

CIRCULAR DATED 14 DECEMBER 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Far East Group Limited (the “Company”, together with its subsidiaries, the “Group”). If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or any other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (the “Shares”), held through The Central Depository (Pte) Limited (the “CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by the CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificates(s), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), being the SGX-ST Listing Manual Section B: Rules of Catalist (the “Catalist Rules”). The Sponsor has not independently verified the contents of this Circular.

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

The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.



Far East Group Limited

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

CIRCULAR TO SHAREHOLDERS

in relation to

**THE PROPOSED ACQUISITION OF THE PROPERTY SITUATED
AT 51 UBI AVENUE 3, SINGAPORE 408858
FROM MODUSLINK PTE. LTD.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 December 2017 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	29 December 2017 at 3.00 p.m.
Place of Extraordinary General Meeting	:	112 Lavender Street, #02-01 Far East Refrigeration Building Singapore 338728

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DEFINITIONS

The following definitions apply throughout this Circular unless otherwise stated:

“Board”	:	The board of Directors of the Company as at the Latest Practicable Date
“Building”	:	The building(s)/structure(s) erected on the Property
“Business Day”	:	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
“Catalist”	:	The Catalist Board of the SGX-ST
“Catalist Rules”	:	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 14 December 2017
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Far East Group Limited
“Completion”	:	The completion of the Proposed Acquisition on the terms and conditions of the SPA
“Constitution”	:	The memorandum and articles of association of the Company currently in force
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating practice of the Company
“Controlling Shareholder”	:	A person who (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or (b) in fact exercises Control over the Company
“Deposit”	:	Has the meaning ascribed to it in Paragraph 2.5.1(b) of the Letter to Shareholders
“Direct Comparison Method”	:	Is the method where the Independent Valuer makes a comparison with sales of similar properties in the subject or comparable localities. Adjustments are made for differences in location, size, tenure, age/condition, facilities provided and date of sale, etc. before arriving at the value of the Property

“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of Shareholders to be held on 29 December 2017, notice of which is set out on page 17 of this Circular
“FY”	:	Financial year ended or ending 31 December (as the case may be)
“Group”	:	The Company and its subsidiaries
“GST”	:	Goods and services tax
“HDB”	:	The Housing and Development Board, a body corporate incorporated under the Housing and Development Act, Chapter 129 of Singapore and its successors
“HDB Approvals”	:	The following approvals: <ul style="list-style-type: none"> (a) the HDB Sale Approval; and (b) the approval of HDB to the partial leaseback of the Property on Completion by the Vendor (as lessee) from the Company (as landlord) in respect of the LA Premises for the LA Term.
“HDB Lease”	:	The instrument of lease in respect of the Property issued by HDB and registered at the Singapore Land Authority as Lease I/000125L and includes the lease as varied, amended, modified or supplemented from time to time, and any document which varies, amends, modifies or supplements the same
“HDB Sale Approval”	:	The written approval from HDB for the sale and purchase of the Property and the assignment/transfer of the unexpired leasehold term under HDB Lease
“Income Capitalisation Method”	:	Is the method where the Independent Valuer considers the recent rent evidence for similar properties available from various sources in the market. The estimated market net income is capitalised at an appropriate market capitalisation rate which reflects both the risk and benefits of the Property as an investment
“Independent Valuer”	:	Savills Valuation and Professional Services (S) Pte Ltd
“Irrevocable Undertakings”	:	Has the meaning ascribed to it in Paragraph 12 of the Letter to Shareholders
“Latest Practicable Date”	:	8 December 2017, being the latest practicable date prior to the printing of this Circular

