

HVAC&R Equipment Specialist Far East Announces 1H2015 Results

Singapore, 12 August 2015 – SGX Catalist-listed Far East Group Limited (“**Far East**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), a Heating, Ventilation, Air-Conditioning and Refrigeration (“**HVAC&R**”) equipment provider and distributor, announced today its financial results for the six months ended 30 June 2015 (“**1H2015**”).

Singapore-based Far East said revenue for 1H2015 slipped by 3.8% to S\$16.3 million, from S\$16.9 million in the six months ended 30 June 2014 (“**1H2014**”), mainly due to a slowdown in projects resulting in some orders being deferred to the second half of 2015.

In 1H2015, revenue from the oil, marine and gas (refrigeration and air-conditioning) segment improved by 7.6%, while the commercial and light industrial (refrigeration) as well as the residential and commercial (air-conditioning) segments reported a decline in revenue of 17.0% and 2.3%, respectively, from 1H2014.

Gross profit decreased to S\$4.7 million in 1H2015 from S\$5.4 million in 1H2014 in tandem with lower revenue. Gross profit margin fell to 29.1% in 1H2015 from 32.0% in 1H2014, attributable to lower-margin bulk sales.

The Group incurred higher distribution and selling expenses of S\$0.4 million, due to higher exhibition expenses of S\$0.2 million as the Group continues to undertake marketing activities in key markets, as well as higher staff costs as the Group had newly incorporated a subsidiary in Vietnam in October 2014.

As a result of the above, net loss after tax attributable to shareholders was S\$1.3 million in 1H2015.

Net loss per share for 1H2015 was 1.24 Singapore cents (1H2014: earnings per share of 0.49 Singapore cents) while net asset value per share as at 30 June 2015 was 23.1 Singapore cents (31 December 2014: 25.0 Singapore cents).

Mr. Loh Mun Yew, CEO of Far East, said, “The Group’s key markets are experiencing a slowdown. In view of this, we are stepping up efforts to keep costs low through streamlining of our operations to drive greater internal cost efficiencies and exercising greater prudence in corporate spending.”

Far East has since accelerated marketing activities in Vietnam, where the Group had incorporated a wholly-owned subsidiary in October 2014, to drive top-line growth and alleviate margin pressures due to stiff market competition.

The Group continues to explore opportunities to expand its cold chain business in the China market and increase manufacturing utilization at its subsidiary, Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd. The Group is also on the lookout

for potential mergers and acquisitions to deepen its market penetration and widen its distribution network in China.

“We have also completed the consolidation of our four Malaysian entities, and have streamlined our Malaysian operations to position ourselves to serve our customers more efficiently.”, Mr. Loh added.

The Group continues to pursue growth in its main markets while exploring expansion opportunities to mitigate the effects of the slowdown in regional markets.

****End of Press Release****

Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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About Far East Group Limited

Founded in 1953 and listed on SGX Catalist since 8 August 2011, Far East Group Limited (“Far East” or the “Group”) is a pioneer in the refrigeration and air-conditioning business in Singapore, offering end-to-end solutions in cooling and refrigeration ranging from consulting to after-sales support. Over the years, it has built up a strong network to become a comprehensive provider of refrigeration and air-conditioning systems and products for the Heating, Ventilation, Air-conditioning and Refrigeration (HVAC&R) industry.

The Group owns a facility in China, which manufactures its patented line of Eden energy-efficient products, and has established itself as one of China’s leading providers of quality heat-exchangers. Far East counts distributors, dealers and refrigeration and air-conditioning contractors across China and South East Asia as its customers.

*This press release 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 press release.*

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