



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

**PROPOSED DISPOSAL OF A PROPERTY LOCATED AT LOT NO. 565, SEKSYEN 11W,
BANDAR GEORGE TOWN, DAERAH TIMOR LAUT, PULAU PINANG, MALAYSIA
- EXECUTION OF SALE AND PURCHASE AGREEMENT**

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Far East Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that Far East Enterprises (Penang) Sdn Bhd ("**Far East Penang**"), a subsidiary of the Company, had on 2 September 2024, entered into a sale and purchase agreement (the "**SPA**") with Oxford Capital Sdn Bhd (the "**Purchaser**"), to sell the property located at Lot No. 565, Seksyen 11W, Bandar George Town, Daerah Timor Laut, Pulau Pinang bearing address No. 60, Lebuhr Noordin, 10300 Pulau Pinang, Malaysia (the "**Property**") at an aggregate sale consideration of RM2,380,000.00 (the "**Purchase Price**"), and on the terms and subject to the conditions of the SPA (the "**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Malaysia and is an investment holding company. The Purchaser is not related to the Group, the Directors and controlling shareholders of the Company, and their respective associates.

3. INFORMATION OF THE PROPERTY

The Property is a freehold land with lot area of approximately 233.1790 square meters with a two storey shophouse erected thereon. At present, the Property is rented to an unrelated third-party tenant (the "**Tenant**") for rental income.

4. PURCHASE CONSIDERATION

The Purchase Price of RM2,380,000.00 (being approximately S\$716,000 based on an exchange rate of S\$1: MYR3.3243) 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.

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

- (i) the sum of RM23,800.00 (the "**Earnest Deposit**"), which is equivalent to 1% of the Purchase Price, which has been paid by the Purchaser to Far East Penang as at the date of this announcement;
- (ii) the sum of RM71,400.00 (the "**Retention Sum**"), which is equivalent to 3% of the Purchase Price, has been paid by the Purchaser to the Purchaser's solicitors as stakeholders upon execution of the SPA;

- (iii) the further sum of RM142,800.00 (the “**Balance Deposit**”), which is equivalent to 6% of the Purchase Price, has been paid by the Purchaser to Far East Penang’s solicitors as stakeholders upon execution of the SPA;
- (iv) the balance sum of RM2,142,000.00 (the “**Balance Purchase Price**”), which is equivalent to 90% of the Purchase Price, is payable on the date of completion, being a date within 3 months from the date of the SPA (the “**Completion Date**”).

5. SALIENT TERMS OF THE SPA

- 5.1 The sale of Property is subject to the existing tenancy made between Far East Penang and the Tenant.
- 5.2 The Purchaser’s solicitor shall pay the Retention Sum within 30 days from the date of the SPA to the Inland Revenue Board of Malaysia pursuant to the Real Property Gains Tax Act 1976 of Malaysia.
- 5.3 The Purchaser shall be entitled to extend the Completion Date for 1 month, subject to the payment of interest at the rate of 8% per annum calculated on a daily basis for the period of extension or part thereof (“**Extended Completion Date**”).
- 5.4 If Far East Penang takes more than 14 days in providing any relevant documents required for the release of the payment of the Balance Purchase Price after receiving such written request from the Purchaser, the completion period shall be extended from the day immediately after the expiry of the said 14 days up to the date the Purchaser received the documents. During this extension, the Purchaser shall not be liable for any late payment interest.
- 5.5 In the event that the transfer of the property cannot be registered in favour of the Purchaser for any reasons whatsoever, not occasioned or caused by any act, default, omission or blameworthy conduct of either party, and the parties having done or caused to be done all acts and things necessary to rectify the matter/problem concerned or to enable the Transfer to be registered in favour of the Purchaser, within 14 days from the date of receipt the notice issued from the relevant authority, then the Purchaser shall by notice in writing to Far East Penang be entitled to terminate this Agreement.
- 5.5 In the event that Far East Penang defaults, or fails to complete the sale, or is in breach of any covenant or warranty, the Purchaser shall be entitled to terminate the SPA. Upon such termination, the Purchaser shall be entitled to all rights, including but not limited to specific performance and/or a refund of all sums paid to Far East Penang towards the Purchase Price, along with the amount of RM238,000.00 as agreed liquidated damages, within 14 days of such termination, failing which late payment interest at 8% per annum will accrue.
- 5.6 If the Purchaser fails to pay the Balance Purchase Price and interest, the Purchaser shall be deemed to have repudiated the SPA. Far East Penang shall be entitled to terminate the SPA and forfeit an amount of RM238,000.00 as agreed liquidated damages. Far East Penang shall refund any excess sum which has been paid towards the Purchase Price to the Purchaser within 14 days of such repudiation, free of interest. If the refund is not made within the aforesaid 14 days period, interest at 8% per annum will accrue.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The Board believes that the Proposed Disposal is in the best interests of the Group and the shareholders of the Company, as the Property is a non-core asset of Far East Penang and the Group. There is currently no foreseeable use for the Property within the Group. The Proposed Disposal will result in a net estimated positive cash inflow of approximately S\$653,000 (after deducting estimated expenses in relation to the Proposed Disposal), thereby improving the liquidity of the Group.

