

Asia Grocery Distribution Limited

亞洲富思集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8413



Interim Report **2025/26**

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*This interim report, for which the directors (the “**Directors**”) of Asia Grocery Distribution Limited (the “**Company**”) 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 (the “**GEM Listing Rules**”) 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 report 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 report misleading.*

HIGHLIGHTS

- The Group recorded revenue of approximately HK\$137,074,000 for the six months ended 30 September 2025 (six months ended 30 September 2024: approximately HK\$148,288,000).
- Loss attributable to owners of the Company for the six months ended 30 September 2025 amounted to approximately HK\$377,000 (six months ended 30 September 2024 amounted to approximately HK\$97,000).
- The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2025 (six months ended 30 September 2024: nil).

INTERIM RESULTS

The board (the "Board") of Directors of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, referred to as the "Group") for the six months ended 30 September 2025, together with the unaudited comparative figures for the corresponding period in 2024, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

	Notes	Six months ended 30 September	
		2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	3	137,074	148,288
Costs of sales		(107,801)	(116,149)
Gross profit		29,273	32,139
Other income	4	2,106	2,366
Other gain and losses, net	4	(351)	(287)
Selling and distribution expenses		(15,266)	(17,254)
Administrative expenses		(15,677)	(16,582)
Profit from operations		85	382
Finance costs	5	(204)	(312)
(Loss)/profit before tax	6	(119)	70
Income tax expense	7	(258)	(167)
Loss and total comprehensive loss for the period attributable to owners of the Company		(377)	(97)
Loss per share			
Basic and diluted (HK cents)	9	(0.03)	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

	Notes	As at 30 September 2025 HK\$'000 (unaudited)	As at 31 March 2025 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	1,401	2,139
Right-of-use assets		5,685	4,046
Rental and other deposits	11	873	1,496
		7,959	7,681
Current assets			
Inventories – merchandise at cost		12,997	16,849
Trade receivables	11	32,890	33,450
Other receivables, deposits and prepayments	11	4,028	5,704
Pledged bank deposits		576	576
Cash and cash equivalents		67,178	60,873
		117,669	117,452
Current liabilities			
Trade payables	12	10,976	12,549
Other payables and accrued charges	12	7,632	6,858
Contract liabilities		502	474
Tax liabilities		816	558
Lease liabilities		4,965	4,017
		24,891	24,456
Net current assets		92,778	92,996
Total asset less current liabilities		100,737	100,677
Non-current liabilities			
Lease liabilities		1,182	745
NET ASSETS		99,555	99,932
Equity and reserves			
Equity attributable to owners of the Company			
Share capital	13	11,620	11,620
Reserves		87,935	88,312
TOTAL EQUITY		99,555	99,932

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2025

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000 (note i)	Other reserves HK\$'000 (note ii)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2025 (audited)	11,620	62,742	5,584	19,986	99,932
Loss and total comprehensive loss for the period	–	–	–	(377)	(377)
At 30 September 2025 (unaudited)	11,620	62,742	5,584	19,609	99,555
At 1 April 2024 (audited)	11,620	62,742	5,584	18,925	98,871
Loss and total comprehensive loss for the period	–	–	–	(97)	(97)
At 30 September 2024 (unaudited)	11,620	62,742	5,584	18,828	98,774

Notes:

- (i) Under the Companies Law of the Cayman Islands, share premium of the Company are available for distribution to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- (ii) Other reserves represented the difference between acquisition of additional interests in subsidiaries and the share capital of subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2025

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Net cash generated from operating activities	9,401	14,467
Net cash generated from/(used in) investing activities	268	(2,364)
Net cash used in financing activities	(3,364)	(3,753)
Net increase in cash and cash equivalents	6,305	8,350
Cash and cash equivalents at the beginning of period	60,873	47,030
Cash and cash equivalents at the end of period, represented by bank and cash balances	67,178	55,380

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (2016 Revision) of the Cayman Islands on 29 September 2016. The shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange (the "**Listing**") since 13 April 2017. Its ultimate and immediate holding company is Sky Alpha Investments Limited ("**Sky Alpha**"), an entity incorporated in the British Virgin Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and principal place of business is The Whole of Upper Ground Floor, Mai Tong Industrial Building, No.22 Sze Shan Street, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in trading and distribution of food and beverage grocery products.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK\$**") unless otherwise stated, which is also the functional and presentation currency of the Company.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), the accounting principles generally accepted in Hong Kong, and the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**"). The Group's interim unaudited condensed consolidated financial statements for the six months ended 30 September 2025 should be read in conjunction with its annual audited consolidated financial statements for the year ended 31 March 2025 and have been prepared under the historical cost convention. The principal accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of elimination uncertainty) and methods of computation used in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those used in the annual audited consolidated financial statements for the year ended 31 March 2025 except for the new and revised HKFRS Accounting Standards, amendments and interpretations issued by the HKICPA that are adopted for the first time for the current period.

