



Far East Group Limited

(Company Registration No.:196400096C)

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

PROPOSED JOINT VENTURE WITH YEALEA INDUSTRY CO., LTD AND BEIJING ZHUFENG DEXIN REFRIGERATION ENGINEERING CO., LTD.

Further to the announcement dated 26 February 2016 in relation to the participation of Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd (“**ERM**”), a subsidiary of Far East Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) in a consortium with six (6) other parties, the board of directors (the “**Board**” or the “**Directors**”) of the Group wishes to announce that the Company had on 31 March 2016, through its subsidiary, ERM, entered into a joint venture agreement (the “**JVA**”) with Yealea Industry Co., Ltd (“**Yealea Industry**”), a company established in the People’s Republic of China (“**PRC**”) with its registered address at No. 246 SongJiang SiTong Road, Shanghai, PRC and Beijing Zhufeng Dexin Refrigeration Engineering Co., Ltd. (“**Zhufeng**”), a company established in the PRC with its registered address at No. 140, GaoLiYin, JinMaYuan Street 3, ShunYi District, Beijing, PRC (together with ERM, the “**Parties**”, and each a “**Party**”), to incorporate a joint venture company in the PRC (the “**JV Company**”).

Established in June 2010, ERM was acquired by the Company in July 2013 and is primarily engaged in the manufacturing of “Eden” brand of heat exchangers and condensing units in the PRC. Yealea Industry is a consortium set up to be a buying house of key equipment in the Heating, Ventilation, Air Conditioning and Refrigeration (“**HVACR**”) industry and takes on large value turnkey projects in the PRC. It aims to establish its own branding as a one-stop-shop for supplies of HVACR equipment, parts, accessories and installer for related projects in the PRC. Zhufeng is a rack manufacturer for the HVACR industry in the PRC.

The Parties shall establish the JV Company with ERM, Yealea Industry and Zhufeng having shareholding interests of 51%, 24% and 25%, respectively. The JV Company will be established with an authorised share capital of RMB 10 million.

The investment by the Parties into the JV Company shall be made according to their respective shareholding interests in four (4) different tranches, with the first tranche of RMB 2 million to be made upon the establishment of the JV Company, the second tranche of RMB 1 million to be made within three (3) months from the establishment of the JV Company, the third tranche of RMB 2 million to be made within nine (9) months from the establishment of the JV Company and the fourth tranche of RMB 5 million to be made within ten (10) years from the establishment of the JV Company. Sources of funding for the investment will be through internally generated funds and bank borrowings.

The JV Company will be primarily engaged in (i) the manufacturing and distribution of condensing units, compressor units, packaged units, multiple compressor racks and electrical control panels (the “**Products**”) in the PRC and (ii) the servicing and repair of the Products in the PRC.

Under the JVA, the JV Company will manufacture and sell the Products to each Party according to a pre-agreed pricing guide, which may be revised from time to time. The JV Company may also purchase production equipment, machineries and materials at pre-agreed prices from ERM and Zhufeng from time to time. ERM and Zhufeng have also agreed that they will discontinue their respective existing rack manufacturing activities.

The JV Company's board of directors shall comprise three (3) directors and each Party may appoint one (1) director. The director appointed by ERM shall be the chairman of the JV Company's board of directors.

Barring unforeseen circumstances, the Company's investment into the JV Company 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, controlling shareholders or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the JVA, 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 JVA, 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
22 April 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.

The contact person for the Sponsor is Mr. Tee Chun Siang, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.