



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

DISPOSAL OF PROPERTY LOCATED AT 20 BUKIT BATOK CRESCENT #07-18, SINGAPORE 658080

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Far East Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that M-Tech Air-Con & Security Engineering Pte Ltd ("**M-Tech**"), a wholly-owned subsidiary of the Company, had on 21 September 2021 granted an option to purchase ("**Option**") to Bluetec MNE Consultancy Pte Ltd and/or his nominee (the "**Purchaser**") in respect of the property located at 20 Bukit Batok Crescent #07-18, Singapore 658080 (the "**Property**") for a purchase consideration of S\$850,000 (excluding goods and services tax) (the "**Purchase Consideration**"), on the terms and subject to the conditions of the Option ("**Disposal**"). The Option was exercised by the Purchaser on 12 October 2021.

The Purchaser is a company incorporated in Singapore and is in the business of general building engineering design and consultancy services. The Purchaser is not related to the Group, the Directors and controlling shareholders of the Company, and their respective associates.

2. INFORMATION ON THE PROPERTY

The Property is a leasehold unit with lot area of approximately 332 square meters and with a leasehold tenure of 60 years commencing from 13 March 1997. The Property was used as office premises of M-Tech until March 2021 and is recently rented to an unrelated third party tenant for rental income in September 2021.

3. PURCHASE CONSIDERATION

The Purchase Consideration of S\$850,000 was arrived at on a willing buyer and willing seller basis and was facilitated by a property agent. In deriving the Purchase Consideration, the Group had taken into account: (i) the independent valuation of the Property last conducted on 18 December 2020; (ii) general property market conditions; and (iii) the current economic environment in view of the COVID-19 pandemic. Further details on the valuation of the Property are set out at section 5 of this announcement.

The Purchase Consideration will be satisfied by the Purchaser in cash as follows:

- (a) a sum of S\$8,500, which is equivalent to 1% of the Purchase Consideration, was paid by the Purchaser for M-Tech to grant the Option;
- (b) a further sum of S\$34,000, which is equivalent to 4% of the Purchase Consideration, was paid by the Purchaser upon exercise of the Option; and
- (c) the balance sum of S\$807,500, which is equivalent to 95% of the Purchase Consideration, is payable by the Purchaser upon completion of the Disposal which shall be within 10 weeks upon exercise of the Option ("**Completion**").

4. RATIONALE FOR THE DISPOSAL

The Property forms part of the assets of M-Tech when the Group acquired M-Tech in 2019. The Board believes that the Disposal is in the best interests of the Group and the shareholders of the Company, as the Property is a non-core aged asset of the Group which is currently held as asset held for sale and the Disposal will enable the Group to realise the value of the Property. The Disposal will result in a net estimated positive cash inflow of approximately S\$825,000 (after deducting estimated expenses in relation to the Disposal), thereby improving the liquidity of the Group.

5. USE OF PROCEEDS

The Company intends to utilise the net proceeds for the general working capital requirements of M-Tech.

6. VALUE OF THE PROPERTY

Based on the latest announced unaudited consolidated financial statements of the Group for the 6-month financial period ended 30 June 2021, the net carrying amount of the Property as at 30 June 2021 (“HY2021”) was approximately S\$659,000. Assuming that the Disposal was completed on 30 June 2021, the Disposal is expected to result in a gain on disposal of approximately S\$166,000, after deducting the estimated expenses in relation to the Disposal.

Based on the desktop valuation of the Property commissioned by the Group and undertaken by the independent professional valuer, Savills Valuation and Professional Services (S) Pte Ltd, the market value ascribed to the Property as at 18 December 2020 in its valuation report dated 18 December 2020 (“Valuation Report”) was S\$850,000. The valuation method adopted was the direct comparison method.

7. FINANCIAL EFFECTS OF THE DISPOSAL

The financial effects of the Disposal set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the Completion.

The financial effects of the Disposal were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 (“FY2020”), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

7.1 Net Tangible Assets (“NTA”)

The effect of the Disposal on the NTA per share of the Group for FY2020, assuming that the Disposal had been effected as at 31 December 2020 is as follows:

As at 31 December 2020	Before the Disposal	After the Disposal
NTA (S\$'000)	42,965	43,110
Number of issued shares (excluding treasury shares and subsidiary holdings) ('000)	111,462	111,462
NTA per share (Singapore Cents)	38.55	38.68

7.2 Loss per Share (“LPS”)

The effect of the Disposal on the LPS of the Group for FY2020, assuming that the Disposal had been effected on 1 January 2020 is as follows:

FY2020	Before the Disposal	After the Disposal
Net loss attributable to the owners of the Company (S\$'000)	(7,179)	(7,034)
Weighted average number of issued shares (excluding treasury shares and subsidiary holdings) ('000)	111,462	111,462
LPS (Singapore Cents)	(6.44)	(6.31)

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

Based on the latest announced unaudited consolidated financial statements of the Group for HY2021, the relative figures for the Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Rules**”) are set out below:

Rule	Bases	Relative Figure
1006 (a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	1.5% ⁽¹⁾
1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits for HY2021.	Not applicable ⁽²⁾
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.	8.1% ⁽³⁾
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

Rule	Bases	Relative Figure
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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) Based on the net asset value of the Property of approximately S\$659,000 as at 30 June 2021 and the net asset value of the Group of approximately S\$44,153,000 as at 30 June 2021.
- (2) Not applicable as the Property does not generate any income or revenue for HY2021.
- (3) Based on the Purchase Consideration of S\$850,000 and the Company's market capitalisation of approximately S\$10.48 million (being the issued ordinary share capital of the Company ("Shares") of 111,462,000 Shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of the Shares of S\$0.094 on 7 October 2021, which is the last full market day on which the Shares were traded prior to the date of the exercise of the Option.

As the relevant relative figure for the Disposal computed on the basis set out in Rule 1006(c) of the Catalist Rules exceeds 5% but is less than 50%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Catalist Rules and does not require the approval of shareholders.

9. SERVICE CONTRACT

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Disposal.

10. INTEREST 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 Disposal, other than through their respective shareholdings (if any) in the Company.

11. DOCUMENT FOR INSPECTION

Copies of the Option and the Valuation Report are available for inspection at the registered office of the Company at 51 Ubi Ave 3, Singapore 408858 for a period of three months from the date of this announcement.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at +65 6293 9733 prior to making any visits to arrange for a suitable time slot for the inspection.

By Order of the Board

Loh Mun Yew
Chief Executive Officer and Executive Director
14 October 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.