“LA Premises”	:	The entire third floor of the Building of approximately 75,000 square feet
“LA Term”	:	The duration of the lease of the LA Premises commencing from the date immediately after Completion to and including 31 December 2019
“Lease Agreement”	:	Has the meaning ascribed to it in Paragraph 2.2 of the Letter to Shareholders
“Letter to Shareholders”	:	The letter to Shareholders set out on pages 7 to 16 of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, modified, or supplemented from time to time
“LPS”	:	Loss per Share
“Memorandum of Understanding”	:	The non-legally binding memorandum of understanding dated 10 August 2017 entered into between the Company and the Vendor in relation to the Proposed Acquisition
“Notice of EGM”	:	The notice of EGM set out on page 17 of this Circular
“NTA”	:	Net tangible assets
“Ordinary Resolution”	:	The ordinary resolution to be passed by Shareholders at the EGM to be convened for Shareholders to consider and approve the Proposed Acquisition
“Property”	:	The property situated at 51 Ubi Avenue 3 Singapore 408858
“Proposed Acquisition”	:	The acquisition of the Property from the Vendor on the terms and conditions of the SPA
“Proposed Disposal”	:	The disposal of the property situated at 5 Third Lok Yang Road Singapore 628000, to Swee Builders Pte. Ltd. on the terms and conditions of the option to purchase agreement which was executed on 28 August 2017
“Proposed Partial Leaseback”	:	The partial leaseback of the entire third floor of the Building on the Property measuring approximately 75,000 square feet (as set out in the relevant approval from the HDB)
“Proposed Transactions”	:	The Proposed Acquisition and the Proposed Partial Leaseback
“Proxy Form”	:	The proxy form attached to this Circular
“Purchase Price”	:	The sum of S\$22,500,000 (exclusive of GST) being the purchase price for the Proposed Acquisition

“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of the Shares as set out in the register of members of the Company, except where the registered depositor is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose securities accounts are credited with the Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“SPA”	:	The sale and purchase agreement dated 5 October 2017 entered into between the Company and the Vendor in relation to the Proposed Acquisition
“Undertaking Shareholders”	:	Universal Pte. Ltd., Loh Mun Yew, Leng Chee Keong, Cheung Wai Sum, Lim Boon Hock Bernard and Lim Chye Huat @ Bobby Lim Chye Huat
“Valuation Report”	:	The valuation report issued by the Independent Valuer on the market value of the Property
“Vendor”	:	Moduslink Pte. Ltd.
“Vendor’s Solicitors”	:	Rajah & Tann Singapore LLP
“Waiver”	:	Has the meaning ascribed to it in Paragraph 9.1 of the Letter to Shareholders
“S\$” or “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA. The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to Paragraphs in this Circular shall refer to the paragraphs of the Letter of Shareholders.

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

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

LETTER TO SHAREHOLDERS

FAR EAST GROUP LIMITED

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

Directors:

Ms. Loh Pui Lai *(Non-Executive Chairman)*
Mr. Loh Mun Yew *(Chief Executive Officer and Executive Director)*
Mr. Leng Chee Keong *(Chief Operating Officer (Sales and Marketing) and Executive Director)*
Mr. Hew Koon Chan *(Lead Independent Non-Executive Director)*
Mr. Mak Yen-Chen Andrew *(Independent Non-Executive Director)*
Mr. Tan Hwee Kiong *(Independent Non-Executive Director)*

Registered Office:

112 Lavender Street,
#04-00 Far East
Refrigeration Building,
Singapore 338728

14 December 2017

To: The Shareholders of Far East Group Limited

Dear Sir/Madam

THE PROPOSED ACQUISITION OF THE PROPERTY SITUATED AT 51 UBI AVENUE 3, SINGAPORE 408858 FROM MODUSLINK PTE. LTD.

1. INTRODUCTION

- 1.1 The Board is convening the EGM to be held on 29 December 2017 at 3.00 p.m. at 112 Lavender Street, #02-01, Far East Refrigeration Building, Singapore 338728 to seek Shareholders' approval for the Proposed Acquisition (including any relevant financing thereof).
- 1.2 The purpose of this Circular is to provide Shareholders with relevant information pertaining to, and to explain the rationale for, the Proposed Acquisition. The Notice of EGM is set out on page 17 of this Circular.
- 1.3 This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholder to whom this Circular is despatched to by the Company) or for any other purpose.

2. THE PROPOSED ACQUISITION

2.1 Memorandum of Understanding and Sale and Purchase Agreement

- 2.1.1 On 11 August 2017, the Company announced that it had on 10 August 2017, entered into a Memorandum of Understanding with the Vendor for the Proposed Acquisition and the Proposed Partial Leaseback of the Property.

