

Far East Group proposes diversification into fresh produce business

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RAPHAEL LIMraphlim@sph.com.sg[@RaphaelLimBT](https://www.linkedin.com/in/RaphaelLimBT)

CATALIST-LISTED Far East Group said on Friday that it intends to diversify and expand its core business to include farming, storage and distribution of fresh produce.

In an exchange filing, the company also announced that it has entered into a subscription and shareholders agreement with fresh-produce firm Comfresh Group Holdings. It will take a 20 per cent stake in the Australia-based company.

The subscription price to be paid is A\$7.3 million (S\$7.32 million), which it said will be funded through internal resources and satisfied in cash. Upon completion, Comfresh will be an associated company of Far East Group.

The group said it has considered opportunities in the storage and distribution of fresh produce, including farming of vegetables and salad greens, to diversify its business and broaden its stream of income and revenue.

It intends to diversify its core business of being a provider of refrigeration and airconditioning systems and products to include the business of distribution and farming of fresh produce.

The company said: "There exists a beneficial collaboration among the group's existing refrigeration and air-conditioning business and the proposed fresh-produce business as the group's expertise in solutions in cooling and refrigeration have natural synergy with the technological expertise necessary in the storage and processing of the fresh produce to ensure proper air circulation and humidity controls."

It added that the proposed subscription will also "provide additional, recurrent and sustainable revenue streams and may reduce the group's reliance on its core business".

Far East Group plans to carry out the fresh produce business through Comfresh, and it intends to convene an extraordinary general meeting to seek its shareholders' approval for the proposed subscription and diversification.

In recent months, other SGX-listed companies, such as KTL Global and Mercurius Capital Investment have also announced plans to diversify their business into the fresh produce or grocery segments.

Far East Group shares last traded at 9.7 Singapore cents on Thursday, before a trading halt was called on Friday morning. The SGX website puts the company's market cap at S\$10.8 million.

<https://www.businesstimes.com.sg/consumer/far-east-group-proposes-diversification-into-fresh-produce-business>