7. USE OF PROCEEDS

The Group intends to utilise the net proceeds for the general working capital and declare dividend to shareholders.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

8. VALUE OF THE PROPERTY

Based on the Group's latest announced unaudited consolidated financial statements of the Group for the 6-month financial period ended 30 June 2024 ("**HY2024**"), the net carrying amount of the Property as at 30 June 2024 was approximately S\$44,000 (or equivalent to RM152,000 based on an exchange rate of S\$1: MYR3.4758). The Proposed Disposal is expected to result in a gain on disposal of approximately S\$606,000 (or equivalent to RM2,015,000 based on an exchange rate of S\$1: MYR 3.3243) after deducting estimated related expenses. No independent valuation was conducted on the Property for the purpose of the Proposed Disposal.

9. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed 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 Date.

The financial effects of the Proposed Disposal were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("**FY2023**"), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

9.1 Net Tangible Assets ("NTA")

The effect of the Proposed Disposal on the NTA per share of the Group for FY2023, assuming that the Proposed Disposal had been effected as at 31 December 2023 is as follows:

As at 31 December 2023	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	40,423	41,001
Number of issued shares ('000) (excluding treasury shares and subsidiary holdings)	111,462	111,462
NTA per share (Singapore cents)	36.27	36.78

9.2 Earnings per Share ("EPS")

The effect of the Proposed Disposal on the EPS of the Group for FY2023, assuming that the Proposed Disposal had been effected on 1 January 2023 is as follows:

FY2023	Before the Proposed Disposal	After the Proposed Disposal
Net Loss attributable to owners of the Company (S\$'000)	(3,667)	(3,064)
Weighted average number of issued shares (excluding treasury shares and subsidiary holdings) ('000)	111,462	111,462
EPS (Singapore cents)	(3.29)	(2.75)

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

Based on the latest announced unaudited consolidated financial statements of the Group for HY2024, the relative figures for the Proposed 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 1006	Bases	Relative Figure
(a)	The net asset value (" NAV ") of the assets to be disposed of, compared with the Group's net asset value	0.1% ⁽¹⁾
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit	0.7% ⁽²⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	9.9% ⁽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\$44,000 and the Group's NAV of approximately S\$41,504,000 as at 30 June 2024.
- (2) Based on net rental income generated of RM18,000 (being approximately S\$5,000 based on an exchange rate of S\$1:MYR3.5063) and the Group's profit before tax for HY2024 of \$736,000.
- (3) Based on the Purchase Price of RM2,380,000.00 (being approximately S\$685,000 based on an exchange rate of S\$1:MYR3.4758) and the Company's market capitalisation of approximately S\$6,900,000 (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\$0.0619 on 27 August 2024, which is the last full market day on which the Shares were traded prior to the date of the SPA.

- (4) The Proposed Disposal is not an acquisition of assets.
- (5) The Company is not a mineral, oil or gas company.

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

11. SERVICE CONTRACTS

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

12. 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.

13. DOCUMENT FOR INSPECTION

Copies of the SPA is available for inspection at the registered office of the Company at 51 Ubi Avenue 3, Singapore 408858 for a period of three months from the date of this announcement.

By Order of the Board

Loh Mun Yew
Chief Executive Officer and Executive Director
2 September 2024

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