its continuing business in FY2017, hence the P/E and the EV/EBITDA ratios of the Company (as implied by the Offer Price) are not applicable;
  - (ii) the P/Adjusted NAV ratio of the Company (as implied by the Offer Price) of 1.23 times is within the range of P/NAV ratios of the Comparable Companies of between 0.21 times and 5.11 times, and is above the mean and median P/NAV ratios of 1.08 times and 0.94 times of the Comparable Companies respectively; and
  - (iii) the Ex-Cash P/Adjusted NAV ratio of the Company (as implied by the Ex-Cash Offer Price) of 4.95 times is within the range of Ex-Cash P/NAV ratios of the Comparable Companies of between 0.21 times and 5.11 times, and is significantly above the mean and median Ex-Cash P/NAV ratios of 1.99 times and 1.49 times of the Comparable Companies respectively;
- (e) a comparison with the Comparable Transactions as follows:
  - (i) the premium of approximately 26.2% implied by the Offer Price over the closing price of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (aa) within the range of the Comparable Transactions of between a discount of 81.8% and a premium of 68.8%, and (bb) above the corresponding mean and median premia of 24.0% and 13.4% of the Comparable Transactions respectively;
  - (ii) the premium of approximately 30.9% implied by the Offer Price over the one-month VWAP of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (aa) within the range of the Comparable Transactions of between a discount of 87.9% and a premium of 93.0%, and (bb) significantly above the corresponding mean and median premia of 17.9% and 14.0% of the Comparable Transactions respectively;
  - (iii) the premium of approximately 33.4% implied by the Offer Price over the 3-month VWAP of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (aa) within the range of the Comparable Transactions of between a discount of 86.0% and a premium of 96.1%, and (bb) significantly above the corresponding mean and median premia of 16.7% and 15.0% of the Comparable Transactions respectively;

- (iv) the premium of approximately 37.7% implied by the Offer Price over the 6-month VWAP of the Shares (as adjusted for the Dividends) prior to the Termsheet Announcement is (aa) within the range of the Comparable Transactions of between a discount of 90.4% and a premium of 99.6%, and (bb) significantly above the corresponding mean and median premia of 15.6% and 16.8% of the Comparable Transactions respectively; and
- (v) the P/Adjusted NAV per Share ratio of 1.24 times implied by the Offer Price is (aa) within the range of the Comparable Transactions of between 0.55 times and 3.21 times, (bb) below the mean offer price-to-NAV ratio of the Comparable Transactions of 1.34 times, and (cc) above the median offer price-to-NAV ratio of the Comparable Transactions of 0.89 times; and
- (f) other relevant considerations in relation to the Offer as follows:
  - (i) the outlook of the Group, *inter alia*, that the Company is currently exploring various options and the Group will in the meantime, continue its trading business in Hong Kong;
  - (ii) the Offeror's intention for the Company, *inter alia*, that the Offeror intends to undertake a review of the business of the Group with a view to strengthening the Group's financial position and identifying areas in which potential may be optimised;
  - (iii) the Offer being unconditional in all respects;
  - (iv) the Offer Price being final as the Offeror does not intend to revise the Offer Price;
  - (v) the low likelihood of a competing offer from any third party;
  - (vi) the Offeror having statutory control over the Company as at the Latest Practicable Date;
  - (vii) the intention of the Offeror to retain the listing status of the Company on the Catalist board of the SGX-ST;
  - (viii) the current intention of the Offeror not to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act in the event that it receives acceptances pursuant to the Offer representing 90% or more of the Offer Shares; and
  - (ix) the dividend track record of the Company.

**Based on the foregoing, and after having considered the information available to us as at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.**

We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the market price of the Shares will remain at current prevailing levels after the close of the Offer, and that the past trading performance of the Shares may not in any way be relied upon as an indication of the future price performance levels of the Shares.

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and, accordingly, our opinion and advice on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer. The recommendation to be made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purpose of the Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore, and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,  
For and on behalf of  
**Novus Corporate Finance Pte. Ltd.**

Andrew Leo  
Chief Executive Officer

Huong Wei Beng  
Director

## APPENDIX II – GENERAL INFORMATION

### 1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

<b>Name</b>	<b>Address</b>	<b>Designation</b>
Chew Chee Bin	80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624	Executive Chairman
Chew Eng Hoe	80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624	Managing Director
Chew Chee Keong	80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624	Non-Executive Director
Yuen Sou Wai	80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624	Lead Independent Director
Chong Chin Fan	80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624	Independent Director
Dr Choo Boon Seng	80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624	Independent Director

### 2. BACKGROUND INFORMATION

The Company was incorporated on 30 September 2010 under the Companies Act as a private company limited by shares under the name of Chew's Group Private Limited. On 25 January 2011, the Company changed its name to "Chew's Group Limited" in connection with its conversion into a public company limited by shares. The Company was listed on the Catalist Board of the SGX-ST on 28 February 2011. The registered office of the Company is located at 80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624.

The Company is an investment holding company and its 90% owned subsidiary, CFIL, is in the trading business, which includes but not limited to the trading of eggs. The Company had on 20 April 2018 disposed of its core operating subsidiaries, Chew's Agriculture Pte Ltd, Chew's Engineering Services Pte Ltd, Chew's Group Investment Pte Ltd and Chew's Group Marketing Pte Ltd, which were in the business of producing and selling generic and designer eggs, liquid eggs, trading of spent grains, and food processing.

### 3. SHARE CAPITAL

- 3.1 **Issued and paid-up Shares.** As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$13,624,500 comprising 84,498,000 Shares. The issued Shares are listed and quoted on the Catalist Board of the SGX-ST.
- 3.2 **No transfer restriction.** There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring Shareholders, before transferring them, to first offer them for purchase to other Shareholders or to any other person.

- 3.3 **Shares issued since 30 September 2018.** As at the Latest Practicable Date, there has been no issuance of new Shares by the Company since 30 September 2018, being the end of the last financial year of the Company.
- 3.4 **Outstanding convertible instruments.** As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares.
- 3.5 **Rights in Respect of Capital, Dividends and Voting.** The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution which is available for inspection at the Company's registered office stated above. The relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted from the Constitution and reproduced in Appendix III to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

#### 4. DISCLOSURE OF INTERESTS AND DEALINGS

- 4.1 **Interests and Dealings of Company in Offeror Securities.** As at the Latest Practicable Date, neither the Company nor its subsidiary:
- (a) has any direct or deemed interests in any Offeror Securities; and
- (b) has dealt for value in any Offeror Securities during the Reference Period.
- 4.2 **Interests and Dealings of Directors in Offeror Securities.** As at the Latest Practicable Date, none of the Directors:
- (a) has any direct or deemed interests in any Offeror Securities; and
- (b) has dealt in any Offeror Securities during the Reference Period.
- 4.3 **Interests of Directors in Company Securities.** As at the Latest Practicable Date, save as disclosed below, none of the Directors have any direct or deemed interests in the Company Securities.

##### *Interests of Directors in Shares:*

	Number of Shares				Total (%)
	Direct Interest	% <sup>(1)</sup>	Deemed Interest	% <sup>(1)</sup>	
<b>Directors</b>					
Chew Chee Bin	351,025	0.42	–	–	0.42
Chew Eng Hoe	343,350	0.41	–	–	0.41
Chew Chee Keong	597,025	0.71	–	–	0.71
Yuen Sou Wai	–	–	–	–	–
Chong Chin Fan	–	–	–	–	–
Dr Choo Boon Seng	–	–	–	–	–

##### **Note:**

- (1) Calculated based on a total of 84,498,000 Shares in issue as at the Latest Practicable Date.

- 4.4 **Dealings of Directors in Company Securities.** During the Reference Period, none of the Directors has dealt in any Company Securities.
- 4.5 **Interests and Dealings of the IFA in Company Securities.** As at the Latest Practicable Date, none of the IFA or funds whose investments are managed by the IFA on a discretionary basis:
- (a) has any direct or deemed interests in any Company Securities; and
  - (b) has dealt in any Company Securities during the Reference Period.
- 4.6 **Intentions of the Directors in relation to the Offer.** The following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:
- (a) Mr Chew Chee Bin has indicated that he intends to accept the Offer in respect of all the 351,025 Shares held by him, representing approximately 0.42% of the total issued Shares as at the Latest Practicable Date.
  - (b) Mr Chew Eng Hoe has indicated that he intends to accept the Offer in respect of all the 343,350 Shares held by him, representing approximately 0.41% of the total issued Shares as at the Latest Practicable Date.
  - (c) Mr Chew Chee Keong has indicated that he intends to accept the Offer in respect of all the 597,025 Shares held by him, representing approximately 0.71% of the total issued Shares as at the Latest Practicable Date.

## 5. OTHER DISCLOSURES

- 5.1 **Directors' Service Contracts.** There are no service contracts between any Director or any proposed Director with the Company or any of its subsidiaries with more than twelve (12) months to run and which cannot be terminated by the employing company within the next twelve (12) months without paying any compensation. In addition, there are no such service contracts entered into or amended during the Reference Period.
- 5.2 **Payments or Benefits to Directors.** Save as disclosed below and in this Circular, it is not proposed, in connection with the Offer, that any other benefit be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Offer.

Pursuant to the terms of the Share Purchase Agreement, the Executive Chairman of the Company, Mr Chew Chee Bin, will resign from the Board of Directors with effect from the close of the Offer. The Company will make a payment in lieu of six (6) months' notice to him, in accordance with Clause 2 and 7.1 of his existing service contract entered into with the Company dated 28 February 2017. Mr Chew Chee Bin will also be entitled to a pro-rata annual wage supplement in accordance with Clause 4.2 of his service contract.

The SIC had on 1 October 2018 confirmed that the payment in lieu of six (6) months' notice and the pro-rata annual wage supplement to Mr. Chew Chee Bin upon his resignation from the Board of Directors will not constitute a special deal under Rule 10 of the Code.

- 5.3 **Agreements in Connection with or Conditional upon Outcome of Offer.** Save for the Share Purchase Agreement and as disclosed in this Circular, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer.

- 5.4 **Material Contracts entered into by Offeror.** Save for the Share Purchase Agreement and as disclosed in this Circular, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

## 6. FINANCIAL INFORMATION ON THE GROUP

### 6.1 Consolidated Statement of Comprehensive Income of the Group.

A summary of the audited consolidated statement of comprehensive income of the Group for FY2015, FY2016 and FY2017 and the unaudited consolidated statement of comprehensive income of the Group for 1HY2018 is set out below.

The following summary should be read together with the consolidated financial statements for the relevant financial periods, and the related notes thereto. The financial information below has been extracted from the annual reports of the Company for FY2015, FY2016 and FY2017 and the unaudited consolidated financial statements of the Group for 1HY2018, copies of which are available for inspection as set out in paragraph 13 of Appendix II to this Circular. The audited consolidated financial statements for the Group for FY2017 together with the Independent Auditor's report and the unaudited consolidated financial statements of the Group for 1HY2018 are set out in Appendix IV and V respectively to this Circular.

