



**FOOD EMPIRE HOLDINGS LIMITED**  
(Co Registration No: 200001282G)

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**PROPOSED DISPOSAL OF 100% OF THE SHARES IN AN INDIRECT SUBSIDIARY THAT  
HOLDS A FREEHOLD INDUSTRIAL PROPERTY IN SINGAPORE**

**ENTRY INTO SHARE PURCHASE AGREEMENT**

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**1. INTRODUCTION**

The board of directors ("**Board**") of Food Empire Holdings Limited ("**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement dated 14 April 2022 issued by the Company, and wishes to announce that Future Enterprises Pte. Ltd. ("**Vendor**", a wholly-owned subsidiary of the Company, has on 9 June 2022 entered into a conditional share purchase agreement ("**SPA**") with Lian Beng (Harrison) Pte. Ltd. ("**Purchaser**", for the proposed disposal ("**Proposed Disposal**") by the Vendor of 5,000,000 ordinary shares ("**Sale Shares**", representing 100% of the total issued shares, in the capital of Food Empire Real Estates Pte. Ltd. ("**FERE**") to the Purchaser, at a consideration based on the adjusted net asset value of FERE as at the completion date of the Proposed Disposal ("**Completion**") as determined in accordance with the provisions of the SPA.

**2. INFORMATION ON THE PURCHASER**

The Purchaser is a wholly-owned subsidiary of Mainboard-listed Lian Beng Group Ltd and is a special purpose vehicle incorporated in conjunction with the Proposed Disposal. Lian Beng Group Ltd, together with its subsidiaries ("**Lian Beng Group**", is one of Singapore's major home-grown construction companies. Lian Beng Group's principal activities include construction, construction support services, investment holdings, provision of foreign worker dormitory services and property development.

**3. INFORMATION ON FERE**

- 3.1 FERE is a private company limited by shares incorporated in Singapore on 1 February 2008, and as at the date of this announcement, has an issued and paid-up share capital of S\$5,000,000 comprising 5,000,000 ordinary shares, which are held by the Vendor.
- 3.2 FERE is principally involved in the business of property investment holding and is currently the registered owner of a freehold industrial property located at 31 Harrison Road, Food Empire Building, Singapore 369649 ("**Property**").
- 3.3 Based on the audited financial statements of FERE for the financial year ended 31 December 2021: (a) the book value of FERE was S\$7.80 million (equivalent to US\$5.76 million based on the exchange rate of US\$1.00 to S\$1.3534) as at 31 December 2021; (b) the net tangible asset ("**NTA**") of FERE was S\$7.80 million (equivalent to US\$5.76 million based on the exchange rate of US\$1.00 to S\$ 1.3534) as at 31 December 2021; and (c) FERE recorded a net profit

before tax of S\$0.54 million (equivalent to US\$0.40 million based on the exchange rate of US\$1.00 to S\$1.3415) for the financial year ended 31 December 2021.

- 3.4 The Property is currently held by FERE as investment property. Based on the latest available valuation dated 2 November 2021 ("**Valuation Report**") commissioned by FERE for audit purposes, the open market value of the Property based on prevailing market conditions as at the date of the Valuation Report, was S\$51.50 million. The Property was valued based on the open market value, being the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming, among others, a willing seller and that, prior to the date of valuation, there had been a reasonable period (having a regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale.

#### 4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

##### 4.1 Consideration

- (a) The aggregate consideration for the Sale Shares ("**Consideration**") shall be an amount equal to the adjusted net asset value of FERE as at Completion, taking into account the agreed property value comprising S\$49.25 million attributed to the Property (and the plant and equipment affixed thereon which are owned by FERE), as determined in accordance with the provisions of the SPA. The Consideration was arrived on a willing-buyer and willing-seller basis, after negotiations which were conducted on an arm's length basis between the Vendor and the Purchaser, and after agreeing to take into account the value of the Property.
- (b) The Consideration will be satisfied fully in cash. The Vendor has received a deposit of S\$492,500 ("**LOI Deposit**") prior to the date of the SPA. The remaining Consideration shall be paid in cash as follows:
- (i) on the date of the SPA, the Purchaser shall pay to the Vendor a sum of S\$1,970,000 ("**SPA Deposit**", together with the LOI Deposit, the "**Initial Payments**");
- (ii) on Completion, the Purchaser shall pay to the Vendor such amount equal to the estimated adjusted net asset value of FERE as at Completion based on the draft completion accounts to be prepared in accordance with the provisions of the SPA ("**Estimated Adjusted Net Asset Value**"), less the Initial Payments ("**Completion Payment**").
- (c) If the adjusted net asset value of FERE as at Completion as set out in the final completion accounts to be prepared in accordance with the provisions of the SPA ("**Final Adjusted Net Asset Value**") exceeds or is less than the Estimated Adjusted Net Asset Value, the Purchaser will be required to pay to the Vendor or, as the case may be, the Vendor will be required to pay to the Purchaser an amount equal to such excess or deficiency within 10 business days of the final completion accounts becoming final and binding in accordance with the provisions of the SPA.