2.1.2 On 8 September 2017, the Company announced that it had on 8 September 2017, signed a letter of extension with the Vendor to extend (i) the deadline relating to the execution of the SPA; and (ii) the exclusivity period of the Memorandum of Understanding from 7 September 2017 to 21 September 2017, or such other date(s) as the Company and the Vendor may mutually agree in writing. On 22 September 2017, the Company announced that it had on 21 September 2017, signed a second letter of extension with the Vendor to extend (i) the deadline relating to the execution of the SPA; and (ii) the exclusivity period of the Memorandum of Understanding from 21 September 2017 to 5 October 2017, or such other date(s) as the Company and the Vendor may mutually agree in writing.

In connection therewith, the Company had also on 5 October 2017, announced that the Company had entered into the SPA with the Vendor for the Proposed Acquisition and the Proposed Partial Leaseback of the Property situated at 51 Ubi Avenue 3, Singapore 408858.

2.2 Proposed Partial Leaseback

The premises to be leased-back to the Vendor by the Company will comprise the entire third floor of the building on the Property measuring approximately 75,000 square feet (as set out in the relevant approval from the HDB) of the Property.

The Company and the Vendor will execute a lease agreement in relation to the Proposed Partial Leaseback (the “**Lease Agreement**”) on completion of the Proposed Acquisition. Leaseback to the Vendor will commence from the date immediately after legal completion of the Proposed Acquisition until 31 December 2019.

The salient terms in the draft Lease Agreement include the following:

- (a) the monthly rental to be paid by the Vendor to the Company is S\$135,000.00 (exclusive of GST). Rental and other payments are payable in advance without any deductions whatsoever on or before the 1st day of each calendar month; and
- (b) on commencement of the lease, the Vendor will provide to the Company a rental security deposit equivalent to two (2) months’ rental or based on the corresponding leaseback period at one (1) month per year of rental.

2.3 Information on the Vendor

The Vendor is a company established in the Republic of Singapore with its registered address at 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981. The Vendor, which is a wholly-owned subsidiary of Moduslink Corporation, executes comprehensive supply chain and logistics services designed to improve clients’ revenue, cost, sustainability and customer experience objectives. The Moduslink group operates through more than 21 sites across North America, Europe and the Asia Pacific region. The Vendor is an independent and unrelated third-party.

2.4 Information on the Property

The Property is a three (3) storey industrial building, being the whole of Lot 4406A of Mukim 23 together with the Building erected thereon, held under Certificate (SUB) Volume 458 Folio 196, bearing the address 51 Ubi Avenue 3, Singapore 408858. It has a site area of approximately 128,818 square feet and a gross floor area of approximately 167,692 square feet, with a leasehold tenure of 60 years commencing 1 January 1990.

2.5 Principal terms of the Proposed Acquisition

2.5.1 Purchase Price and Deposit

The Purchase Price of the Property, including all mutually agreed plant, machinery and equipment situated on the Property, is S\$22,500,000 (exclusive of GST). The Purchase Price was arrived at based on arm's length negotiations and 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.

The Purchase Price will be fully satisfied in cash and will be paid by the Company in the following manner:

- (a) an initial payment of S\$225,000 (the "**Initial Payment**"), equivalent to 1% of the Purchase Price, together with the GST payable thereon, which had been paid by the Company to the Vendor on 10 August 2017, the date of signing of the Memorandum of Understanding;
- (b) a further payment of S\$2,025,000 (the "**Deposit**"), equivalent to 9% of the Purchase Price, together with the GST payable thereon, which had been paid by the Company to the Vendor's Solicitors on 5 October 2017, the date of the signing of the SPA, to be stake held by the Vendor's Solicitors on behalf of the Vendor pending successful Completion of the Proposed Acquisition; and
- (c) the balance of the Purchase Price of S\$20,250,000, which is equivalent to 90% of the Purchase Price, together with the GST payable thereon, will be received by the Vendor from the Company upon Completion of the Proposed Acquisition.