	<b>Audited FY2015 S\$</b>	<b>Audited FY2016 S\$</b>	<b>Audited FY2017 S\$</b>
<b>Revenue</b>	33,202,937	31,598,484	33,923,317
Other income	615,503	28,639,461	979,914
Change in inventories	994,733	(917,395)	194,110
Purchase of materials	(6,686,852)	(3,664,963)	(6,410,762)
Employee benefits expense	(4,617,778)	(5,317,723)	(4,839,066)
Depreciation and amortisation expense	(464,120)	(496,356)	(454,401)
Rental expenses	(117,299)	(117,951)	(100,574)
Amortisation of biological assets	(15,523,683)	(15,590,087)	(15,165,649)
Other operating expenses	(4,846,875)	(4,506,217)	(3,812,063)
Finance costs	(196,490)	(119,317)	(42,195)
<b>Profit before income tax</b>	<b>2,360,076</b>	<b>29,507,936</b>	<b>4,272,631</b>
Income tax expense	(271,448)	(1,569,740)	(825,347)
<b>Profit for the year</b>	<b>2,088,628</b>	<b>27,938,196</b>	<b>3,447,284</b>

	<b>Audited FY2015 S\$</b>	<b>Audited FY2016 S\$</b>	<b>Audited FY2017 S\$</b>
<b>Other comprehensive (loss) income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operation	48,865	7,267	(8,695)
<b>Other comprehensive (loss) income for the year, net of tax</b>	48,865	7,267	(8,695)
<b>Total comprehensive income for the year</b>	2,137,493	27,945,463	3,438,589
<b>Profit attributable to:</b>			
Owners of the Company	2,219,666	27,910,254	3,421,431
Non-controlling interests	(131,038)	27,942	25,853
	2,088,628	27,938,196	3,447,284
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	2,231,866	27,917,521	3,412,736
Non-controlling interests	(94,373)	27,942	25,853
	2,137,493	27,945,463	3,438,589
Basic and diluted earnings per share (cents)	2.63	33.03	4.05
Dividend per share (cents)	0.49	0.49	0.50



	<b>Unaudited 1HY2018 S\$</b>
<b>Continuing operations</b>	
<b>Revenue</b>	1,470,000
Other operating income	13,000
Change in inventories	29,000
Purchase of materials	(388,000)
Employee benefits expense	(485,000)
Depreciation and amortisation expense	(24,000)
Rental expenses	(75,000)
Other operating expenses	(480,000)
	<hr/>
<b>Profit before income tax</b>	61,000
Income tax expense	(3,000)
	<hr/>
<b>Profit for the period from continuing operations</b>	58,000
	<hr/>
<b>Discontinued operations</b>	
Loss for the period from discontinued operations	(172,000)
	<hr/>
Loss for the period	<b>(114,000)</b>
	<hr/>
<b>Other comprehensive loss:</b>	
<i>Items that may be reclassified subsequently to profit or loss</i>	
Exchange differences on translation of foreign operation	(15,000)
	<hr/>
<b>Other comprehensive loss for the period, net of tax</b>	(15,000)
	<hr/>
<b>Total comprehensive loss for the period</b>	(129,000)
	<hr/>
<b>(Loss)Profit attributable to:</b>	
Owners of the Company	(116,000)
Non-controlling interests	2,000
	<hr/>
	(114,000)
	<hr/>
<b>Total comprehensive (loss)profit attributable to:</b>	
Owners of the Company	(131,000)
Non-controlling interests	2,000
	<hr/>
	(129,000)
	<hr/>
Basic and diluted loss per share (cents)	(0.14)
Dividend per share (cents)	35.00*

\* Dividend of 45 cents per share has been paid out to-date in FY2018.

## 6.2 Consolidated statement of financial position of the Group.

A summary of the audited consolidated statements of financial position of the Group as at 30 September 2017 and unaudited consolidated statements of financial position of the Group as at 31 March 2018 is set out below. The following summary should be read together with the consolidated financial statements and the related notes thereto. The financial information below has been extracted from the annual report of the Company for FY2017 and unaudited consolidated financial statements of the Group for 1HY2018, copies of which are available for inspection as set out in paragraph 13 of Appendix II to this Circular. The audited consolidated financial statements for the Group for FY2017 together with the Independent Auditor's report and the unaudited consolidated financial statements of the Group for 1HY2018 are set out in Appendix IV and V respectively to this Circular.

	<b>Audited</b> <b>As at 30 September</b> <b>2017</b> <b>S\$</b>	<b>Unaudited</b> <b>As at 31 March</b> <b>2018</b> <b>S\$</b>
<b>The Group</b>		
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and bank balances	44,931,910	48,142,000
Trade receivables	5,250,228	1,004,000
Other receivables	411,702	313,000
Inventories	1,394,103	68,000
Assets classified as held for sale	–	19,019,000
<b>Total current assets</b>	<b>51,987,943</b>	<b>68,545,000</b>
<b>Non-current assets</b>		
Other receivables	149,165	–
Property, plant and equipment	3,605,566	129,000
Land use rights	3,912,044	–
Biological assets	7,634,065	–
Investment in subsidiary corporations	–	–
Deferred tax assets	–	–
<b>Total non-current assets</b>	<b>15,300,840</b>	<b>129,000</b>
<b>Total assets</b>	<b>67,288,783</b>	<b>68,674,000</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Current portion of bank loans	1,081,394	–
Trade payables	1,984,616	141,000
Other payables	8,157,653	3,118,000
Current portion of finance leases	171,742	–
Income tax payable	703,057	4,000
Liabilities associated with assets classified as held for sale		11,225,000
<b>Total current liabilities</b>	<b>12,098,462</b>	<b>14,488,000</b>

	<b>Audited</b> <b>As at 30 September</b> <b>2017</b> <b>S\$</b>	<b>Unaudited</b> <b>As at 31 March</b> <b>2018</b> <b>S\$</b>
<b>Non-current liabilities</b>		
Bank loans	12,800	–
Other payables	390,190	–
Finance leases	33,831	–
Deferred tax liabilities	15,981	–
Total non-current liabilities	452,802	–
<b>Capital, reserves and non-controlling interests</b>		
Share capital	13,292,106	13,292,000
Capital reserve	1,527	2,000
Foreign exchange translation deficit	(18,089)	(33,000)
Retained earnings	41,430,105	40,891,000
Equity attributable to owners of the Company	54,705,649	54,152,000
Non-controlling interests	31,870	34,000
Total equity	54,737,519	54,186,000
<b>Total liabilities and equity</b>	<b>67,288,783</b>	<b>68,674,000</b>

## 7. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Circular and any other information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST and the Company's annual report for FY2017), there have been no material changes to the financial position of the Group since 30 September 2017, being the date of the last published audited financial statements of the Group.

## 8. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

8.1 **Significant Accounting Policies.** The audited consolidated financial statements of the Group have been prepared in accordance with the Singapore Financial Reporting Standards. A summary of the significant accounting policies of the Group is set out in Note 2 of the audited consolidated financial statements of the Group for FY2017, which is reproduced in Appendix IV to this Circular.

Save as disclosed in this Circular and publicly available information on the Group, there are no significant accounting policies or any matter from the notes to the financial statements of the Group for FY2017 which are of any major relevance for the interpretation of the accounts of the Group referred to in this Circular.

8.2 **No Change in Accounting Policies.** As at the Latest Practicable Date, the Group has adopted all applicable new and revised Financial Reporting Standards and Interpretations of Financial Reporting Standards which became effective for accounting periods beginning on or after 1 October 2017. These are not expected to have a material impact on the results of the Group and of the Company for the period ended 30 September 2018.

Save as disclosed in this Circular and publicly available information on the Group, there are no changes in the accounting policies of the Group which will cause the financial information disclosed in this Circular to not be comparable to a material extent.

## 9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in publicly available information on the Group, as at the Latest Practicable Date, neither the Company nor its subsidiary has entered into any material contracts with interested persons<sup>1</sup> (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

## 10. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor its subsidiary is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiary, taken as a whole.

As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or its subsidiary or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiary, taken as a whole.

## 11. MATERIAL CHANGES IN INFORMATION

Save as disclosed in this Circular and publicly available information on the Group and the Offer, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

## 12. GENERAL

- 12.1 **Costs and Expenses.** All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.
- 12.2 **Consent of the Independent Auditors.** Deloitte & Touche LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, and (b) the reproduction of the Independent Auditor's report in relation to the audited consolidated financial statements of the Group for FY2017 (as set out in Appendix IV to this Circular) and all references thereto in the form and context in which they appear in this Circular.
- 12.3 **Consent of the IFA.** The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, (b) the IFA Letter, and all references thereto in the form and context in which they appear in this Circular.

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<sup>1</sup> An interested person, as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, is:

- a. a director, chief executive officer, or substantial shareholder of the Company;
- b. the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;
- c. the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
- d. any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;
- e. any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
- f. any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

### **13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company at 80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2015, FY2016 and FY2017;
- (c) the unaudited consolidated financial statements of the Group for 1HY2018;
- (d) the IFA Letter; and
- (e) the letters of consent referred to in paragraph 12 of this Appendix II above.

## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

The relevant provisions in the Constitution of the Company in respect of capital, dividends and voting in relation to the Shares have been extracted and reproduced as follows:

### 1. Rights in respect of capital

#### ISSUE OF SHARES

5. (A) *Subject to the Act and to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Regulation 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and whether or not subject to the payment of any part of the amount (if any) thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 64A, 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:*
- (a) *no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules; and*
  - (b) *the total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time.*
- (B) *The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.*
- (C) *Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.*
6. *The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.*
7. (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation 7(A).*

(B) Notwithstanding Regulation 7(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:—

- (a) (i) issue shares in the capital of the Company 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) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:—

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;
  - (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these presents; and
  - (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (C) The Company may, notwithstanding Regulations 7(A) and 7(B) above, authorise the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.
8. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
9. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital (except treasury shares) as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.
10. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.
- (B) The Company may issue shares for which no consideration is payable to the Company.

- (C) *Preference shares may be issued subject to such limitation thereof as may be prescribed by any Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and financial statements and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrears.*
- (D) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

#### **VARIATION OF RIGHTS**

- 11. (A) *Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(4) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.*
- (B) *The provisions in Regulation 11(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.*
- (C) *The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

#### **ALTERATION OF SHARE CAPITAL**

- 12. *The Company may by Ordinary Resolution:-*
  - (a) *consolidate and divide all or any of its share capital;*
  - (b) *cancel the number of any shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled;*
  - (c) *sub-divide its shares, or any of them, Provided Always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived; and/or*



- (d) *subject to the provisions of these presents and the Act, convert its share capital or any class of shares from one currency to another currency.*
13. *The Company may by Special Resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares.*
14. (A) *The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.*
- (B) *The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the “**Relevant Laws**”), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*

#### **SHARE CERTIFICATES**

15. (A) *Every share certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Directors and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.*
- (B) *The provisions in this Regulation 15 and in Regulations 16 to 19 (so far as they are applicable) shall not apply to transfer of book-entry securities.*
16. (A) *The Company shall not be bound to register more than three persons as joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased Member.*
- (B) *In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all.*
17. *Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) after the date of lodgement of a registrable transfer to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.*
18. (A) *Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such*

shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the Member shall pay (in the case of sub-division) a maximum fee of S\$2.00 for each new certificate (or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time). Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.

- (B) Any two or more certificates representing shares of any one class held by any Member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.
19. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereon as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

#### **CALLS ON SHARES**

20. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
21. Each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
22. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.
23. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
24. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
25. The Directors may if they think fit receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the Member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.

## **FORFEITURE AND LIEN**

26. *If a Member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*
27. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit.*
28. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder.*
29. *A share so made forfeit or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so made forfeit or surrendered to any such other person as aforesaid.*
30. *A Member whose shares have been made forfeit or surrendered shall cease to be a Member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.*
31. *The Company shall have a first and paramount lien on every share (not being a fully paid share) and Dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation 31.*
32. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*
33. *The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including the satisfaction of the unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser.*

34. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

### **TRANSFER OF SHARES**

35. *All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and the Designated Stock Exchange. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided Always that an instrument of transfer in respect of which the transferee is the CDP shall be effective although not signed or witnessed by or on behalf of the CDP. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.*
36. *The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made.*
37. (A) *There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.*
- (B) *The Directors may decline to register any instrument of transfer unless:-*
- (a) *such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;*
  - (b) *the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;*
  - (c) *the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the*

*right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and*

*(d) the instrument of transfer is in respect of only one class of shares.*

38. *All instruments of transfer which are registered may be retained by the Company.*

39. *The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all Dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:-*

*(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*

*(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation; and*

*(c) references herein to the destruction of any document include references to the disposal thereof in any manner.*

#### **TRANSMISSION OF SHARES**

40. (A) *In case of the death of a Member whose name is registered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares, but nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*

(B) *In the case of the death of a Member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*

(C) *Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*

41. *Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these presents relating to the right to*

*transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.*

42. *Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share in consequence of the death or bankruptcy of a Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same Dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to General Meetings of the Company until he shall have been registered as a Member in respect of the share.*
43. *There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require or prescribe.*

#### **CENTRAL DEPOSITORY SYSTEM**

44. *A reference to a Member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-*
  - (a) *a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP seventy-two (72) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;*
  - (b) *the payment by the Company to CDP of any Dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;*
  - (c) *the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and*
  - (d) *the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities.*

## **EXCLUSION OF EQUITIES**

45. *Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.*

## **STOCK**

46. *The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.*
47. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same presents as and subject to which the shares from which the stock arose might previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*
48. *The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*

## **2. Rights in respect of dividends**

### **RESERVES**

133. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.*

### **DIVIDENDS**

134. *The Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.*
135. *If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*

136. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:-*
- (a) *all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
  - (b) *all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.*

*For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

137. (A) *No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company Provided Always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.*
- (B) *A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.*
138. *No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.*
139. (A) *The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.*
140. *The waiver in whole or in part of any Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
141. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*



142. Any Dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
143. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend or other moneys payable or property distributable on or in respect of the share.
144. Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such Dividend of transferors and transferees of any such shares.