In the current period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by HKICPA that are relevant to the Group's operations and effective for accounting period beginning on or after 1 April 2025. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior periods.

The Group has not early applied new and revised HKFRS Accounting Standards that have been issued but are not yet effective for the financial period beginning on 1 April 2025. The directors of the Company anticipate that the new and revised HKFRS Accounting Standards will be adopted in the Group's unaudited condensed consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all the new and revised HKFRS Accounting Standards that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. REVENUE

Disaggregation of revenue from contracts with customers by major products line is as follows:

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregated by types of products line:		
Commodities and cereal products (Note a)	42,184	46,621
Packaged food (Note b)	27,052	28,477
Sauce and condiment	28,820	30,634
Dairy products and eggs	15,240	17,134
Beverage and wine	12,370	13,036
Kitchen and hygiene products (Note c)	11,408	12,386
	137,074	148,288
Time of revenue recognition within the scope of HKFRS 15:		
At a point in time	137,074	148,288

The customers of the Group are solely located in Hong Kong.

Notes:

- Commodities and cereal products include rice, wheat flour, noodle products such as ramen and pasta, edible oil as well as sugar and salt.
- Packaged food includes processed products such as meat and vegetables in preserved, canned, frozen and other forms, as well as snacks and pre-packaged food items.
- Kitchen and hygiene products include food wrap and food related products such as cling film, baking sheet, foil, cleaning products such as detergent, bleach, liquid soap and others such as tissue paper, toothpick and towel, hygiene products such as face masks and gloves.

4. OTHER INCOME AND GAIN AND LOSSES, NET

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Other income		
Handling fee income (Note)	1,629	1,958
Interest income	260	41
Sundry income	217	367
	2,106	2,366
Other gain and losses, net		
Gain on disposal of property, plant and equipment	26	–
Bad debts written off	(377)	(287)
	(351)	(287)

Note: Handling fee income represents revenue from contracts with customers within the scope of HKFRS 15 which recognised at a point in time.

5. FINANCE COSTS

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Interest on lease liabilities	204	312

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Directors' emoluments	4,244	3,842
Other staff costs		
Salaries and other benefits	8,935	9,757
Retirement benefit scheme contributions	369	390
Total staff costs (including directors' emoluments)	13,548	13,989
Auditor's remuneration – audit service	300	310
Depreciation of property, plant and equipment	715	911
Depreciation of right-of-use assets	2,965	3,274
Expenses relating to short term lease	556	346
Cost of inventories recognised as an expense	107,801	116,149

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Hong Kong Profits Tax		
– Current tax	258	167

Under the two-tiered Hong Kong Profits Tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying group entities established in Hong Kong will be taxed at 8.25% (2024: 8.25%), and assessable profits above HK\$2,000,000 will be taxed at 16.5% (2024: 16.5%). The assessable profits of group entities not qualifying for the two-tiered Hong Kong Profits Tax rate regime will continue to be taxed at a flat rate of 16.5% (2024: 16.5%).

8. DIVIDEND

No dividend has been paid or proposed by the Company for the period (six months ended 30 September 2024: nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	(377)	(97)
	'000	'000
Number of ordinary share:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,162,000	1,162,000
Basic loss per share (HK cent)	(0.03)	(0.01)

(b) Diluted loss per share

No adjustment has been made to the basic loss per share for the six months ended 30 September 2025 and 2024 as the Company has no outstanding potential ordinary share during the periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2025, the Group acquired property, plant and equipment at a total cost of approximately HK\$22,000 (six months ended 30 September 2024: approximately HK\$2,330,000). Such additions were mainly comprised of furniture and equipment of approximately HK\$16,000 (six months ended 30 September 2024: approximately HK\$11,000). During the six months ended 30 September 2025, a motor vehicle with a net carrying amount of approximately HK\$44,000 was sold to an independent third party for HK\$70,000. During the six months ended 30 September 2024, the Group acquired motor vehicles of approximately HK\$2,249,000. The Group did not write off or dispose any property, plant and equipment during the six months ended 30 September 2024.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2025 HK\$'000 (unaudited)	31 March 2025 HK\$'000 (audited)
Trade receivables	32,890	33,450
Other receivables, deposits and prepayments		
Rental and utilities deposits	2,121	2,141
Prepayments to suppliers	1,435	2,938
Other prepayments	396	875
Other receivables	349	346
Consideration receivables from disposal of a subsidiary (Note)	400	900
Amounts due from related parties (Note 14b)	200	–
	4,901	7,200
	37,791	40,650
Presented as non-current assets		
Rental and other deposits	873	1,496
Presented as current assets		
Trade receivable	32,890	33,450
Other receivables, deposits and prepayments	4,028	5,704
	36,918	39,154
	37,791	40,650

Note: On 29 November 2024, Hung Fat Ho Holdings Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with two independent third parties, pursuant to which Hung Fat Ho Holdings Limited agreed to dispose of its 100% equity in Eagle Food Limited ("Disposal") at a total consideration of HK\$1,500,000. The Disposal was completed on 31 March 2025.