2.5.2 Conditions Precedent

The Proposed Acquisition is conditional upon, *inter alia*, the following conditions precedents being satisfied (or waived):

- (a) the Company having completed the due diligence on the Property and being satisfied with the results of the same;
- (b) any requisite approvals, consents, authorisations, clearances, orders, waivers and alike, including but not limited to, the HDB Approvals, having been granted by HDB, for the Proposed Transactions;
- (c) any requisite approvals, consents, authorisations, clearances, orders, waivers and alike, by any third party, governmental or regulatory body or relevant competent authority in relation to the transactions contemplated under the SPA;
- (d) the Company obtaining the letter of confirmation/waiver from SGX-ST for compliance matters relating to the sale and purchase of the Property;
- (e) the approval of the (i) shareholder of the Vendor, and (ii) board of directors of the Vendor; and
- (f) the approval of the (i) Shareholder(s) of the Company, and (ii) Board of Directors of the Company.

3. VALUATION OF THE PROPERTY

In connection with the Proposed Acquisition, the Company had on 6 October 2017, commissioned the Independent Valuer to conduct a valuation on the Property. As set out in the Valuation Report, the indicative value of the Property as at 2 November 2017 is S\$25,000,000. The Independent Valuer assessed the valuation on an 'as-is basis' and subject to leaseback arrangement. In assessing the value of the Property, the Independent Valuer has considered the Direct Comparison Method and the Income Capitalisation Method, each being used as a check against the other.

Details of the valuation are set out in the Valuation Report.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The rationale of the Proposed Acquisition is to consolidate the operations of the Group which are currently being carried out at various locations in Singapore. Such consolidation would enhance management's oversight, operational efficiencies and interaction among the staff.

Further, there is a necessity for the Company to seek and obtain sufficient office, warehouse, assembly and product development space for the Group's business purpose pursuant to the Proposed Disposal which the Company had granted an option to Swee Builders Pte. Ltd. for the sale of the property situated at 5 Third Lok Yang Road, Singapore 628000 via an option to purchase agreement. Swee Builders Pte. Ltd. had on 28 August 2017 exercised the option to purchase the property in accordance with the terms and conditions of the option to purchase agreement.

5. NET PROFIT/LOSS ATTRIBUTABLE TO THE PROPERTY

As the Property is not a revenue-generating asset, the Proposed Acquisition will not contribute any profit or loss to the Group. However, due to the Proposed Partial Leaseback between the Company and the Vendor, the Company will be receiving monthly rental income from the date immediately after the Completion of the Proposed Acquisition until 31 December 2019.

6. SOURCES OF FUNDS

The Proposed Acquisition will be funded by existing cash and bank borrowings of the Group and proceeds from the Proposed Disposal will be used to fully pay off the bridging loan extended to the Company for purposes of the Proposed Acquisition.

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The pro forma financial effects of the Proposed Transactions on the Group as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group and of the Company following the completion of the Proposed Transactions.

The pro forma financial effects of the Proposed Transactions on the net tangible assets ("NTA") per share, loss per share ("LPS"), net gearing ratio and working capital are prepared based on the audited financial statements of the Group for the financial year ended 31 December 2016, and are subject to the following assumptions:

- (a) the financial effects on the consolidated NTA per share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2016;

- (b) the financial effects on the consolidated LPS is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2016 and the Proposed Partial Leaseback commenced on 1 January 2016;
- (c) the financial effects on the net gearing ratio are computed based on the assumption that the Proposed Acquisition was completed on 31 December 2016;
- (d) the financial effects on the working capital are computed based on the assumption that the Proposed Acquisition was completed on 31 December 2016; and
- (e) corporate actions announced and undertaken by the Group subsequent to 1 January 2017 and the expenses in connection with the Proposed Transactions have been disregarded.