#### **BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES**

145. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 7(B)):
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
    - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
    - (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 7(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or
  - (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
    - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
    - (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 7(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

- (B) *The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Regulation 145, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*
- (C) *In addition and without prejudice to the powers provided for by this Regulation 145, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue:*
- (i) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in General Meeting and on such terms as the Directors shall think fit; or*
  - (ii) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 83 and/or Regulation 84 approved by Members in General Meeting in such manner and on such terms as the Directors shall think fit.*

*The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.*

### **3. Rights in respect of voting**

#### **GENERAL MEETINGS**

49. *Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed such period as may be prescribed by the Designated Stock Exchange from time to time. If required by the listing rules of the Designated Stock Exchange, all general meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by the Designated Stock Exchange.*
50. *The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened by such requisition or, in default, may be convened by such requisitionists, in accordance with the provisions of the Statutes.*

#### **NOTICE OF GENERAL MEETINGS**

51. *Any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in manner hereinafter mentioned to all Members other than such as are*

not under the provisions of these presents entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority togetherholding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at thereat;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to the Designated Stock Exchange and by advertisement in the daily press.

- 52. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.
  - (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
  - (C) In the case of any General Meeting at which business other than routine business ("**special business**") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.
53. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-
- (a) declaring Dividends;
  - (b) receiving and adopting the financial statements, the Directors' statement and Auditors' report and other documents required to be attached or annexed to the financial statements;
  - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
  - (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
  - (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
  - (f) fixing Directors' fees.
54. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

#### **PROCEEDINGS AT GENERAL MEETINGS**

55. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any General Meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director

*be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the General Meeting.*

- 56. No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members, present in person or by proxy, provided that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present.*
- 57. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may determine by not less than ten days' notice appoint, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be deemed to be a quorum.*
- 58. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
- 59. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.*
- 60. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
- 61. If required by the listing rules of the Designated Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange).*
- 62. Subject to Regulation 61, at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-*
  - (a) the chairman of the meeting; or*
  - (b) not less than five Members present in person or by proxy and entitled to vote; or*
  - (c) any Member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than 5 per cent. of the total voting rights of all the Members having the right to vote at the General Meeting; or*
  - (d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, of which an aggregate sum has been paid up equal to not less than 5 per cent. of the total sum paid on all the shares conferring that right,*

*Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll made pursuant to this Regulation 62 may be withdrawn only with the approval of the meeting.*

63. *Unless a poll is required, a declaration by the chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.*
64. *If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and if required by the listing rules or bye-laws of the Designated Stock Exchange or if so directed by the General Meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
65. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands or poll takes place shall be entitled to a casting vote.*
66. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the chairman of the Meeting may direct. No notice need be given of a poll not taken immediately.*
67. *The demand for a poll made pursuant to Regulation 62 shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded.*

#### **VOTES OF MEMBERS**

68. *Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, and to Regulation 6, each Member entitled to vote may vote in person or by proxy.*
  - (A) *On a show of hands every Member who is present in person or by proxy shall have one vote (provided that:-*
    - (a) *in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands); and*
    - (b) *in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*
  - (B) *On a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents.*

*For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by CDP to the Company. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.*

69. *In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of*

*Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.*

70. *Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by Membership in relation to General Meetings.*
71. *No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by Membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid.*
72. *No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the General Meeting whose decision shall be final and conclusive*
73. *On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
74. (A) *Save as otherwise provided in the Act:*
- (a) *A Member who is not a relevant intermediary shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting,*
  - (b) *A Member who is a relevant intermediary may is entitled to appoint more than two proxies to attend, speak and vote at the same General Meeting.*
- (B) *In any case where a Member is a Depositor, the Company shall be entitled and bound:-*
- (a) *to reject any instrument of proxy lodged if the Depositor, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by CDP to the Company; and*
  - (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (C) *Where a Member who is not a relevant intermediary appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy in the form of proxy, failing which the nomination shall be deemed to be alternative.*
- (D) *Where a Member who is a relevant intermediary appoints more than two proxies, each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*
- (E) *A proxy need not be a Member of the Company.*

75. (A) *An instrument appointing a proxy for any Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-*

(a) *in the case of an individual Member, shall be:-*

- (i) *signed by the Member or his attorney if the instrument of proxy is delivered personally or sent by post; or*
- (ii) *subject always to Regulation 151, authorised by that Member through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and*

(b) *in the case of a Member which is a corporation, shall be:-*

- (i) *either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or*
- (ii) *subject always to Regulation 151, authorised by that Member through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.*

*The Directors may, for the purposes of Regulations 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.*

(B) *The signatures on, or authorisation of, an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of a Member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Regulation, failing which the instrument of proxy may be treated as invalid.*

(C) *The Directors may, in their absolute discretion:-*

- (a) *approve the method and manner for an instrument appointing a proxy to be authorised; and*
- (b) *designate the procedure for authenticating an instrument appointing a proxy,*

*as contemplated in Regulations 75(A)(a)(ii) and 75(A)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 75(A)(a)(i) and/or (as the case may be) Regulation 75(A)(b)(i) shall apply.*

76. (A) *An instrument appointing a proxy:*

- (a) *if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the Office); or*
- (b) *subject always to Regulation 151, if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,*

*and in either case, not less than seventy-two (72) hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The deposit of an instrument*

*appointing a proxy does not preclude the Member concerned from attending and voting in person at the meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the meeting.*

- (B) *The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.*
77. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.*
78. *A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*
79. *Subject to these presents and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.*

#### **CORPORATIONS ACTING BY REPRESENTATIVES**

80. *Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of these presents (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.*



## **APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017 AND THE INDEPENDENT AUDITOR’S REPORT**

The information set out in this Appendix IV is a reproduction of selected financial information extracted from the annual report of the Company for FY2017, and was not specifically prepared for inclusion in this Circular.

# 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, 2017.

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 55 to 103 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, 2017, 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 statement 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	597,025	597,025
Fenghe Investment Holding Pte. Ltd. (Ordinary shares)		
Chew Eng Hoe	2,266	2,266

## Directors' Statement

The directors' interests in the shares of the Company as at October 21, 2017 were the same at September 30, 2017.

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.

# Directors' Statement

## 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

December 29, 2017

# Independent Auditor's Report To The Members Of Chew's Group Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Chew's Group Limited (the "**Company**") and its subsidiaries (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, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 103.

In our opinion, the accompanying 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 Companies' Act, Chapter 50 ("**the Act**") and Financial Reporting Standards in Singapore ("**FRSs**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at September 30, 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent Auditor's Report To The Members Of Chew's Group Limited

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matters	Our audit performed and responses thereon
<p>Biological assets include mature chickens and immature chickens kept by the Group for the production of eggs.</p> <p>The biological assets are carried at cost less accumulated amortisation and impairment over the estimated useful lives of the biological assets.</p> <p>Both the initial recognition and subsequent measurement of the carrying amounts of the biological assets are dependent on management's assumptions and estimation of the useful lives and residual values.</p> <p>In addition, management will assess at each reporting period end whether there are indicators of impairment based on:</p> <ul style="list-style-type: none"> <li>(i) judgement in the ability of biological assets to remain productive and generate future economic benefits; and/or</li> <li>(ii) estimation of the recoverable amount of chickens that are past the productive age.</li> </ul> <p>As at September 30, 2017, the carrying amount of the biological assets was \$7,634,065, as disclosed in Note 13 to the financial statements.</p> <p>The accounting policy and key management estimates are disclosed in Notes 2 and 3 to the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>(a) Obtained an understanding of the key relevant controls surrounding the valuation of biological assets by management, which includes monitoring of the daily mortality and productivity rates of the biological assets;</li> <li>(b) Reviewed the basis of the useful lives of biological assets by challenging the reasonableness of judgement made regarding the mortality and productivity rates of the biological assets;</li> <li>(c) Obtained the latest selling price of disposed biological assets and compared to the residual value;</li> <li>(d) Assessed for indicators of impairment of such assets by examining external sources of information such as any news on changes in regulations of relevant authority, outbreak of diseases, and internal sources of information such as the financial results of the Group; and</li> <li>(e) Performed retrospective review of the key management estimates such as the useful lives and residual values.</li> </ul> <p>We have also reviewed the appropriateness and adequacy of the relevant disclosures made in the financial statements.</p>

# Independent Auditor's Report To The Members Of Chew's Group Limited

## **Information Other than the Financial Statements and Auditor's Report Thereon**

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

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

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

## **Responsibilities of Management and Directors for the Financial Statements**

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

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

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

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



# Independent Auditor's Report To The Members Of Chew's Group Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The engagement partner on the audit resulting in this independent auditor's report is Lim Bee Hui.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

December 29, 2017

# Statements Of Financial Position

As At September 30, 2017

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>ASSETS</b>			(Reclassified)		
<b>Current assets</b>					
Cash and bank balances	7	44,931,910	45,309,915	3,071,802	3,340,884
Trade receivables	8	5,250,228	4,488,828	-	-
Other receivables	9	411,702	355,464	985,051	842,351
Inventories	10	1,394,103	1,199,993	-	-
Total current assets		51,987,943	51,354,200	4,056,853	4,183,235
<b>Non-current assets</b>					
Other receivables	9	149,165	37,138	-	-
Property, plant and equipment	11	3,605,566	4,251,343	17,700	24,338
Land use rights	12	3,912,044	4,048,511	-	-
Biological assets	13	7,634,065	6,544,493	-	-
Investment in subsidiary corporations	14	-	-	10,283,720	10,299,720
Deferred tax assets	19	-	30,800	-	-
Total non-current assets		15,300,840	14,912,285	10,301,420	10,324,058
<b>Total assets</b>		67,288,783	66,266,485	14,358,273	14,507,293

# Statements Of Financial Position (cont'd)

As At September 30, 2017

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>LIABILITIES AND EQUITY</b>		(Reclassified)			
<b>Current liabilities</b>					
Current portion of bank loans	15	1,081,394	1,431,196	-	-
Trade payables	16	1,984,616	1,817,814	8,688	343
Other payables	17	8,157,653	8,425,562	560,312	686,505
Current portion of finance leases	18	171,742	179,226	-	-
Income tax payable		703,057	2,101,071	-	-
Total current liabilities		12,098,462	13,954,869	569,000	686,848
<b>Non-current liabilities</b>					
Bank loans	15	12,800	90,960	-	-
Other payables	17	390,190	302,114	-	-
Finance leases	18	33,831	205,572	-	-
Deferred tax liabilities	19	15,981	-	-	-
Total non-current liabilities		452,802	598,646	-	-
<b>Capital, reserves and non-controlling interests</b>					
Share capital	20	13,292,106	13,292,106	13,292,106	13,292,106
Capital reserve		1,527	1,527	-	-
Foreign exchange translation deficit		(18,089)	(9,394)	-	-
Retained earnings		41,430,105	38,422,714	497,167	528,339
Equity attributable to owners of the Company		54,705,649	51,706,953	13,789,273	13,820,445
Non-controlling interests		31,870	6,017	-	-
Total equity		54,737,519	51,712,970	13,789,273	13,820,445
<b>Total liabilities and equity</b>		<b>67,288,783</b>	<b>66,266,485</b>	<b>14,358,273</b>	<b>14,507,293</b>

See accompanying notes to the financial statements.

# Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

Year Ended September 30, 2017

	Note	Group	
		2017	2016
		\$	\$
<b>Revenue</b>	21	33,923,317	31,598,484
Other income	22	979,914	28,639,461
Changes in inventories		194,110	(917,395)
Purchase of materials		(6,410,762)	(3,664,963)
Employee benefits expense		(4,839,066)	(5,317,723)
Depreciation and amortisation expense		(454,401)	(496,356)
Rental expenses		(100,574)	(117,951)
Amortisation of biological assets		(15,165,649)	(15,590,087)
Other operating expenses	23	(3,812,063)	(4,506,217)
Finance costs	24	(42,195)	(119,317)
<b>Profit before income tax</b>		4,272,631	29,507,936
Income tax expense	25	(825,347)	(1,569,740)
<b>Profit for the year</b>	26	3,447,284	27,938,196

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

Year Ended September 30, 2017

	Note	Group	
		2017	2016
		\$	\$
<b>Other comprehensive (loss) income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operation		(8,695)	7,267
<b>Other comprehensive (loss) income for the year, net of tax</b>		(8,695)	7,267
<b>Total comprehensive income for the year</b>		<u>3,438,589</u>	<u>27,945,463</u>
<b>Profit attributable to:</b>			
Owners of the Company		3,421,431	27,910,254
Non-controlling interests		25,853	27,942
		<u>3,447,284</u>	<u>27,938,196</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		3,412,736	27,917,521
Non-controlling interests		25,853	27,942
		<u>3,438,589</u>	<u>27,945,463</u>
Basic and diluted earnings per share (cents)	27	<u>4.05</u>	<u>33.03</u>

See accompanying notes to the financial statements.

# Statements Of Changes In Equity

Year Ended September 30, 2017

	Note	Share capital	Capital reserve	Foreign exchange translation deficit	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
		\$	\$	\$	\$	\$	\$	\$
<u>Group</u>								
Balance at October 1, 2015		13,292,106	1,527	(16,661)	10,926,500	24,203,472	(21,925)	24,181,547
Total comprehensive income for the year:								
Profit for the year		-	-	-	27,910,254	27,910,254	27,942	27,938,196
Other comprehensive income for the year		-	-	7,267	-	7,267	-	7,267
Total		-	-	7,267	27,910,254	27,917,521	27,942	27,945,463
Transactions with owners, recognised directly in equity:								
Dividends paid	28	-	-	-	(414,040)	(414,040)	-	(414,040)
Balance at September 30, 2016		13,292,106	1,527	(9,394)	38,422,714	51,706,953	6,017	51,712,970

# Statements Of Changes In Equity (cont'd)

Year Ended September 30, 2017

	Note	Share capital	Capital reserve	Foreign exchange translation deficit	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
		\$	\$	\$	\$	\$	\$	\$
<u>Group (Cont'd)</u>								
Total comprehensive income for the year:								
Profit for the year		-	-	-	3,421,431	3,421,431	25,853	3,447,284
Other comprehensive loss for the year		-	-	(8,695)	-	(8,695)	-	(8,695)
Total		-	-	(8,695)	3,421,431	3,412,736	25,853	3,438,589
Transactions with owners, recognised directly in equity:								
Dividends paid	28	-	-	-	(414,040)	(414,040)	-	(414,040)
Balance at September 30, 2017		13,292,106	1,527	(18,089)	41,430,105	54,705,649	31,870	54,737,519

## Statements Of Changes In Equity (cont'd)

Year Ended September 30, 2017

	Share capital \$	Retained earnings \$	Total \$
<u>Company</u>			
Balance at October 1, 2015	13,292,106	512,237	13,804,343
Profit for the year, representing total comprehensive income for the year	-	430,142	430,142
Dividends paid, representing transactions with owners recognised directly in equity (Note 28)	-	(414,040)	(414,040)
Balance at September 30, 2016	13,292,106	528,339	13,820,445
Profit for the year, representing total comprehensive income for the year	-	382,868	382,868
Dividends paid, representing transactions with owners recognised directly in equity (Note 28)	-	(414,040)	(414,040)
Balance at September 30, 2017	<u>13,292,106</u>	<u>497,167</u>	<u>13,789,273</u>

See accompanying notes to the financial statements.



# Consolidated Statement Of Cash Flows

Year Ended September 30, 2017

	Group	
	2017	2016
	\$	\$
<b>Operating activities</b>		
Profit before income tax	4,272,631	29,507,936
Adjustments for:		
Interest expense	42,195	119,317
Interest income	(351,917)	(135,649)
Biological assets written off, net	1,277,736	2,166,014
Depreciation of property, plant and equipment	317,934	443,254
Amortisation of land use rights	136,467	53,102
Amortisation of biological assets	15,165,649	15,590,087
Allowance for (Reversal of) doubtful trade receivables, net	754	(1,639)
Loss (Gain) on disposal of land use rights, property, plant and equipment, net	2,438	(24,353,385)
Government grant income	(277,803)	(3,804,600)
Operating cash flows before movements in working capital	20,586,084	19,584,437
Trade receivables	(762,154)	707,359
Other receivables	(56,238)	232,997
Inventories	(194,110)	919,248
Trade payables	166,802	(386,086)
Other payables	97,970	654,497
Cash generated from operations	19,838,354	21,712,452
Interest paid	(42,195)	(119,317)
Income tax paid	(2,176,580)	(187,641)
Net cash from operating activities	17,619,579	21,405,494
<b>Investing activities</b>		
Proceeds from disposal of land use rights, property, plant and equipment	11,090	38,638,649
Purchases of property, plant and equipment (Note A)	(100,767)	(343,696)
Deposits for property, plant and equipment	(112,027)	(37,138)
Purchase of land use rights	-	(4,094,000)
Proceeds from disposal of biological assets	575,344	433,178
Purchases of biological assets	(17,693,320)	(17,490,144)
Interest received	351,917	135,649
Net cash (used in) from investing activities	(16,967,763)	17,242,498

## Consolidated Statement Of Cash Flows (cont'd)

Year Ended September 30, 2017

	Group	
	2017	2016
	\$	\$
<b>Financing activities</b>		
Government grant deferred	-	6,167,335
Repayments of bank loans	(427,962)	(413,072)
Repayments of obligation under finance leases	(179,225)	(4,238,587)
Increase in pledged fixed deposits	(359)	(353)
Dividends paid	(414,040)	(414,040)
Net cash (used in) from financing activities	(1,021,586)	1,101,283
Net (decrease) increase in cash and cash equivalents	(369,770)	39,749,275
Cash and cash equivalents at beginning of the year	45,207,332	5,450,287
Effects of exchange rate changes on the balance of cash held in foreign currencies	(8,594)	7,770
<b>Cash and cash equivalents at end of the year (Note 7)</b>	<b>44,828,968</b>	<b>45,207,332</b>

Note A:

In 2017, the Group acquired property, plant and equipment at an aggregate cost of \$100,767 fully paid in cash. In 2016, the Group acquired property, plant and equipment at an aggregate cost of \$451,696, of which \$108,000 was acquired under finance lease arrangements and \$343,696 was paid in cash.

See accompanying notes to the financial statements.

# Notes To The Financial Statements

As At September 30, 2017

## 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, 2017 were authorised for issue by the Board of Directors of the Company on December 29, 2017.

## 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 Financial Reporting Standards in Singapore ("FRSs").

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, 2016, 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*<sup>2</sup>
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*<sup>2</sup>
- FRS 116 *Leases*<sup>3</sup>
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*<sup>1</sup>

# Notes To The Financial Statements

As At September 30, 2017

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

- <sup>(1)</sup> Applies to annual periods beginning on or after January 1, 2017, with early application permitted.  
<sup>(2)</sup> Applies to annual periods beginning on or after January 1, 2018, with early application permitted.  
<sup>(3)</sup> Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

### **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) general hedge accounting (iii) 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.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

### **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. Further clarifications to FRS 115 were also issued in June 2016.

# Notes To The Financial Statements

As At September 30, 2017

## 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.

Management anticipates that the initial application of the new FRS 115 may result in changes to the accounting policies relating to revenue recognition. Additional disclosures for trade receivables and revenue may be required, including any significant judgement and estimation made. Management is currently still assessing the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

### **FRS 116 Leases**

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of FRS 116 will result in changes to the accounting policy relating to leases. As at September 30, 2017, the Group has non-cancellable operating lease commitment and if such arrangements meet the definition of a lease under FRS 116, the Group will have to recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify as low value or short term leases upon application. As such, the adoption of FRS 116 may have an impact on the Group. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 116.

# Notes To The Financial Statements

As At September 30, 2017

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

### IFRS Convergence

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending September 30, 2019, with retrospective application to the comparative financial year ending September 30, 2018 and the opening statement of financial position as at October 1, 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1, including financial effects on transition to the new framework.

**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.

# Notes To The Financial Statements

As At September 30, 2017

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

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.

### 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.

# Notes To The Financial Statements

As At September 30, 2017

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

### Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### 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 (including trade and other receivables, cash and bank balances) are measured at 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.

For financial assets carried at amortised cost, 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 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 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.

### 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



# Notes To The Financial Statements

As At September 30, 2017

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

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. Interest expense calculated using the effective interest method 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.

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

# Notes To The Financial Statements

As At September 30, 2017

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

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 65 weeks (2016 : 65 weeks) and thereafter disposed 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.

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.

# Notes To The Financial Statements

As At September 30, 2017

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

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	-	3.3 to 15 years
Plant, machinery and equipment	-	3.3 to 10 years
Office equipment	-	3.3 to 5 years
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 30 years (2016 : 20 to 30 years).

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.

# Notes To The Financial Statements

As At September 30, 2017

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

**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.

**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.

### Sale of goods

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.

### Interest income

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

# Notes To The Financial Statements

As At September 30, 2017

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

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.

**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.

# Notes To The Financial Statements

As At September 30, 2017

## 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.

### ***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.

# Notes To The Financial Statements

As At September 30, 2017

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

### 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, 2017, the carrying amount of chickens is disclosed in Note 13 to the financial statements.

### Recognition of government grant subject to conditions

In prior year, a deferred government grant of amount \$5.9 million was received from Agri-Food & Veterinary Authority of Singapore, as a financial assistance to the Company for the transition from the existing to new farm premise. The grant is subject to the following conditions: (1) the Group has to operate on the new site for poultry farming for a period of 30 years commencing on May 27, 2016; and (2) the Group has to achieve a minimum production level of 9 million eggs per hectare per year, within 6 years from May 27, 2016. As at the end of the reporting period, management is confident that both conditions can be fulfilled.

### Recognition of rent-free period

In 2015, the management held discussions with the Singapore Land Authority ("SLA") 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. In 2016, the Group has transferred its existing land use rights, certain farm buildings and plant and equipment ("disposed assets") to SLA for a cash consideration of \$38.6 million.

In addition, the Group entered into a tenancy agreement with SLA to lease back the disposed assets for a period of 3 years till May 2019. Under this arrangement, the Group will be enjoying two and a half years of rent free period and the next half a year will be charged at one-third the prevailing market rent.

During the year, management has reached out to SLA to extend the lease to December 2019 in view of delay that is expected in moving to the new farm. As at the end of the reporting period, management and SLA have not reached an agreement. Accordingly, rental lease payments from June to December 2019 have not been considered in determining the deferred rental liability as at the end of the reporting period.

Based on the above conditions, management has recognised the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis as it is representative of the time pattern of the Group's benefit from the use of the leased assets in accordance with INT FRS 15 *Operating Leases - Incentives*.

Management has also assessed that the Government has given a grant in the form of rent-free period and reduced market rental rate during the lease period. Such grant has been recognised in the profit or loss over the period in which the Group recognises the rental expenses and has been presented as a net amount in the profit or loss.

# Notes To The Financial Statements

As At September 30, 2017

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

### *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 amount of biological assets is 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 amount of biological assets is disclosed in Note 13 to the financial statements.

#### 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.

During the year, management has reassessed its relocation date, based on the current progress of the development of the new farm premise, and is of the view that the relocation date is likely to be December 2019. Accordingly, the estimated useful lives of the non-movable property, plant and equipment, have been revised as follows:

Farm buildings	-	from 3.2 years to 3.3 years
Plant, machinery and equipment	-	from 3.2 years to 3.3 years
Office equipment	-	from 3.2 years to 3.3 years

The financial impact of the change in the estimated useful lives of the property, plant and equipment on depreciation expenses for the year ended September 30, 2017 is \$12,000. Should the relocation date of the plant change, there will be a corresponding effect on the depreciation expense.

