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Asia Grocery Distribution Limited
亞洲富思集團控股有限公司

(formerly known as “Asia Grocery Distribution Limited 亞洲雜貨有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8413)

DISCLOSEABLE TRANSACTION
DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On 29 November 2024 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchasers, pursuant to which the Vendor has agreed to sell, and the Purchasers have agreed to purchase, the Sale Shares, representing the entire issued share capital of the Disposal Company for a consideration of HK\$1,500,000.

Upon Completion, the Disposal Company will no longer be a subsidiary of the Company, and the Company will cease to hold any of the issued share capital of the Disposal Company. Accordingly, the financial results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Disposal exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 29 November 2024

Parties: (a) The Vendor, a wholly-owned subsidiary of the Company; and
(b) The Purchasers (collectively, the “**Parties**”).

Each of the Purchasers is an individual. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Purchasers is an Independent Third Party as at the date of this announcement.

Subject matter: The Vendor has agreed to sell and each of the Purchasers has agreed to purchase 50% of the Sale Shares, together representing the entire issued share capital of the Disposal Company.

Consideration: HK\$1,500,000 (borne by the Purchasers in equal portion of HK\$750,000)

Payment terms: The Consideration shall be paid in cash by the Purchasers to the Vendor in full by way of electronic transfer or cheque as follows:

- (i) at Completion, 20% of the Consideration (equivalent to HK\$300,000) shall be payable and borne by the Purchasers in equal portion; and
- (ii) subsequent to Completion, 80% of the Consideration (equivalent to HK\$1,200,000) shall be payable by the Purchasers in twelve (12) equal monthly instalments of HK\$100,000 per calendar month (the “**Monthly Instalment Payment(s)**”) commencing from 1 January 2025 and ending on 1 December 2025 (the “**Payment Period**”).

Each Monthly Instalment Payment shall be made by the Purchasers in equal portion on the first day of each calendar month during the Payment Period, the last Monthly Instalment Payment shall be payable by the Purchasers to the Vendor on 1 December 2025.

The Consideration was determined after arm’s length negotiations among the Parties with reference to the unaudited net asset value of the Disposal Company of approximately HK\$1,722,000 as at 31 October 2024.

Completion of the Disposal took place immediately after signing of the Sale and Purchase Agreement.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a limited liability company incorporated in Hong Kong which is wholly owned by the Vendor as at the date of the Sale and Purchase Agreement. It is principally engaged in the trading and distribution of food and beverage grocery products.

Set out below is a summary of the audited financial information of the Disposal Company for the two years ended 31 March 2024 and the six months ended 30 September 2024 which is extracted from the audited financial statements of the Disposal Company for the two years ended 31 March 2024 and the unaudited management accounts of the Disposal Company for the six months ended 30 September 2024, respectively:

| | For the six months ended 30 September 2024 | For the year ended 31 March | |
|--------------------------|---|---|---|
| | <i>HK\$'000</i> (unaudited) | 2024 <i>HK\$'000</i> (audited) | 2023 <i>HK\$'000</i> (audited) |
| Revenue | 13,100 | 28,149 | 30,937 |
| (Loss)/profit before tax | (229) | (225) | 87 |
| (Loss)/profit after tax | (229) | (225) | 87 |

As at 31 October 2024, the Disposal Company recorded unaudited net assets of approximately HK\$1,722,000.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Disposal, the Group will no longer have any interest in the Disposal Company and the Disposal Company will cease to be accounted as a subsidiary of the Group.

The estimated loss on the Disposal attributable to the owner of the Company based on the Consideration less the unaudited net asset value of the Disposal Company to be transferred as at 31 October 2024 is approximately HK\$222,000.

Shareholders should note that the actual amount of the profit on the Disposal to be recognised in the consolidated financial statements of the Company depends on the value of the Sale Shares as at the date of the Sale and Purchase Agreement and therefore may be different from the amount as mentioned above.

REASONS FOR AND BENEFITS FROM THE DISPOSAL

The Board has been closely monitoring the performance of the Group as a whole, as well as the individual performance of the Company's subsidiaries. Considering the declining financial performance and after reviewing the business and operation status of the Disposal Company, the Board considers it appropriate for the Group to proceed with the Disposal to dispose of a loss-making subsidiary. As such, even though the Disposal resulted to a loss, the Disposal will generate cost saving effect to the Group and reduce future monthly cash outflow. The Directors considered that the Disposal will enable the Company to realise its assets and to use the proceeds from the Disposal as the Group's general working capital. Accordingly, the Disposal is expected to lower the gearing and improve the working capital of the Group. The Disposal will strengthen the financial position and enhance the cash flow of the Group. The Board believes that, through the Disposal, the Company will be able to allocate its resources more effectively.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Group and the Vendor

The Group is principally engaged in food and beverage grocery distributor in Hong Kong. The Vendor, a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

Information on the Purchasers

Ms. Cheung Ching Han is a natural person and a Hong Kong resident. She is the sole director of Winngo Creative Company Limited, a company principally engaged in the provision of consultancy and warehouse management service and trading of food, kitchen and hygiene goods, and is an Independent Third Party.

Mr. Chow Wing Kok is a natural person and a Hong Kong resident. He is the sole director of Wing Tu Development Limited, a company principally engaged in the provision of trading of food and kitchen and hygiene products, and is an Independent Third Party.

GEM LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Disposal exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

| | |
|--------------------------------|---|
| “Board” | the board of Directors |
| “Company” | Asia Grocery Distribution Limited 亞洲富思集團控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 8413) |
| “Completion” | the completion of the Disposal |
| “connected person(s)” | has the same meaning ascribed to it under the GEM Listing Rules |
| “Consideration” | HK\$1,500,000, being the total consideration payable by the Purchasers to the Vendor for the Disposal |
| “Director(s)” | the directors of the Company |
| “Disposal” | the sale and purchase of the Sale Shares contemplated under the Sale and Purchase Agreement |
| “Disposal Company” | Eagle Food Limited 意高食品有限公司, a company incorporated in Hong Kong with limited liability on 6 February 2015, and an indirect wholly-owned subsidiary of the Company |
| “GEM” | GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM, as amended, modified and supplemented from time to time |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | any person or company and its ultimate beneficial owner(s), who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons |
| “Purchasers” | collectively, Ms. Cheung Ching Han (張靜嫻) and Mr. Chow Wing Kok (周榮國) |

| | |
|-------------------------------|---|
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 30 November 2024 entered into among the Vendor and the Purchasers in relation to the Disposal |
| “Sale Shares” | 500,000 ordinary shares, representing the entire issued share capital of the Disposal Company |
| “Shareholder(s)” | registered holder(s) of the share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Hung Fat Ho Holdings Limited 鴻發號集團有限公司, a company incorporated in British Virgin Islands with limited liability on 30 June 2015, which is a direct wholly-owned subsidiary of the Company |
| “%” | per cent. |

By order of the Board
Asia Grocery Distribution Limited
Wong Siu Man
Chairman and Executive Director

Hong Kong, 29 November 2024

As at the date of this announcement, the executive Directors are Mr. Wong Siu Man (Chairman), Mr. Wong Siu Wa (Chief Executive Officer) and Mr. Yip Kam Cheong (Compliance Officer), and the independent non-executive Directors are Mr. Ng Fan Kay Frankie, Mr. Wang Zhaobin and Ms. Chan Hoi Yee.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at www.agdl.com.hk.