



Far East Group Limited
(Company Registration No.:196400096C)
(Incorporated in the Republic of Singapore on 18 March 1964)

**PROPOSED DISPOSAL OF THE PROPERTY AT OFFICE B, 1st FLOOR, TUNG ON COURT,
NO. 17, 19 AND 21 TUNG ON STREET, KOWLOON, HONG KONG
- EXECUTION OF SALE AND PURCHASE AGREEMENT**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Far East Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 30 August 2018 (the "**Earlier Announcement**") in relation to the proposed disposal by Far East Refrigeration Limited ("**Far East HK**") of the property located at Office B, 1st Floor, Tung On Court, No. 17, 19 and 21 Tung On Street, Kowloon, Hong Kong (the "**Property**") to China Glory Creation Limited (the "**Purchaser**") (the "**Proposed Disposal**").

Unless otherwise defined in this announcement, all capitalised terms used in this announcement shall have the same meanings as set out in the Earlier Announcement.

The Board wishes to announce that Far East HK and the Purchaser had entered into a Sale and Purchase Agreement (the "**SPA**") in relation to the Proposed Disposal.

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong and is principally an investment holding company.

The Purchaser is an independent and unrelated third party. The Company and its Directors and controlling shareholders are not related to the Purchaser.

3. INFORMATION AND VALUE OF THE PROPERTY

The Property consists of an office and a store room with an estimated gross floor area of 876 square feet. It has a tenure of 75 years which is renewable for another 75 years commencing from 18 September 1899. At present, the Property is vacant.

Based on the Group's latest announced unaudited consolidated financial statements for the half year ended 30 June 2018 ("**HY2018**"), the carrying amount of the Property as at 30 June 2018 was approximately S\$93,448 (or equivalent to HK\$538,103 based on an exchange rate of S\$1:HK\$5.758). The Proposed Disposal is expected to result in a gain on disposal of approximately S\$825,644 after deducting estimated related expenses.

4. CONSIDERATION

The Consideration of HK\$5,360,000 (being approximately S\$930,829 based on an exchange rate of S\$1:HK\$5.758) was arrived at on a willing-buyer and willing-seller basis, after taking into account *inter alia*, prevailing market conditions and the current market prices of the properties in the surrounding vicinity of the Property.

No independent valuation was conducted on the Property for the purpose of the Proposed Disposal.

Under the terms of the SPA, a further sum of HK\$268,000 as deposit and in part payment of the Consideration has been paid by the Purchaser to Far East HK upon the execution of the SPA. The balance Consideration of HK\$4,824,000 is payable on or before the completion of the Proposed Disposal.

5. SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:

- (i) Completion of the Proposed Disposal shall take place no later than 5.00 p.m. on 30 November 2018;
- (ii) Should the Purchaser (other than due to the default of Far East HK) fail to complete the Proposed Disposal in accordance with the terms and conditions of the SPA, Far East HK may determine the SPA by giving notice of termination in writing to the Purchaser and shall be entitled to forfeit all deposits paid by the Purchaser. Upon determination of the SPA, Far East HK may resell the Property as it may think fit and any deficiency in price shall be made good and all expenses relating to such resale shall be borne by the Purchaser as liquidated damages to Far East HK; and
- (iii) In the event of Far East HK failing to complete the Proposed Disposal in accordance with the terms of the SPA, all moneys paid by the Purchaser to Far East HK pursuant to the provisions of the SPA as well as the Deposit shall be returned to the Purchaser who shall also be entitled to recover from Far East HK damages which the Purchaser may sustain by reason of such failure on the part of Far East HK.

6. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The Property is a non-core asset of Far East HK and the Group. There is currently no foreseeable use for the Property within the Group.

The Proposed Disposal will realise net cash proceeds of approximately S\$825,644 (after deducting estimated related expenses) (the "**Net Proceeds**") and thereby will place the Group in a better position to strengthen the Group's financial position and improve the Group's working capital.

The Group intends to deploy the entire Net Proceeds from the Proposed Disposal for use as general working capital.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal set out below, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2017 ("FY2017"), are purely for illustrative purposes only and do not reflect the future actual financial position and performance of the Company or the Group after the completion of the Proposed Disposal. The financial effects as shown below are prepared on the assumption that the expenses in connection with the Proposed Disposal have been disregarded.

7.1 Net Tangible Assets ("NTA")

The effect of the Proposed Disposal on the consolidated NTA per share of the Group for FY2017, assuming that the Proposed Disposal had been completed as at 31 December 2017 is as follows:

As at 31 December 2017	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ (S\$'000)	20,921	21,741
Number of issued shares ('000) (excluding treasury shares)	108,480	108,480
NTA per share (cents)	19.29	20.04

Note:

(1) NTA refers to total assets less the sum of total liabilities, non-controlling interest and intangible assets.

7.2 Earnings per Share ("EPS")

The effect of the Proposed Disposal on the consolidated EPS of the Group for FY2017, assuming that the Proposed Disposal had been completed on 1 January 2017 is as follows:

FY2017	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to owners of the Company ⁽¹⁾ (S\$'000)	365	1,185
Weighted average number of issued shares ('000) (excluding treasury shares)	108,480	108,480
EPS (cents)	0.34	1.09

Note:

(1) Profit attributable to owners of the Company refers to the profit before income tax and extraordinary items, and after deducting non-controlling interests.

8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules") based on the Group's latest announced unaudited consolidated financial statements for HY2018 are as follows:

Rule 1006	Bases	%
(a)	The net asset value ("NAV") of the assets to be disposed of, compared with the Group's net asset value	0.2% ⁽¹⁾
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation	5.4% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the Property's NAV of approximately S\$0.1 million and the Group's NAV of approximately S\$52.3 million as at 30 June 2018.
- (2) Rule 1006(b) of the Catalist Rules is not applicable as the Property is vacant and the Group did not derive any income from the Property.
- (3) Based on the Consideration of HK\$5,360,000 (being approximately S\$930,828 based on an exchange rate of S\$1:HK\$5.758) and the Company's market capitalisation of approximately S\$17,085,600 on 7 September 2018 (being the last market day preceding the date of the SPA), computed based on the Company's volume weighted average price of S\$0.1575 per share and the Company's issued and paid-up capital of 108,480,000 shares.
- (4) Rule 1006(d) of the Catalist Rules is not applicable as this is not an acquisition.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed above exceed 5% but do not exceed 50%, the Proposed Disposal is considered a "disclosable transaction" under Rule 1010 of the Catalist Rules, and therefore does not require shareholders' approval.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

11. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection during normal office hours at the Company's registered office at 51 Ubi Avenue 3, Singapore 408858 for three months from the date of this announcement.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares in the Company as the Proposed Disposal is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. In the event that shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Further announcement(s) will be made as appropriate when there are material developments to the Proposed Disposal.

By Order of the Board

Loh Mun Yew
Chief Executive Officer and Executive Director
19 September 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

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