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



# Notes To The Financial Statements

As At September 30, 2017

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

equipment will be based on value-in-use calculations. These calculations require the use of management judgement and estimates.

In relation to the property, plant and equipment used for chicken soup processing, management is of the view that it is not impaired as it is still in the infancy stage of setting up and hence, it is premature to assess whether the property, plant and equipment is impaired. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated long-term growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax rate used to discount the forecast cash flows is 8.1%.

Based on the value in use calculations as determined by management, possible increase or decrease to the following estimates used in management's assessment will impact the impairment loss as follows:

- (a) a 50 basis point increase in discount rate will result in impairment loss of \$158,000;
- (b) a 50 basis point decrease in long-term growth rate will result in impairment loss of \$99,000;
- (c) a 300 basis point decrease in year on year growth rate will result in impairment loss of \$273,000.

The carrying amounts of the Group's property, plant and equipment are disclosed in Note 11 to the financial statements.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### (a) Categories of financial instruments

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

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	50,434,690	50,026,987	4,044,506	4,171,994
<b>Financial liabilities</b>				
Amortised cost	5,942,694	6,285,109	569,000	686,848

### (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.

# Notes To The Financial Statements

As At September 30, 2017

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

### (i) Foreign exchange risk management

The Group transacts its business in other foreign currencies including the United States dollar, Euro, Malaysian ringgit and Hong Kong dollar 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
United States dollar	44,271	33,555	52,690	4,197,761
Euro	23,460	2,718	-	-
Malaysian ringgit	6,640	8,231	-	-
Hong Kong dollar	-	-	341,641	262,819
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 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.

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:

	2017	2016
	\$	\$
United States dollar	(842)	(416,421)
Euro	2,346	272
Malaysian ringgit	664	823
Hong Kong dollar	<u>(34,164)</u>	<u>(26,282)</u>

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 monetary assets or liabilities as at September 30, 2017, no sensitivity analysis has been presented in the financial statements.

# Notes To The Financial Statements

As At September 30, 2017

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

### (ii) Interest rate risk management

Interest-bearing financial assets are mainly bank balances which are short-term in nature and bank deposits which are subject to fixed interest rates. 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, 2017 would decrease/increase by \$5,471 (2016 : \$7,611).

### (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 other than one major customer which contributes 38% (2016 : 45%) of total trade 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.

# Notes To The Financial Statements

As At September 30, 2017

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL 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 \$
<u>Group</u>					
<u>2017</u>					
Non-interest bearing	-	4,642,927	-	-	4,642,927
Variable interest rate instruments	2.62	1,149,544	12,861	(68,211)	1,094,194
Fixed interest rate instruments	2.86	176,454	35,001	(5,882)	205,573
		<u>5,968,925</u>	<u>47,862</u>	<u>(74,093)</u>	<u>5,942,694</u>
<u>2016</u>					
Non-interest bearing	-	4,378,155	-	-	4,378,155
Variable interest rate instruments	2.56	1,531,261	92,599	(101,704)	1,522,156
Fixed interest rate instruments	4.21	189,540	211,455	(16,197)	384,798
		<u>6,098,956</u>	<u>304,054</u>	<u>(117,901)</u>	<u>6,285,109</u>

The Company's non-derivative financial liabilities of \$569,000 (2016 : \$686,848) are non-interest bearing and repayable on demand or due within 1 year from the end of the reporting period.

# Notes To The Financial Statements

As At September 30, 2017

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

### Non-derivative financial assets

All financial assets in 2017 and 2016 are non-interest bearing and repayable on demand or due within 1 year from the end of the reporting period.

### (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 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 2016.

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.

Transaction with ultimate holding company is as follows:

	2017	2016
	\$	\$
Dividend paid to ultimate holding company	282,144	282,144

# Notes To The Financial Statements

As At September 30, 2017

## 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	
	2017	2016
	\$	\$
Short-term benefits	1,736,969	1,788,415
Post-employment benefits	120,201	119,838
Total	<u>1,857,170</u>	<u>1,908,253</u>

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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash at bank	44,828,968	7,983,965	3,071,802	3,340,884
Fixed deposits	102,942	37,325,950	-	-
Cash and bank balances	44,931,910	45,309,915	3,071,802	3,340,884
Less: Pledged fixed deposits	(102,942)	(102,583)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<u>44,828,968</u>	<u>45,207,332</u>	<u>3,071,802</u>	<u>3,340,884</u>

The fixed deposits of \$102,942 (2016 : \$102,583) were pledged to a bank as security for banking facilities. The fixed deposits bear interest at an average effective interest rate at 0.35% (2016 : 0.35% to 0.98%) per annum and has a tenure of 12 months (2016 : 1 to 12 months).

## 8 TRADE RECEIVABLES

	Group	
	2017	2016
	\$	\$
Outside parties	5,251,225	4,490,007
Allowance for doubtful trade receivables	(997)	(1,179)
	<u>5,250,228</u>	<u>4,488,828</u>

# Notes To The Financial Statements

As At September 30, 2017

## 8 TRADE RECEIVABLES (cont'd)

The average credit period on sales of goods is 30 days to 90 days (2016 : 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.

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

	Group	
	2017	2016
	\$	\$
Not past due and not impaired	4,590,855	3,987,694
Past due but not impaired	659,373	501,134
Trade receivables not impaired	<u>5,250,228</u>	<u>4,488,828</u>
Impaired receivables	997	1,179
Less: Allowance for doubtful trade receivables	<u>(997)</u>	<u>(1,179)</u>
	-	-
Total trade receivables, net	<u><u>5,250,228</u></u>	<u><u>4,488,828</u></u>

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. 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	
	2017	2016
	\$	\$
< 3 months	659,373	500,165
3 months to 6 months	-	969
	<u>659,373</u>	<u>501,134</u>

Movement in the allowance for doubtful trade receivables:

	Group	
	2017	2016
	\$	\$
At beginning of year	1,179	5,791
Charged to (Reversed from) profit or loss, net (Note 26)	754	(1,639)
Amounts written off during the year	<u>(936)</u>	<u>(2,973)</u>
At end of year	<u><u>997</u></u>	<u><u>1,179</u></u>

# Notes To The Financial Statements

As At September 30, 2017

## 9 OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
		(Reclassified)		
Subsidiary corporations (Note 5)	-	-	971,705	830,390
Prepayments	159,150	127,220	12,347	11,241
Other deposits	351,005	178,980	-	-
Others	50,712	86,402	999	720
	<u>560,867</u>	<u>392,602</u>	<u>985,051</u>	<u>842,351</u>
Current	411,702	355,464	985,051	842,351
Non-current	149,165	37,138	-	-
	<u>560,867</u>	<u>392,602</u>	<u>985,051</u>	<u>842,351</u>

The non-current portion of other deposits pertained to deposits for property, plant and equipment. As at September 30, 2017 and September 30, 2016, other receivables are neither past due nor impaired.

## 10 INVENTORIES

	Group	
	2017	2016
	\$	\$
Agricultural produce:		
Eggs	121,841	95,822
Trading products	13,928	38,491
Chicken soup	1,355	2,552
Raw materials:		
Feeds	994,977	792,488
Vaccines and medicine	67,738	127,107
Packaging materials	194,264	143,533
	<u>1,394,103</u>	<u>1,199,993</u>



# Notes To The Financial Statements

As At September 30, 2017

## 11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold building	Farm buildings	Construction in progress	Plant, machinery and equipment	Office equipment and motor vehicles	Total
	\$	\$	\$	\$	\$	\$
<u>Group</u>						
Cost:						
At October 1, 2015	1,550,000	11,544,455	6,776,978	11,854,705	809,602	32,535,740
Additions	-	95,926	-	158,090	197,680	451,696
Disposals/Written off	-	(9,417,687)	-	(10,129,440)	(336,474)	(19,883,601)
Transfer	-	6,776,978	(6,776,978)	-	-	-
Exchange differences	-	-	-	(1,300)	1,163	(137)
At September 30, 2016	1,550,000	8,999,672	-	1,882,055	671,971	13,103,698
Additions	-	-	-	53,985	46,782	100,767
Disposals/Written off	-	(16,095)	-	(10,904)	(75,058)	(102,057)
Exchange differences	-	-	-	(379)	(76)	(455)
At September 30, 2017	1,550,000	8,983,577	-	1,924,757	643,619	13,101,953

## Notes To The Financial Statements

As At September 30, 2017

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

	Leasehold building \$	Farm buildings \$	Construction in progress \$	Plant, machinery and equipment \$	Office equipment and motor vehicles \$	Total \$
<u>Group (cont'd)</u>						
Accumulated depreciation:						
At October 1, 2015	63,209	8,110,198	-	5,609,263	480,869	14,263,539
Charge for the year	32,979	504,234	-	682,736	113,088	1,333,037
Disposals/Written off	-	(715,982)	-	(5,740,017)	(288,588)	(6,744,587)
Exchange differences	-	-	-	(946)	1,312	366
At September 30, 2016	96,188	7,898,450	-	551,036	306,681	8,852,355
Charge for the year	32,979	338,588	-	242,042	119,306	732,915
Disposals/Written off	-	(9,109)	-	(6,018)	(73,402)	(88,529)
Exchange differences	-	-	-	(336)	(18)	(354)
At September 30, 2017	129,167	8,227,929	-	786,724	352,567	9,496,387
Carrying amount:						
At September 30, 2017	1,420,833	755,648	-	1,138,033	291,052	3,605,566
At September 30, 2016	1,453,812	1,101,222	-	1,331,019	365,290	4,251,343

# Notes To The Financial Statements

As At September 30, 2017

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

	Office equipment and motor vehicles \$
<u>Company</u>	
Cost:	
At October 1, 2015,	
September 30, 2016 and 2017	33,188
Accumulated depreciation:	
At October 1, 2015	2,213
Charge for the year	6,637
At September 30, 2016	8,850
Charge for the year	6,638
At September 30, 2017	15,488
Carrying amount:	
At September 30, 2017	17,700
At September 30, 2016	24,338

An amount of \$414,981 (2016 : \$889,783) 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 \$519,399 (2016 : \$594,493) and motor vehicles with carrying amount of \$80,266 (2016 : \$103,008) are under finance lease obligations (Note 18).

During the year, the Group has pledged the leasehold building having a carrying amount of \$1,420,833 (2016 : \$1,453,812) to secure banking facilities granted to the Group.

# Notes To The Financial Statements

As At September 30, 2017

## 12 LAND USE RIGHTS

	Group	
	2017	2016
	\$	\$
Cost:		
At beginning of the year	4,094,000	2,100,000
Additions	-	4,094,000
Disposal	-	(2,100,000)
At end of the year	<u>4,094,000</u>	<u>4,094,000</u>
Accumulated amortisation:		
At beginning of the year	45,489	901,250
Amortisation for the year	136,467	97,989
Disposal	-	(953,750)
At end of the year	<u>181,956</u>	<u>45,489</u>
Carrying amount:		
At September 30	<u>3,912,044</u>	<u>4,048,511</u>

An amount of \$Nil (2016 : \$44,887) 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	
	2017	2016
	\$	\$
At beginning of year	6,544,493	6,308,958
Increase due to purchase/depreciation and amortisation charges capitalised (Notes 11 and 12)	18,108,301	18,424,814
Decrease due to amortisation	(15,165,649)	(15,590,087)
Decrease due to sales/write-off of biological assets	(1,853,080)	(2,599,192)
At end of year	<u>7,634,065</u>	<u>6,544,493</u>
Biological assets comprise:		
Mature chickens	7,223,690	6,097,123
Immature chickens	410,375	447,370
Total	<u>7,634,065</u>	<u>6,544,493</u>

# Notes To The Financial Statements

As At September 30, 2017

## 13 BIOLOGICAL ASSETS (cont'd)

	Mature \$	Immature \$	Total \$
<u>Group</u>			
Cost:			
At October 1, 2015	20,509,215	631,965	21,141,180
Additions	15,724,473	2,700,341	18,424,814
Transfers	2,679,401	(2,679,401)	-
Written off/Disposals	(19,745,847)	(205,535)	(19,951,382)
At September 30, 2016	19,167,242	447,370	19,614,612
Additions	15,006,030	3,102,271	18,108,301
Transfers	3,008,415	(3,008,415)	-
Written off/Disposals	(20,969,424)	(130,851)	(21,100,275)
At September 30, 2017	16,212,263	410,375	16,622,638
Accumulated amortisation:			
At October 1, 2015	14,832,222	-	14,832,222
Amortisation for the year	15,590,087	-	15,590,087
Written off/Disposals	(17,352,190)	-	(17,352,190)
At September 30, 2016	13,070,119	-	13,070,119
Amortisation for the year	15,165,649	-	15,165,649
Written off/Disposals	(19,247,195)	-	(19,247,195)
At September 30, 2017	8,988,573	-	8,988,573
Carrying amount:			
At September 30, 2017	7,223,690	410,375	7,634,065
At September 30, 2016	6,097,123	447,370	6,544,493

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. 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, 2017

## 14 INVESTMENT IN SUBSIDIARY CORPORATIONS

	Company	
	2017	2016
	\$	\$
Unquoted equity shares, at cost	11,099,720	10,999,720
Less: Allowance for impairment loss	(816,000)	(800,000)
Carrying amount	<u>10,283,720</u>	<u>10,299,720</u>

During the year, the Company carried out a review of the recoverable amounts of their investment in subsidiary corporations where there was continuing losses in one of the investments which had suffered an impairment loss in prior year. At the end of the reporting period, management was of the view that the provision of \$816,000 (2016 : \$800,000) recognised is adequate.