7.1 Financial effects of the Proposed Acquisition on consolidated NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA⁽¹⁾ (S\$'000)	20,490	20,490
Number of Shares ('000)	108,480	108,480
NTA per Share (cents)	18.89	18.89

Note:

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

7.2 Financial effects of the Proposed Transactions on the consolidated LPS

	Before the Proposed Transactions	After the Proposed Transactions
Loss attributable to owners of the Company (S\$'000)	(1,179)	(1,392)
Weighted average number of Shares (excluding treasury shares) ('000)	108,480	108,480
LPS (cents)	(1.09)	(1.28)

7.3 Financial effects of the Proposed Acquisition on the net gearing ratio

	Before the Proposed Acquisition	After the Proposed Acquisition
Net borrowings of the Group⁽¹⁾ (S\$'000)	6,560	29,060
Total equity ('000)	25,186	25,186
Net gearing ratio⁽²⁾ (times)	0.26	1.15

Notes:

- (1) Net borrowings means total borrowings less cash and bank balances (including restricted cash in bank).
- (2) Net gearing ratio is determined on net borrowings divided by total equity.

7.4 Financial effects of the Proposed Acquisition on the working capital

	Before the Proposed Acquisition	After the Proposed Acquisition
Working capital ⁽¹⁾ (S\$'000)	7,334	2,835

Note:

(1) Working capital refers to current assets less current liabilities.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES IN RELATION TO THE PROPOSED ACQUISITION

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Catalist Rules based on the latest announced financial statements of the Group for the half year ended 30 June 2017 (“HY2017”) are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value as at 30 June 2017	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired, compared with the Group’s net profits for HY2017	Not applicable ⁽²⁾
(c)	The aggregate value of the Purchase Price, compared with the market capitalisation of the Company	256.1 ⁽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 (excluding treasury shares)	Not applicable ⁽⁴⁾
(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 ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable as the Proposed Acquisition does not involve a disposal.
- (2) Rule 1006(b) of the Catalist Rules is not applicable as the Property is not a revenue-generating asset.
- (3) Purchase Price of S\$22.50 million (excluding GST) represents approximately 256.1% of the Company’s market capitalisation of approximately \$8,786,880 million, computed based on the Company’s volume weighted average price of S\$0.081 per Share and the Company’s issued and paid up capital of 108,480,000 Shares on 3 October 2017 (being the last day on which the Shares of the Company were traded on the SGX-ST prior to the date of the signing of the SPA).
- (4) Rule 1006(d) of the Catalist Rules is not applicable as the Purchase Price will be fully satisfied in cash.
- (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 figure as computed on the bases set out in Rule 1006(c) of the Catalist Rules exceeds 100% and there is no change in control of the Company, the Proposed Acquisition would have been considered a “Very Substantial Acquisition” under Rule 1015 of the Catalist Rules. Accordingly, the Completion is conditional upon, *inter alia*, the approval of Shareholders at an EGM to be convened.

9. APPLICATION FOR WAIVER FROM COMPLIANCE WITH RULE 1015 OF THE CATALIST RULES

9.1 As the relative figures as computed on the bases set out in Rule 1006(c) of the Catalist Rules for the Proposed Acquisition exceeds 100%, the Company, through its Sponsor, had on 31 October 2017, made an application to the SGX-ST to seek a waiver from having to comply with the requirements of Rule 1015 of the Catalist Rules, and to regard the Proposed Acquisition as a “Major Transaction” under Rule 1014 of the Catalist Rules (the “Waiver”).

9.2 Reasons for seeking the Waiver

The Board is of the view that the Proposed Acquisition would not materially change the risk profile of the Group based on the following reasons:

(i) *No change in control*

The Purchase Price payable in respect of the Proposed Acquisition will be satisfied in cash, accordingly there will be no change of control of the Company as a result of the Proposed Acquisition. There will be no change to the Company’s Board of Directors, management and Controlling Shareholders as a result of the Proposed Acquisition.

(ii) *No significant increase in the scale of operations of the Group*

The Proposed Acquisition is an opportunity to streamline and improve the efficiency of the operations of the Company by consolidating the operations of the Group which are currently being carried out at separate locations. Hence, the Proposed Acquisition will not increase the scale of operations significantly.

(iii) *No expansion of the Group’s business to a new geographical market and/or a new business segment*

The Property is located in Singapore. Hence, the Proposed Acquisition will not result in an expansion of the Group’s business to a new geographical market.

In addition, the Property will be used as an office, warehouse, assembly and product development space for the Group’s business purpose. In view of the above, the Proposed Acquisition is not expected to change the nature of the Group’s core business, and accordingly, does not entail the acquisition of a new business venture.

