



**Far East Group Limited**

(Company Registration No.:196400096C)

(Incorporated in the Republic of Singapore on 18 March 1964)

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**PARTICIPATION IN A CONSORTIUM**

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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 the Group had on 22 February 2016, through its subsidiary, Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd (“**ERM**”), entered into a consortium arrangement (the “**Consortium**”) with six (6) other parties, namely, Kou Xuejia, Wu Xucheng, Liang Yingkui, Zhao Jie, Yuan Fu and Zhang Dongdong (together with ERM, the “**Parties**”, and each a “**Party**”), for the following purposes:

- (a) consolidate the purchases of all of the Parties so as to obtain the lowest possible prices from various suppliers of key equipment in the Heating, Ventilation, Air Conditioning and Refrigeration (“**HVACR**”) industry;
- (b) take on large value turnkey projects through leveraging on the respective Parties to establish a significant presence in various territories in the People’s Republic of China (“**PRC**”); and
- (c) establish its own branding as a one-stop-shop for supplies of HVACR equipment, parts, accessories and installer for related projects in the PRC.

The Consortium shall be an entity to be established in the PRC (“**Consortium Company**”), with each of the Parties (other than the Managing Partner) having an equity interest of 14% in the Consortium Company. The Consortium Company will be managed by Kou Xuejia (“**Managing Partner**”). The Managing Partner shall have an equity interest of 16%, which is 2% more than the shareholding proportions of the other Parties. Each of the Parties other than ERM has their own distribution and related businesses in the HVACR industry in the PRC. The Consortium Company is expected to have an authorised share capital of RMB 21 million, with each Party (including the Managing Partner) expected to invest RMB 3 million each.

The investment by the Group into the Consortium Company shall be made in three (3) different tranches, with the first tranche of RMB 1 million to be made upon the registration of the Consortium Company, the second tranche of RMB 1 million to be made upon the Consortium Company’s revenue reaches RMB 80 million, and the third tranche of RMB 1 million to be made upon the Consortium Company’s revenue reaches RMB 120 million.

The Board is of the view that the participation in the Consortium will allow the Group to benefit from the following:

- (a) allows the Group to leverage on the Consortium’s network to widen its distribution channels as the other Parties to the Consortium would be able to carry the Eden brand of products and redistribute them in other provinces in the PRC where the Group has very little presence at the moment;
- (b) allows the Group to influence the Consortium to use its products in their respective projects, in turn enhancing sales, and allows ERM to have first-hand knowledge of potential projects;

- (c) allows ERM to manufacture heat exchangers for Original Equipment Manufacturer (“OEM”) projects for the other Parties in their respective businesses, where manufacturing is based on the Party’s or Parties’ designs; and
- (d) allows the Group to ride on the Consortium’s size and enjoy low-cost purchases of parts, accessories and other materials that ERM may require in its productions from time to time or for sale.

Barring unforeseen circumstances, the aforesaid participation in the Consortium is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company and the Group for the current financial year ending 31 December 2016.

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the foregoing, save for their respective shareholdings in the Company, if any. Each of the Parties is not related to the Directors, controlling shareholders of the Company or their respective associates.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Consortium, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

BY ORDER OF THE BOARD

Loh Mun Yew  
Chief Executive Officer and Executive Director  
26 February 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“Sponsor”), Canaccord Genuity Singapore Pte. Ltd., 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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