The principal subsidiary corporations of the Company are as follows:

	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2017	2016	
		%	%	
Chew's Agriculture Pte Ltd <sup>(a)</sup>	Singapore	100	100	Production and selling of eggs and trading of spent grains
Chew's Food International Limited <sup>(b)</sup>	Hong Kong	90	90	Trading of eggs
Chew's Group Marketing Pte Ltd <sup>(a)</sup>	Singapore	100	100	Trading of food and agricultural products
Chew's Engineering Services Pte Ltd <sup>(a)</sup>	Singapore	100	100	Provision of engineering, maintenance and construction services
Chew's Group Investment Pte Ltd <sup>(a)</sup>	Singapore	100	100	Investment holding company

<sup>(a)</sup> Audited by Deloitte & Touche LLP, Singapore.

<sup>(b)</sup> Audited by Au & Partners, Hong Kong.

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

# Notes To The Financial Statements

As At September 30, 2017

## 15 BANK LOANS

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Bank loans	1,094,194	1,522,156	-	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,081,394)	(1,431,196)	-	-
Amount due for settlement after 12 months	<u>12,800</u>	<u>90,960</u>	<u>-</u>	<u>-</u>

The Group has the following principal bank loans:

- A remaining loan amount of \$90,949 (2016 : \$166,659). 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 3.12% (2016 : 2.88%) per annum during the year. The loan is guaranteed by the Company.
- A remaining loan amount of \$254,593 (2016 : \$515,189), 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 3.401% (2016 : 3.505%) 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.
- A remaining loan amount of \$748,652 (2016 : \$840,308), 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 2.29% (2016 : 1.92%) 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.

The fair value of the bank loans approximates their carrying amounts as at September 30, 2017.

The bank loans include restrictive covenants, including among others, changes in shareholding structure of its subsidiary, Chew's Agriculture Pte Ltd ("CAPL"), maintaining sufficient cash balances and net worth, selling assets and allowing new liens. If CAPL were to breach the covenants, the bank loans would become repayable on demand. The Group regularly monitors its compliance with the covenants.

# Notes To The Financial Statements

As At September 30, 2017

## 16 TRADE PAYABLES

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Outside parties	<u>1,984,616</u>	<u>1,817,814</u>	<u>8,688</u>	<u>343</u>

The average credit period of trade payables is 30 days to 90 days (2016 : 30 days to 90 days). No interest is charged on the outstanding balances.

## 17 OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
		(Reclassified)		
Government grant deferred	5,889,532	6,167,335	-	-
Accruals	2,657,569	2,559,954	560,312	686,505
Others	742	387	-	-
	<u>8,547,843</u>	<u>8,727,676</u>	<u>560,312</u>	<u>686,505</u>
Current	8,157,653	8,425,562	560,312	686,505
Non-current - government grant deferred/accruals	390,190	302,114	-	-
	<u>8,547,843</u>	<u>8,727,676</u>	<u>560,312</u>	<u>686,505</u>



# Notes To The Financial Statements

As At September 30, 2017

## 18 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	\$	\$	\$	\$
<u>Group</u>				
Amounts payable under finance leases:				
Within one year	176,454	189,540	171,742	179,226
In the second to fifth year inclusive	35,001	211,455	33,831	205,572
	<u>211,455</u>	<u>400,995</u>	<u>205,573</u>	<u>384,798</u>
Less: Future finance charges	(5,882)	(16,197)	-	-
Present value of lease obligations	<u>205,573</u>	<u>384,798</u>	205,573	384,798
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(171,742)	(179,226)
Amount due for settlement after 12 months			<u>33,831</u>	<u>205,572</u>

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 (2016 : 4 years). The average effective borrowing rates ranges from 1.3% to 4.3% (2016 : 1.3% to 4.3%) 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, 2017.

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.

# Notes To The Financial Statements

As At September 30, 2017

## 19 DEFERRED TAX LIABILITIES (ASSETS)

	Accelerated tax depreciation (Accelerated accounting depreciation) \$
<u>Group</u>	
At October 1, 2015	451,002
Credited to profit or loss (Note 25)	(1,197,822)
Adjustment arising from prior year (Note 25)	716,020
At September 30, 2016	(30,800)
Charged to profit or loss (Note 25)	46,781
At September 30, 2017	<u>15,981</u>

## 20 SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		\$	
Issued and fully paid:				
At beginning and at end of year	<u>84,498,000</u>	<u>84,498,000</u>	<u>13,292,106</u>	<u>13,292,106</u>

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 REVENUE

These represent revenue from sale of goods.

# Notes To The Financial Statements

As At September 30, 2017

## 22 OTHER INCOME

	Group	
	2017	2016
	\$	\$
Gain on disposal of land use rights, property, plant and equipment	-	24,353,385
Reversal of allowance for doubtful trade receivables	3,799	19,257
Government grants	277,803	3,804,600
Sundry income	190,610	325,371
Net foreign exchange gain	152,661	-
Insurance claim	3,124	1,199
Interest income	351,917	135,649
Total	979,914	28,639,461

## 23 OTHER OPERATING EXPENSES

	Group	
	2017	2016
	\$	\$
Loss on disposal of property, plant and equipment	2,438	-
Net foreign exchange loss	-	54,760
Advertisements	63,538	58,610
Professional expenses	400,873	413,799
Carriage charges	66,600	66,300
Insurance	177,252	189,400
Trade receivables written off	4,553	17,618
Biological assets written off	1,277,736	2,166,014
Repair and maintenance	377,494	-
Research and development	32,541	38,541
Staff welfare	305,447	446,195
Transport expenses	387,303	252,305
Other general expenses	716,288	802,675
Total	3,812,063	4,506,217

## 24 FINANCE COSTS

	Group	
	2017	2016
	\$	\$
Interest on bank loans	31,881	50,084
Interest on obligation under finance leases	10,314	69,233
Total	42,195	119,317

# Notes To The Financial Statements

As At September 30, 2017

## 25 INCOME TAX EXPENSE

	Group	
	2017	2016
	\$	\$
Income tax:		
- Current year	706,965	2,100,396
- Under (Over) Provision of prior year	71,601	(48,854)
Deferred tax (Note 19):		
- Current year	46,781	(1,197,822)
- Underprovision of prior year	-	716,020
Total	<u>825,347</u>	<u>1,569,740</u>

Domestic income tax is calculated at 17% (2016 : 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	
	2017	2016
	\$	\$
Profit before income tax	<u>4,272,631</u>	<u>29,507,936</u>
Income tax expense at statutory rate	726,347	5,016,349
Effect of expenses that are not deductible in determining taxable profit	117,748	96,996
Effect of non-taxable income	(1,651)	(4,140,075)
Effect of tax concessions	(22,115)	(42,826)
Underprovision of prior year's tax	71,601	667,166
Effect of unused tax losses not recognised as deferred tax assets	-	9,355
Tax exemption	(48,393)	(48,382)
Others	(18,190)	11,157
Total income tax expense	<u>825,347</u>	<u>1,569,740</u>

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses amounting to \$311,383 (2016 : \$311,383) 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.

# Notes To The Financial Statements

As At September 30, 2017

## 26 PROFIT FOR THE YEAR

	Group	
	2017	2016
	\$	\$
Profit for the year is arrived at after charging (crediting):		
Government grants	(277,803)	(3,804,600)
Cost of inventories recognised as expense	6,216,652	4,582,358
Directors' fee	151,250	151,250
Directors' remuneration	700,862	734,634
Depreciation of property, plant and equipment	317,934	443,254
Amortisation of land use rights	136,467	53,102
Amortisation of biological assets (Note 13)	15,165,649	15,590,087
Biological assets written off, net	1,277,736	2,166,014
Loss (Gain) on disposal of land use rights property, plant and equipment, net	2,438	(24,353,385)
Allowance for (Reversal of) doubtful trade receivables, net	754	(1,639)
Employee benefits expense (including directors' remuneration)		
Salaries	6,179,759	6,012,197
Cost of defined contribution plan	1,123,082	1,130,903
Others	94,718	95,326
	7,397,559	7,238,426
Capitalised and included in the carrying amount of biological assets	(2,558,493)	(1,920,703)
Total employee benefits expense	4,839,066	5,317,723
Audit fees	114,500	118,000
Non-audit fees:		
- paid to auditors of the company	19,700	21,100
- paid to other auditors	23,599	25,361

## 27 EARNINGS PER SHARE

Earnings per share is calculated based on the profit attributable to the owners of the Company of \$3,421,431 (2016 : \$27,910,254) 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.

# Notes To The Financial Statements

As At September 30, 2017

## 28 **DIVIDENDS**

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 by the Company and paid to the shareholders of the Company.

On November 24, 2016 in respect of the financial year ended September 30, 2016, a final one-tier tax exempt dividend of \$0.0049 per ordinary share amounting to a total of \$414,040 was declared by the Company and paid to the shareholders of the Company.

On November 28, 2017, in respect of the financial year ended September 30, 2017, a final one-tier tax exempt dividend of \$0.0050 per ordinary share amounting to a total of \$422,490 was declared. This is subject to approval by shareholders at the forthcoming Annual General Meeting on January 26, 2018 and has not been included as a liability in these financial statements.

## 29 **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

Others relates to sale of feed material, trading products 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 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.

# Notes To The Financial Statements

As At September 30, 2017

## 29 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.

For 2017, unallocated corporate assets mainly include the unutilised cash proceeds received from the disposal of property, plant and equipment to the Government in prior year. Unallocated corporate liabilities mainly include the deferred government grant of \$5.9 million received in prior year from the Government in relation to the financial assistance for the relocation of farm, of which \$5.6 million remained as deferred income as at the end of the reporting period.

For 2016, unallocated other income includes the gain on disposal of \$24.4 million. Unallocated corporate assets include the cash proceeds received of \$38.6 million for the disposal of property, plant and equipment to the Government and newly acquired land use rights of \$4.0 million. Unallocated corporate liabilities include the deferred government grant of \$5.9 million received from the Government in relation to the financial assistance for the relocation of farm.

