



**Securities Investors Association (Singapore)**

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**Issuer:** Chew's Group Limited

**Security:** Chew's Group Limited

**Meeting details:**

Date: 31 January 2019

Time: 10.00 a.m.

Venue: 9 Kent Ridge Drive, Singapore 119241, Kent Ridge Guild House, Cluny Room, Level 2

**Company Description**

Chew's Group Limited, an investment holding company, produces and sells eggs in Singapore. The company operates through Designer and Generic Eggs; Liquid Eggs; Spent Grains; and Food Processing segments. It provides generic and designer eggs under the Chew's brand name, as well as liquid eggs, brown eggs, black chicken eggs, and kampong chicken eggs. The company also trades in spent grains, eggs, and food and agricultural products, as well as produces and sells chicken soups. It also provides engineering, maintenance, and construction services. The company serves egg wholesalers, food and beverage outlets, supermarkets, and hypermarkets. The company was founded in 1975 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5SY](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5SY))

1. As at 30 September 2018, the group has total assets of \$23.85 million, consisting mainly of cash and bank balances of \$22.6 million. The group has proposed to diversify into property investment, property management and property development.

- (i) Would the company elaborate further on its strategy to carry out the proposed property investment and property development businesses? Specifically, what is the intended scale and ticket size of its investments/developments?**
- (ii) What is the capital needed to build up the proposed new businesses of property investment, property management and property development?**
- (iii) With a total asset of approximately \$24 million on the balance sheet, how can the group scale up its proposed businesses to a meaningful level given that the real estate business is capital intensive and land costs are extremely high in Singapore?**

2. As part of the group's diversification efforts, it will also be going into the provision of financial investments services. Under the leadership of Mr. Chiu Joon Sun (Zhao Junsheng), the proposed services include fund management, wealth management and family office advisory services.

- (i) Should the group decide to apply for a Registered Fund Management Company licence from the Monetary Authority of Singapore to conduct fund management activities, how long would that process take?**
- (ii) Although Mr. Chiu has more than a decade in the financial industry, his experience was gained in big banks and focused on wealth management. How will Mr. Chiu adapt to a start-up like environment where the infrastructure and the asset under management have to be built up from scratch?**
- (iii) What is the experience and qualification of the team in compliance, fund regulation, risk management, internal controls and fund raising?**
- (iv) What is the targeted level of asset under management (AUM) of the new outfit 18-36 months from its set-up?**

Mr Chiu is the 100% owner of OneWealth Development Pte. Ltd. ("OneWealth"). OneWealth is a MAS Registered Fund Management Company with the licence to carry out the business of fund management in Singapore. This appears to be the same business that the company is proposing to enter under the new financial investments services.

- (v) Would the sponsor/company clarify if this is a clear conflict of interests? Can the company/Mr. Chiu clarify if OneWealth is still in operation? Please also provide an update of the status and financial situation of OneWealth.**

In the appointment announcement dated 29 December 2018, the company has stated that there is no conflict of interests (including any competing business) with the appointment of Mr. Chiu Joon Sun (Zhao Junsheng).

- (vi) Is there a need for the company to clarify on the declaration of conflict of interests relating to the appointment of Mr. Chiu?**
- (vii) Can the board/Mr. Chiu help shareholders understand the safeguards put in place to manage the conflict of interests?**
- (viii) Has the board/company already earmarked OneWealth for acquisition?**

3. As announced by the company on 14 November 2018, the level of acceptance as at 5.00 p.m. 13 November 2018 reached 22.01% of the total number of issued shares. As such, the offeror and the parties acting in concert with the offeror own, control, or have agreed to acquire approximately 90.16% of the total number of issued shares.

Pursuant to Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalyst, the company no longer meets the free float requirement where at least 10% of the total number of shares must be held by the public at all times.

As such, the trading of the company's shares was suspended after the close of the offer on 20 November 2018.

- (i) What are management's plans to restore the free float? Has management started discussion with professionals, such as investment bankers and placement agents etc, to identify strategic investors whose time horizon and interests are aligned with the group?**
- (ii) Other than a share placement/subscription of new shares of the company, what are the other options available to the company to restore its free float?**
- (iii) Can the board help shareholders understand the main steps to be taken before it can apply to SGX-ST for the resumption of trading? When does the board expect the trading of the shares to resume?**

A copy of the questions for the Annual Report for the financial year ended 30 September 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Chew#8217;s%20Group%20Ltd>

The company's response could be found here: -----