##### 4.2 Conditions Precedent

Completion is conditional upon, amongst other things:

- (a) the rectification, or the procurement of such rectification, to the reasonable satisfaction of the Purchaser and its advisers, by FERE or the Vendor (where applicable), of all

material issues or irregularities uncovered by the Purchaser and its representatives during the due diligence exercise on FERE;

- (b) the Purchaser's solicitors' receipt of satisfactory replies to the legal requisitions from the relevant governmental authorities and the road line plan and drainage interpretation plan with regard to the Property;
- (c) the completion of the full and final discharge of the bank securities created by FERE in favour of Oversea-Chinese Banking Corporation Limited ("**OCBC**"); and
- (d) all warranties provided by the Vendor and Purchaser being true and correct in all material respects on Completion.

If any of the conditions precedent is not satisfied (or waived) by the date falling 90 days from the date of the SPA (or such other date as may be agreed in writing between the Vendor and the Purchaser) ("**Longstop Date**"), the SPA will automatically terminate and the Initial Payments shall be refunded to the Purchaser in accordance with the SPA.

#### 4.3 Completion

Completion will take place on the date falling no later than five (5) business days after the date on which all the conditions precedent are fulfilled or waived by the Purchaser in accordance with the SPA, or such other date as may be mutually agreed between the Vendor and the Purchaser in writing.

Upon Completion, FERE will cease to be a subsidiary of the Company.

#### 4.4 Refund of Initial Payments

In the event that the SPA is terminated by the Purchaser as a result of certain events, the Vendor will be required to refund the entire amount of the Initial Payments (free of interest) to the Purchaser within three (3) business days of such termination.

#### 4.5 Company's Undertaking

In connection with the Proposed Disposal, the Company, as the parent company of the Vendor, has on 9 June 2022 provided an undertaking to pay to the Purchaser, on behalf of the Vendor, an amount equivalent to the Initial Payments in the event the Vendor fails to refund the Initial Payments to the Purchaser in accordance with the terms of the SPA.

#### 4.6 Exclusivity

The Vendor and the Purchaser have agreed that, prior to Completion, each of them shall not: (a) agree or conclude, nor start or continue any discussion relating to, any partial or complete disposal of FERE, the Property or the plant and equipment affixed thereon, any other material assets of FERE or the business of FERE, any share capital increase, merger, contribution, spin-off or other similar transactions involving FERE, with any person other than the Vendor or the Purchaser (as the case may be), and/or (b) directly or indirectly solicit or invite any third party or actively respond to any enquiries, proposals or offers from a third party to purchase all or part of FERE, the Property, plant and equipment affixed thereon, any other material assets of FERE or the business of FERE.

#### 4.7 Grant of New Loan by the Purchaser to FERE

Pursuant to the terms of the SPA, the Purchaser will grant a new shareholder loan to FERE on Completion ("**New Loan**"), for an amount equivalent to the shareholder loan owed by FERE to

the Vendor (“**Shareholder Loan**”) as at Completion. The proceeds of the New Loan shall be paid by the Purchaser, for and on behalf of FERE, to the Vendor in cash on Completion, and such payment shall constitute full and final settlement of, and discharge of FERE’s obligations owing to the Vendor in respect of the Shareholder Loan.

## 5. RATIONALE AND USE OF PROCEEDS

- 5.1 The Proposed Disposal is part of the Group’s on-going efforts to rationalise its businesses. The Property is considered to be non-core to the Group and has appreciated in value over the years. The Company believes that the Proposed Disposal is a good way to unlock value and would be in the best interest of the shareholders of the Company (“**Shareholders**”).
- 5.2 The Company intends to utilise the sale proceeds arising from the Proposed Disposal to explore strategic and commercial business opportunities that may further the interest of the Group.