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

	Designer and generic eggs \$	Liquid eggs \$	Spent grains \$	Food processing \$	Others \$	Total \$
<b>2017</b>						
<b>REVENUE</b>						
External revenue	29,712,588	739,029	2,804,477	11,539	655,684	33,923,317
<b>RESULT</b>						
Segment result	5,896,084	30,681	161,168	(209,782)	233,753	6,111,904
Unallocated other income						784,647
Unallocated corporate expenses						(2,581,725)
Finance costs						(42,195)
Profit before income tax						4,272,631
<b>OTHER INFORMATION</b>						
Biological assets written off, net	1,277,736	-	-	-	-	1,277,736
Depreciation of property, plant and equipment	142,217	734	-	149,701	2,745	295,397
Amortisation of biological assets	15,165,649	-	-	-	-	15,165,649
Allowance for doubtful trade receivables, net	260	-	-	-	494	754
<b>SEGMENT ASSETS</b>						
Segment assets	14,815,494	101,937	173,078	2,244,658	480,673	17,815,840
Unallocated corporate assets						49,472,943
Total assets						67,288,783
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	2,507,433	3,595	235,990	1,145,646	149,491	4,042,155
Unallocated corporate liabilities						8,509,109
Total liabilities						12,551,264

# Notes To The Financial Statements

As At September 30, 2017

## 29 SEGMENT INFORMATION (cont'd)

	Designer and generic eggs \$	Liquid eggs \$	Spent grains \$	Food processing \$	Others \$	Total \$
2016						
<b>REVENUE</b>						
External revenue	27,623,331	684,942	2,625,342	4,552	660,317	31,598,484
<b>RESULT</b>						
Segment result	5,766,464	32,996	151,121	(149,880)	37,457	5,838,158
Unallocated other income						27,099,073
Unallocated corporate expenses						(3,309,978)
Finance costs						(119,317)
Profit before income tax						29,507,936
<b>OTHER INFORMATION</b>						
Biological assets written off, net	2,166,014	-	-	-	-	2,166,014
Depreciation of property, plant and equipment	214,219	5,201	-	114,591	3,691	337,702
Amortisation of biological assets	15,590,087	-	-	-	-	15,590,087
Reversal of doubtful trade receivables, net	(1,639)	-	-	-	-	(1,639)
<b>SEGMENT ASSETS</b>						
Segment assets	13,300,933	123,496	268,540	2,424,117	338,920	16,456,006
Unallocated corporate assets						49,810,479
Total assets						66,266,485
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	2,243,452	4,089	220,129	1,424,656	131,194	4,023,520
Unallocated corporate liabilities						10,529,995
Total liabilities						14,553,515



# Notes To The Financial Statements

As At September 30, 2017

## 29 SEGMENT INFORMATION (cont'd)

### **Geographical information**

The Group operates in two principal geographical areas - Singapore (country of domicile) and Hong Kong.

The Group's revenue from external customers and information about its segment assets by geographical location are detailed below:

	Singapore \$	Hong Kong \$	Total \$
<u>2017</u>			
REVENUE			
External revenue	31,289,055	2,634,262	<u>33,923,317</u>
NON-CURRENT ASSETS			
Non-current assets	15,213,329	87,511	<u>15,300,840</u>
<u>2016</u>			
REVENUE			
External revenue	29,396,311	2,202,173	<u>31,598,484</u>
NON-CURRENT ASSETS			
Non-current assets	14,873,396	8,089	<u>14,881,485</u>

### **Information about major customers**

Included in revenues arising from selling of designer and generic eggs are \$10,911,870 (2016 : \$10,486,923) which arose from sales to the Group's largest customer.

## 30 CAPITAL COMMITMENTS

	Group	
	2017 \$	2016 \$
Commitments for the acquisition of property, plant and equipment	<u>704,629</u>	<u>767,057</u>

# Notes To The Financial Statements

As At September 30, 2017

## 31 OPERATING LEASE ARRANGEMENTS

	Group	
	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases recognised as an expense in the year	100,574	117,951

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

	Group	
	2017	2016
	\$	\$
Within 1 year	152,503	41,246
Within 2 to 5 years	719,991	472,682
	<u>872,494</u>	<u>513,928</u>

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 (2016 : 2.5 years). Office equipment leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years.

## 32 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 to reclassify other receivables and other payables between current and non-current assets and liabilities respectively. No reclassification has been made to October 1, 2015 balances hence, no third statement of financial position has been presented. Accordingly, certain line items have been amended on the statement of financial position and the related notes to the financial statements. The items were reclassified as follows:

	Group	
	Previously reported	After reclassification
	\$	\$
<b>Statement of financial position</b>		
<b>- September 30, 2016</b>		
<b>Current assets</b>		
Other receivables	392,602	355,464
<b>Non-current assets</b>		
Other receivables	-	37,138
<b>Current liabilities</b>		
Other payables	4,750,932	8,425,562
<b>Non-current liabilities</b>		
Other payables	<u>3,976,744</u>	<u>302,114</u>

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
GROUP FOR 1HY2018**

**Half Year Financial Statement and Related Dividend Announcement  
For the Half Year Period ended 31 March 2018**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
(Six months financial period ended 31 March 2018 ("1HY2018") vs Six months financial period ended 31 March 2017 ("1HY2017"))**

	Unaudited		Increase/ (Decrease)
	1HY2018 S\$'000	1HY2017 <sup>(1)</sup> S\$'000	(Decrease) %
<b>Continuing operations</b>			
Revenue	1,470	1,215	21
Other operating income	13	13	-
Changes in inventories	29	9	222
Purchase of materials <sup>(2)</sup>	(388)	(163)	138
Employee benefits expense	(485)	(458)	6
Depreciation and amortisation expense	(24)	(7)	243
Rental expenses	(75)	(27)	178
Other operating expenses	(480)	(397)	21
Profit before tax	61 <sup>(3)</sup>	185	(67)
Income tax expense	(3)	(27)	(89)
Profit for the period from continuing operations	58	158	(63)
<b>Discontinued operations</b>			
(Loss)Profit for the period from discontinued operations	(172) <sup>#</sup>	1,501	NM
(Loss)Profit for the year	<b>(114)</b>	<b>1,659</b>	<b>NM</b>

<sup>#</sup> Net of impairment loss for assets held for sale of \$1.9 million.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (1HY2018 vs 1HY2017)**

	Unaudited		Increase/ (Decrease) %
	1HY2018 S\$'000	1HY2017 <sup>(1)</sup> S\$'000	
Other comprehensive Loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operation	(15)	-	NM
<b>Other comprehensive loss for the period, net of tax</b>	<b>(15)</b>	<b>-</b>	<b>NM</b>
<b>Total comprehensive (loss)income for the period</b>	<b>(129)</b>	<b>1,659</b>	<b>NM</b>
<b>(Loss)Profit attributable to:</b>			
Owners of the Company	(116)	1,645	NM
Non-controlling interests	2	14	(86)
	<b>(114)</b>	<b>1,659</b>	<b>NM</b>
<b>Total comprehensive (loss)income attributable to:</b>			
Owners of the Company	(131)	1,645	NM
Non-controlling interests	2	14	(86)
	<b>(129)</b>	<b>1,659</b>	<b>NM</b>

**Notes to Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Unaudited		Increase/ (Decrease) %
	1HY2018 S\$'000	1HY2017 <sup>(1)</sup> S\$'000	
<b>Continuing operations</b>			
Interest Income	12	9	33
Net foreign exchange (loss)gain	(8)	4	NM
<b>Discontinued operations</b>			
Interest income	136	165	(18)
Interest expense	(16)	(23)	(30)
Gain on disposal of property, plant and equipment	4	8	(50)
Property, plant and equipment written off	(24)	-	NM
Government grants	147	34	332
Allowance for doubtful trade receivables, net	(11)	(3)	267
Biological assets written off	(787)	(617)	28
Net foreign exchange (loss)gain	(27)	178	NM
Impairment loss on assets held for sale	(1,920)	-	NM

<sup>(1)</sup> 1HY2017 figures have been reclassified in accordance to Financial Reporting Standard ("FRS") 105 Non-current Assets Held for Sale and Discontinued Operations.

<sup>(2)</sup> Purchase of materials excluded intercompany purchases from discontinued operations of approximately \$718,000 and \$622,000 in 1HY2018 and 1HY2017 respectively. These purchases were eliminated with (loss)profit resided in discontinued operations.

<sup>(3)</sup> As a result of rounding differences, numbers or percentages may not add up to the total.

NM – Not Meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

Statement of Financial Position	Group		Company	
	31/03/2018 Unaudited S\$'000	30/09/2017 Audited S\$'000	31/03/2018 Unaudited S\$'000	30/09/2017 Audited S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	48,142	44,932	5,082	3,072
Trade receivables	1,004	5,250	-	-
Other receivables	313	412	40,971	985
Inventories	68	1,394	-	-
	49,526 <sup>(1)</sup>	51,988	46,053	4,057
Assets classified as held for sale	19,019	-	8,364	-
Total current assets	68,545	51,988	54,416 <sup>(1)</sup>	4,057
<b>Non-current assets</b>				
Other receivables	-	149	-	-
Property, plant and equipment	129	3,606	25	18
Land use rights	-	3,912	-	-
Biological assets	-	7,634	-	-
Investment in subsidiary corporations	-	-	-	10,284
Total non-current assets	129	15,301	25	10,301 <sup>(1)</sup>
<b>Total assets</b>	<b>68,674</b>	<b>67,289</b>	<b>54,441</b>	<b>14,358</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Current portion of bank loans	-	1,081	-	-
Trade payables	141	1,985	2	9
Other payables	3,118	8,158	2,620	560
Current portion of finance leases	-	172	-	-
Income tax payable	4	703	-	-
	3,263	12,098 <sup>(1)</sup>	2,622	569
Liabilities associated with assets classified as held for sale	11,225	-	-	-
Total current liabilities	14,488	12,098	2,622	569
<b>Non-current liabilities</b>				
Bank loans	-	13	-	-
Other payables	-	390	-	-
Finance leases	-	34	-	-
Deferred tax liabilities	-	16	-	-
Total non-current liabilities	-	453	-	-
<b>Capital, reserves and non-controlling interests</b>				
Share capital	13,292	13,292	13,292	13,292
Capital reserve	2	2	-	-
Foreign exchange translation deficit	(33)	(18)	-	-
Retained earnings	40,891	41,430	38,528	497
Equity attributable to owners of the Company	54,152	54,706	51,820	13,789
Non-controlling interests	34	32	-	-
Total equity	54,186	54,738	51,820	13,789
<b>Total liabilities and equity</b>	<b>68,674</b>	<b>67,289</b>	<b>54,441<sup>(1)</sup></b>	<b>14,358</b>

<sup>(1)</sup> As a result of rounding differences, numbers or percentages may not add up to the total.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**
**Amount repayable in one year or less, or on demand**

As at 31/03/2018 (Unaudited)		As at 30/09/2017 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	1,253	-

**Amount repayable after one year**

As at 31/03/2018 (Unaudited)		As at 30/09/2017 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	47	-

Obligations under finance leases are secured over the leased assets and corporate guarantees provided by the Company to the financial institutions. Obligations under the bank loans are secured over the property at 8A Admiralty Street #07-18 Singapore 757437 and corporate guarantees provided by the Company.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**
**Consolidated Statement of Cash Flows**

	1HY2018 Unaudited S\$'000	1HY2017 Unaudited S\$'000
<b>Operating activities</b>		
Profit before income tax from continuing operations	61	185
Profit before income tax from discontinued operations	213	1,906
Adjustments for:		
Interest expense	16	23
Interest income	(148)	(174)
Biological assets written off, net	787	617
Depreciation of property, plant and equipment	128	160
Amortisation of land use rights	68	68
Amortisation of biological assets	7,950	7,206
Allowance for doubtful trade receivables, net	11	3
Allowance for impairment loss for assets held for sale	1,920	-
Gain on disposal of property, plant and equipment, net	(4)	(8)
Property, plant and equipment written off, net	24	-
Government grant income	(147)	(34)
Operating cash flows before movements in working capital	10,879	9,952
Trade receivables	293	(216)
Other receivables	(215)	72
Inventories	(360)	(550)
Trade payables	141	59
Other payables	(494)	(430)
Cash generated from operations	10,243 <sup>(1)</sup>	8,888 <sup>(1)</sup>
Interest paid	(16)	(23)
Income tax paid	(224)	(1,149)
<b>Net cash from operating activities</b>	<b>10,003</b>	<b>7,716</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	5	10
Purchases of property, plant and equipment <sup>(2)</sup>	(190)	(66)
Proceeds from disposal of biological assets	244	316
Purchases of biological assets	(8,761)	(8,865)
Deposits from disposal of subsidiaries	2,500	-
Interest received	148	174
<b>Net cash used in investing activities</b>	<b>(6,053)<sup>(1)</sup></b>	<b>(8,430)<sup>(1)</sup></b>



**Consolidated Statement of Cash Flows**

	<b>1HY2018 Unaudited S\$'000</b>	<b>1HY2017 Unaudited S\$'000</b>
<b>Financing activities</b>		
Repayments of bank loans	(210)	(220)
Repayments of obligation under finance leases	(92)	(89)
Dividends paid	(422)	(414)
<b>Net cash used in financing activities</b>	<b>(726)<sup>(1)</sup></b>	<b>(723)</b>
Net increase(decrease) in cash and cash equivalents	3,224	(1,438) <sup>(1)</sup>
Cash and cash equivalents at beginning of the period	44,829	45,207
Effects of exchange rate changes on the balance of cash held in foreign currencies	(14)	-
<b>Cash and cash equivalents at end of the period<sup>(4)</sup></b>	<b>48,039<sup>(3)</sup></b>	<b>43,770<sup>(1)</sup></b>

**Notes:**

<sup>(1)</sup> As a result of rounding differences, numbers or percentages may not add up to the total.