(iv) *No significant adverse impact on the Group’s earnings, working capital and gearing*

Notwithstanding that the net gearing of the Group may increase, the Company believes that the gearing levels after the Proposed Acquisition is within acceptable limits and the Proposed Acquisition will not have a significant adverse impact on the Group’s earnings and working capital after completion of the Proposed Acquisition. While the Proposed Transactions are expected to increase the loss attributable to owners of the Company for FY2016 based on the illustration in Paragraph 7 above, the said illustration is prepared on a prudent basis before taking into account other benefits or savings from the Proposed Acquisition including the operations consolidation exercise. Furthermore, the Group is still expected to be in a positive working capital position after the Proposed Acquisition. In addition, the decrease in the working capital of the Group as at 31 December 2016 based on the illustration in Paragraph 7 above is due to the repayment of the bridging loan before taking into account the proceeds from the Proposed Disposal of S\$3.90 million.

9.3 The SGX-ST had, on 7 December 2017, advised the Company that it has no objection to granting the Waiver, having taken into account the following:

- (a) that there is no change in control. The consideration will be settled in cash and there is no change to the board of directors/management and controlling shareholders;
- (b) that there is no significant increase in operations. The Property is intended to consolidate the Group's operations;
- (c) there is no significant adverse impact on the Group's earnings, working capital and gearing;
- (d) there is no expansion of the Group's business to a new geographical market and/or new business segment.

9.4 The Waiver is subject to:

- (a) compliance with Rule 1014 of the Catalist Rules in respect of the Proposed Acquisition;
- (b) the Company making an announcement, as soon as practicable, on the Waiver granted by SGX-ST. The announcement must include the reasons for the Company's application and the conditions, if any, attached to the Waiver and as required under Rule 106 of the Catalist Rules;¹
- (c) the Company procuring written undertakings from shareholders holding more than 50% of the share capital (or such requisite shareholding level) before the agreement for the Proposed Acquisition, such that the resolution would have been duly passed even if a shareholders' meeting is required for the purposes of approving the Proposed Acquisition. Such shareholders also have to undertake to maintain their shareholder until after the extraordinary general meeting;² and
- (d) the submission of a written confirmation by the Company that the Waiver does not contravene any laws and regulations governing the Company and the Constitution of the Company.³

10. DIRECTORS' SERVICE CONTRACTS

No person will be appointed as a Director of the Company in connection with the Proposed Transactions. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or Controlling Shareholders, or their respective associates, has any interest, direct or indirect, in the Proposed Transactions (other than through their shareholdings in the Company, if any).

¹ The Company had on 8 December 2017 made the announcement in accordance with this requirement.

² As set out in Section 12 of this Circular, the Company had on 20 October 2017 obtained the undertakings and is in compliance with this requirement.

³ The Company had on 8 December 2017 submitted the confirmation to the SGX-ST accordance with this requirement.

12. IRREVOCABLE UNDERTAKINGS

Major shareholders of the Company, namely Universal Pte. Ltd., Loh Mun Yew, Leng Chee Keong, Cheung Wai Sum, Lim Boon Hock Bernard and Lim Chye Huat @ Bobby Lim Chye Huat, holding in aggregate approximately 77.67% interest in the Company as at 20 October 2017, have provided irrevocable undertakings dated 20 October 2017 to the Company that they will vote and/or procure to be voted all the Shares held directly and beneficially by them in favour of the Proposed Acquisition at the EGM required for and in connection with the Proposed Acquisition (the “**Irrevocable Undertakings**”). The Undertaking Shareholders have also undertaken that they will not dispose of the Shares that each of them holds respectively during the period commencing from the date of the Irrevocable Undertaking up until and including the date of the EGM.