## 6. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST LISTING MANUAL

- 6.1 For the purposes of Chapter 10 of the Listing Manual of the SGX-ST (“**Listing Manual**”), the relative figures for the Proposed Disposal using the applicable bases of comparison under Rule 1006 based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2021 (“**FY2021**”) (being the latest announced consolidated accounts of the Company) are as follows:

Listing Rule	Bases	Relative Figures (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	2.5% <sup>(1)</sup>
1006(b)	The net profits attributable to the assets disposed of, compared with the Group’s net profits.	1.5% <sup>(2)</sup>
1006(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	18% <sup>(3)</sup>
1006(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
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves.	Not applicable

### Notes:

- (1) Based on the net asset value including non-controlling interest of the Group as at 31 December 2021 amounting to US\$226.56 million and the net asset value of FERE as at 31 December 2021 amounting to US\$5.76 million (equivalent to S\$7.80 million based on the exchange rate of US\$1.00 to S\$1.3534).
- (2) Based on the net profits before tax and non-controlling interest of the Group for FY2021 amounting to US\$26.31 million and the net profits before tax and non-controlling interest of FERE for FY2021 amounting to US\$0.40 million (equivalent to S\$0.54 million based on the exchange rate of US\$1.00 to S\$1.3415).
- (3) The Company’s market capitalisation (based on an issued share capital of 537,513,599 shares (excluding treasury shares) and the volume weighted average price of the shares on the SGX-ST as at 8 June 2022 (being the one market day preceding the date of the SPA) of S\$0.523 per share) is S\$281.12 million. The consideration of S\$49.4 million used as the numerator is for illustrative purposes only, and (a) for the purposes of this announcement, the Company has adopted the unaudited financial statements of the

Company as at 31 May 2022 (which is pro-rated to the targeted date of Completion) as the basis for computing the consideration, and (b) the amount of approximately S\$20.46 million under the New Loan (based on the estimated Shareholder Loan amount as at 31 May 2022) has been included in computing the consideration for the purpose of computing the relative figures under Rule 1006(c).

- (4) Rules 1006(d) and (e) are not applicable as this relates to a disposal and the Company is not a mineral, oil and gas company.

6.2 As the relative figure computed under Rule 1006(c) exceeds 5% but do not exceed 20%, pursuant to Rule 1010 of the Listing Manual, the Proposed Disposal constitutes a “discloseable transaction” as defined in Chapter 10 of the Listing Manual.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 7.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 and are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group following Completion. The *pro forma* financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (a) the Proposed Disposal had been effected on 31 December 2021, being the end of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated net tangible assets (“NTA”) of the Group; and
- (b) the Proposed Disposal had been effected on 1 January 2021, being the beginning of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated earnings of the Group.

### 7.2 Net Tangible Assets (“NTA”)

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA attributable to Shareholders (US\$'000)	217,373	231,653
Total number of issued shares ('000) (excluding treasury shares)	537,199	537,199
NTA per share attributable to Shareholders (US cents)	40.46	43.12

### 7.3 Earnings Per Share (“EPS”)

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Net profit / (loss) attributable to Shareholders (US\$'000)	19,501	33,067
Weighted average number of shares <sup>(1)</sup> ('000)	535,094	535,094
Earnings per share (“EPS”) (US cents)	3.64	6.18

**Note:**

- (1) Based on the Company’s annual report for FY2021.

#### 7.4 Value of FERE

Based on the latest audited consolidated financial statements of the Company for FY2021, the book value of FERE is S\$7.80 million. Based on the book value of FERE as at 31 December 2021, the balance consideration (after excluding the amount of approximately S\$20.73 million<sup>(2)</sup> under the New Loan) of S\$28.34 million represents an excess of approximately S\$20.54 million over the book value of FERE. The Proposed Disposal is expected to result in an estimated gain on disposal of approximately S\$20.54 million (before deducting related expenses).

**Note:**

(2) The New Loan amount for the purpose of paragraph 7.4 is based on the Shareholder Loan amount as at 31 December 2021.

#### **8. 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.

#### **9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL**

None of the Directors (other than in his capacity as a Director) and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholding interests in the Company, if any.

#### **10. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the SPA and the Valuation Report will be made available for inspection during normal business hours of the Company for a period of three (3) months from the date of this announcement at the Company's registered office address at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

By Order of the Board

Kevin Cho  
Company Secretary  
9 June 2022