<sup>(2)</sup> In 1HY2018, the Group acquired property, plant and equipment at an aggregate cost of \$266,039, of which \$76,000 was acquired under finance lease arrangements and \$190,039 was paid in cash. In 1HY2017, the Group acquired property, plant and equipment at an aggregate cost of \$65,869 and paid in full by cash.

<sup>(3)</sup> We refer to the announcement released by the Company on 20 April 2018 on the completion of the disposal of the entire issued and paid-up share capital of the four Singapore subsidiaries of the Group, cash and cash equivalents of \$48.0 million as at 31 March 2018 includes the Excluded Cash of \$43.0 million.

<sup>(4)</sup> Cash and cash equivalents as at 31 March 2018 and 31 March 2017 comprised pledged fixed deposits, cash and bank balances as below.

	<b>1HY2018 Unaudited S\$'000</b>	<b>1HY2017 Unaudited S\$'000</b>
Cash at bank	48,039	3,694
Fixed deposits	103	40,178
Cash and bank balances	48,142	43,872
Less: Pledged fixed deposits	(103)	(103)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>48,039</b>	<b>43,770<sup>(1)</sup></b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Share capital S\$'000	Capital reserve S\$'000	Foreign exchange translation deficit S\$'000	Retained earnings S\$'000	Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>Group (Unaudited)</b>							
Balance at 1 October, 2017	13,292	2	(18)	41,430	54,706	32	54,738
Total comprehensive income for the period							
Profit for the period	-	-	-	(116)	(116)	2	(114)
Other comprehensive income for the period	-	-	(15)	-	(15)	-	(15)
Total	-	-	(15)	(116)	(131)	2	(129)
Transactions with owners, recognised directly in equity:							
Dividends paid	-	-	-	(422)	(422)	-	(422)
Total	-	-	-	(422)	(422)	-	(422)
<b>Balance at 31 March, 2018</b>	<b>13,292</b>	<b>2</b>	<b>(33)</b>	<b>40,891<sup>(1)</sup></b>	<b>54,152<sup>(1)</sup></b>	<b>34</b>	<b>54,186<sup>(1)</sup></b>
<b>Group (Unaudited)</b>							
Balance at 1 October, 2016	13,292	2	(9)	38,423	51,707 <sup>(1)</sup>	6	51,713
Total comprehensive income for the period							
Profit for the period	-	-	-	1,645	1,645	14	1,659
Other comprehensive income for the period	-	-	-	-	-	-	-
Total	-	-	-	1,645	1,645	14	1,659
Transactions with owners, recognised directly in equity:							
Dividends paid	-	-	-	(414)	(414)	-	(414)
Total	-	-	-	(414)	(414)	-	(414)
<b>Balance at 31 March, 2017</b>	<b>13,292</b>	<b>2</b>	<b>(9)</b>	<b>39,654</b>	<b>52,938<sup>(1)</sup></b>	<b>20</b>	<b>52,958</b>

<sup>(1)</sup> As a result of rounding differences, numbers or percentages may not add up to the total.

### Statements of Changes in Equity

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Company (Unaudited)</b>			
Balance at 1 October, 2017	13,292	497	13,789
Profit for the period, representing total comprehensive income for the period	-	38,453	38,453
Dividends paid, representing transactions with owners recognised directly in equity	-	(422)	(422)
<b>Balance at 31 March, 2018</b>	<b>13,292</b>	<b>38,528</b>	<b>51,820</b>
<b>Company (Unaudited)</b>			
Balance at 1 October, 2016	13,292	528	13,820
Profit for the period, representing total comprehensive income for the period	-	(38)	(38)
Dividends paid, representing transactions with owners recognised directly in equity	-	(414)	(414)
<b>Balance at 31 March, 2017</b>	<b>13,292</b>	<b>76</b>	<b>13,368</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital since 30 September 2017. The issued and paid-up capital of the Company as at 31 March 2018 and 30 September 2017 was \$13,292,106 comprising 84,498,000 shares.

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 March 2018 and 31 March 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	<b>Company 31/3/2018</b>	<b>Company 30/09/2017</b>
Total number of issued shares excluding treasury shares	84,498,000	84,498,000

There were no treasury shares as at 31 March 2018 and 30 September 2017.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable. The Company did not have treasury shares during and as at the end of the current six months financial period ended 31 March 2018.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable. There were no subsidiary holdings during and as at the end of the current six months financial period ended 31 March 2018.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's independent auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Save as disclosed in item 5 below, the 1HY2018 financial results have been prepared using the same accounting policies and methods of computation as presented in the Group's audited financial statements for the financial year ended 30 September 2017.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all new and/or revised Singapore Financial Reporting Standards ("FRSs") and interpretation of FRSs ("INT FRSs") that are relevant to its operations and effective for the financial period beginning on or after 1 October 2017.

The adoption of these new/revised FRSs and INT FRSs does not result in changes in the Group's accounting policies and has no material impact on the financial statements reported for the current financial period or prior financial periods.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group (Unaudited)	
	1HY2018	1HY017
Basic and diluted (loss)earnings per share ("EPS") in Singapore cents <sup>(1)</sup>		
- From continuing and discontinued operations	(0.14)	1.95
- From continuing operations	0.07	0.17

**Notes:**

<sup>(1)</sup> The basic and diluted EPS are computed based on the total number of issued shares in the Company of 84,498,000.

The basic and diluted EPS were the same as there were no potentially dilutive ordinary shares existing during the respective financial periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	31/03/2018 Unaudited	30/09/2017 Audited	31/03/2018 Unaudited	30/09/2017 Audited
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (Singapore cents)	64.09	64.74	61.33	16.32
Number of ordinary shares in issue	84,498,000	84,498,000	84,498,000	84,498,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

**Review of the Financial Performance of the Group (1HY2018 vs 1HY2017)**

We refer to the announcement issued by the Company on 20 April 2018, on the completion of the disposal (the "Disposal") of the four wholly-owned Singapore subsidiaries. Based on FRS 105, the Disposal shall be considered and accounted for as non-current assets held for sale and discontinued operations with effect from 8 March 2018. The comparative statement of profit or loss and other comprehensive income is re-presented as if the operations had been discontinued from the start of the comparative year.

**Continuing Operations:**

The Group's continuing operations include the operations of the Company and its subsidiary in Hong Kong.

The Group recorded a revenue of approximately \$1.5 million in 1HY2018 as compared to \$1.2 million in 1HY2017. The increase of \$0.3 million is primarily due to the increase in the number of trading products in Hong Kong. Other operating income comprise mainly interest income derived from bank balances locally.

The Group's changes in inventories increased by approximately \$20,000, this was to support new products traded in Hong Kong. The increase in purchase of materials of \$225,000 is in tandem with the higher revenue. Following the Disposal, the purchase of eggs from Chew's Agriculture Pte Ltd will not be eliminated at the group level.

Employee benefits expenses were maintained at approximately \$0.5 million for both 1HY2017 and 1HY2018. Depreciation and rental expenses for 1HY2018 rose by approximately \$17,000 and \$48,000 respectively, as compared to 1HY2017, mainly due to the shifting of the Hong Kong office cum warehouse to a larger space to support growth. Other operating expenses increased by \$83,000, mainly due to insurance charges, increase in professional fees and a one-time product listing fee for new products to be launched in Hong Kong.

Income tax expense decreased to \$3,000 in 1HY2018 from \$27,000 in 1HY2017 and profit for the period from continuing operations decreased by \$100,000 from \$158,000 in 1HY2017 to \$58,000 in 1HY2018.

**Discontinued operations:**

Loss after tax from discontinued operations amounted to approximately \$0.2 million in 1HY2018 as compared to a profit of \$1.5 million in 1HY2017. The decrease is mainly due to (a) an impairment loss of \$1.9 million (arising from the write down of the Group's net assets held for sales to its fair value less costs to sell, in accordance with FRS 105), (b) a higher amortisation expense of \$0.7 million on the biological assets due to the extension of the life of the layer hens, and (c) partially offset by a higher revenue of approximately \$1 million.

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### **Review of the Financial Position of the Group**

The Group's total assets increased by approximately \$1.4 million, from \$67.3 million as at 30 September 2017 to \$68.7 million as at 31 March 2018. The increase is mainly due to the receipt of \$2.5 million deposit into our bank accounts from the Disposal. Assets held for sale on the Disposal is approximately \$19.0 million (after accounting for the impairment loss) and liabilities directly associated to these assets is approximately \$11.2 million.

The Group's total liabilities increased by \$1.9 million, from \$12.6 million as at 30 September 2017 to \$14.5 million as at 31 March 2018, mainly due to \$2.5 million deposits received and accounted as other payables as at 31 March 2018 and partially offset by repayment of finance leases and loan of \$0.3 million during 1HY2018.

The Group maintained a positive working capital of approximately \$54.1 million as at 31 March 2018.

### **Review of the Statement of Cash Flows for the Group**

The Group's cash and cash equivalents increased by \$3.2 million, from \$44.8 million as at 30 September 2017 to \$48.0 million as at 31 March 2018

The Group recorded net cash from operating activities of \$10.0 million in 1HY2018, an increase of \$2.3 million as compared to \$7.7 million in 1HY2017. The higher cash inflow was mainly due to operating profit before capital change of \$0.9 million, net increase in the movement in working capital of \$0.4 million and lower income tax payment of \$0.9 million in 1HY2018.

Net cash used in investing activities decreased from \$8.4 million in 1HY2017 to \$6.1 million in 1HY2018, primarily due to the receipt of the cash deposit of \$2.5 million from the Disposal.

Net cash used in financing activities amounted to \$0.7 million in both 1HY2017 and 1HY2018, for the repayment of finance leases and bank loans of approximately \$0.3 million and dividends paid of \$0.4 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No forecast or prospect statement has been previously disclosed.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Following the completion of the Proposed Disposal as announced on 20 April 2018, the Sale Subsidiaries have ceased to be subsidiaries of the Company. Accordingly, the Group will cease to operate its production and trading businesses in Singapore. The Company is currently exploring various options and the Group will in the meantime, continue its trading business in Hong Kong.

- 11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes (please refer to the announcements by the Company on the "Proposed Special Dividend" on 21 March 2018 and 20 April 2018)

<b>Name of Dividend</b>	<b>Special Dividend</b>
Dividend type	Cash
Dividend amount per ordinary share	\$0.35
Tax rate	One-tier tax exempt

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable:** 10 May 2018

**(d) Books closure date:** 2 May 2018

- 12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

- 13. On-going Interested Person Transactions**

There were no interested person transactions for 1HY2018. The Company does not have a general mandate from its shareholders for recurrent interested person transactions.

- 14. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720 (1) of the SGX-ST Listing Manual.



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**15. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual**

We, Chew Chee Bin and Chew Eng Hoe, being two directors of the Company, hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 6 months period ended 31 March 2018 to be false and misleading in any material aspect.

On behalf of the Board of Directors:

Chew Chee Bin  
Executive Chairman  
7 May 2018

Chew Eng Hoe  
Managing Director

**By Order of the Board**

**Chew Chee Bin**  
**Executive Chairman**  
**7 May 2018**

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

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

*The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).*