13. DIRECTORS’ RECOMMENDATION

Having considered and reviewed, amongst others, the terms of the SPA, the rationale for and the financial effects of the Proposed Transactions, and all other relevant facts set out in this Circular, the Directors are of the opinion that the Proposed Transactions is in the interest of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution set out in the Notice of EGM.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 17 of this Circular, will be held at 112 Lavender Street, #02-01, Far East Refrigeration Building, Singapore 338728 on 29 December 2017 at 3.00 p.m., for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution as set out in the Notice of EGM.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to arrive at the Company’s registered office at 112 Lavender Street, #04-00 Far East Refrigeration Building, Singapore 338728, not less than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the EGM.

16. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 112 Lavender Street, #04-00 Far East Refrigeration Building, Singapore 338728, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual report of the Company for FY2016;
- (b) the Constitution of the Company;
- (c) the Memorandum of Understanding;
- (d) the SPA;
- (e) the Irrevocable Undertakings; and
- (f) the Valuation Report.

Yours faithfully
For and on behalf of the Board

Loh Mun Yew
Chief Executive Officer and Executive Director

14 December 2017

FAR EAST GROUP LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of **FAR EAST GROUP LIMITED** (the “**Company**”) will be held at 112 Lavender Street #02-01 Far East Refrigeration Building, Singapore 338728 on 29 December 2017 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION:

THE PROPOSED ACQUISITION OF THE PROPERTY SITUATED AT 51 UBI AVENUE 3, SINGAPORE 408858 FROM MODUSLINK PTE. LTD.

That:

- (a) approval be and is hereby given for the Proposed Acquisition (as defined in the circular to shareholders dated 14 December 2017 (“**Circular**”) (including any relevant financing thereof), on the terms and subject to the conditions set out in the SPA (as defined in the Circular) between the Company and Moduslink Pte. Ltd.; and
- (b) the Directors of the Company be and are hereby authorised to do all acts and things (including, but not limited to, executing such documents as may be required) as such Director may, in their absolute discretion deem fit, advisable, expedient or necessary or in the interest of the Company, in connection with the subject matter of, or to give effect to, this Ordinary Resolution.

By Order of the Board
Far East Group Limited

Loh Mun Yew
Chief Executive Officer and Executive Director

14 December 2017

Notes:

- (1) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the proxy form.
- (2) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- (3) "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.
- (4) A proxy need not be a member of the Company.
- (5) If the member is a corporation, the instrument appointing the proxy must be under its common seal or the hand of an officer or attorney duly authorised.
- (6) The instrument appointing a proxy must be deposited at the Company's registered office at 112 Lavender Street #04-00 Far East Refrigeration Building, Singapore 338728, not less than forty-eight (48) hours before the time appointed for holding the EGM.
- (7) In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

Where a member of the Company submits an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data to the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice 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 notice.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice. The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

PROXY FORM

FAR EAST GROUP LIMITED

Company Registration Number 196400096C
(Incorporated in the Republic of Singapore)

PROXY FORM EXTRAORDINARY GENERAL MEETING

I/We* _____ (Name) NRIC/Passport no.* _____ of

_____ (Address)

being a member/members* of Far East Group Limited (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting (the "EGM") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at 112 Lavender Street #02-01 Far East Refrigeration Building, Singapore 338728 on 29 December 2017 at 3.00 p.m., and at any adjournment thereof, or the purpose of considering and, if thought fit, passing with or without amendments, the Ordinary Resolution.

Ordinary Resolution	Number of Votes For**	Number of Votes Against**
To approve the proposed acquisition of the property situated at 51 Ubi Avenue 3, Singapore 408858 from Moduslink Pte. Ltd. (including any relevant financing thereof), on the terms and subject to the conditions set out in the sale and purchase agreement dated 5 October 2017 between the Company and Moduslink Pte. Ltd.		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM.

Dated this _____ day of _____ 2017

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member appoints more than one (1) proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.
5. A proxy need not be a member of the Company.
6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
7. This proxy form must be deposited at the Company's registered office at 112 Lavender Street #04-00 Far East Refrigeration Building, Singapore 338728, not less than forty-eight (48) hours before the time set for the EGM.
8. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be duly stamped and deposited with this proxy form, failing which this proxy form shall be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
10. Terms not defined herein shall have the meanings ascribed to them in the Company's Circular to the Shareholders dated 14 December 2017.

General

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

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of EGM dated 14 December 2017.