The Group grants credit terms of 0–90 days to its customers from the date of invoices. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limit attributable to customers are reviewed regularly.

An ageing analysis of the trade receivables is presented based on the invoice date, which approximates the date of delivery of goods, at the end of the reporting periods.

	30 September 2025 HK\$'000 (unaudited)	31 March 2025 HK\$'000 (audited)
0 – 30 days	18,503	20,073
31 – 60 days	11,110	10,314
61 – 90 days	1,401	1,858
91 – 180 days	1,876	1,205
	32,890	33,450

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	30 September 2025 HK\$'000 (unaudited)	31 March 2025 HK\$'000 (audited)
Trade payables	10,976	12,549
Other payables and accrued charges		
Accrued charges	4,102	4,193
Salaries and bonus payables	3,530	2,665
	7,632	6,858
	18,608	19,407

The average credit period for purchases of goods is 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting periods:

	30 September 2025 HK\$'000 (unaudited)	31 March 2025 HK\$'000 (audited)
0 – 30 days	10,572	12,462
31 – 60 days	46	–
Over 60 days	358	87
	10,976	12,549

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2024, 31 March 2025 (audited), 1 April 2025 and 30 September 2025 (unaudited)	2,000,000	20,000
Issue and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2024, 31 March 2025 (audited), 1 April 2025 and 30 September 2025 (unaudited)	1,162,000	11,620

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

14. MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group had following material transactions with related party during the reporting period

Nature of transaction	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Payment for the lease liabilities (Note a)		
– Amount settled	1,200	–
– Related interest expenses	109	–
Sales of goods to a related company (Note b)	–	245
Purchase from a related company (Note b)	–	3,862
Handling fee income received from a related company (Note b)	–	89
Sundry income received from a related company (Note b)	–	252

Note a: On 20 March 2025, Hung Fat Ho Food Limited (as tenant), a wholly-owned subsidiary of the Company, entered into a lease agreement with Wong Siu Man and Wong Siu Wa (as landlord) in relation to the lease of the premises located at The Godown on G/ F & Flat A on 2/F & Car Parking Spaces Nos. L1, 7, 8, 9, 10, 11 on G/F of Mai Tong Industrial Building, No. 22 Sze Shan Street, Yau Tong, Kowloon, Hong Kong for a term of two years. Wong Siu Man and Wong Siu Wa are the executive directors and controlling shareholders of the Company. The amount of lease payable by the Group under the lease is HK\$200,000 per month, which was determined with reference to market rent. The total amount of the lease payment is HK\$4,800,000 and deposit is HK\$600,000.

Note b: A related company of the Group named Treasure Go Catering Limited ("Treasure Go"), which was 100% owned by Wong Siu Man. On 12 November 2024, Wong Siu Man disposed entire equity interest in Treasure Go to the independent third parties of the Group. Thus, Treasure Go ceased to be a related party of the Group thereafter.

Aforementioned related party transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors of the Company, were determined with reference to the market price of the prescribed period. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(b) Balance with related party

	30 September 2025 HK\$'000 (unaudited)	31 March 2025 HK\$'000 (audited)
Other receivables, deposits and prepayments (Note 11)		
Wong Siu Man and Wong Siu Wa	200	–

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 September 2025 and 2024 were as follows:

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Short term benefits	5,529	5,801
Post employment benefits	68	77
	5,597	5,878

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established food and beverage grocery distributor in Hong Kong with over 40 years of experience in the food and beverage grocery distribution industry. The Group's customers include restaurants, non-commercial dining establishments, hotels and private clubs, food processing operators and wholesalers in Hong Kong. The Group also offers product sourcing, repackaging, quality assurance, warehousing and storage, transportation as well as other value-added services to provide one-stop food and beverage grocery distribution solutions to the customers. The Group's product portfolio ranges from food commodities, specialty food ingredients to kitchen and hygiene products which can be broadly categorised into (i) commodities and cereal products; (ii) packaged food; (iii) sauce and condiment; (iv) dairy products and eggs; (v) beverage and wine; and (vi) kitchen and hygiene products.

Following the initial recovery driven by the removal of Hong Kong's anti-epidemic measures in December 2022 and the border reopening with Mainland China in January 2023, the Group's revenue growth seen in 2024 has moderated during the six months ended 30 September 2025. While the earlier period benefited from pent-up demand in tourism and hospitality, Hong Kong's economic recovery has remained weaker than anticipated throughout 2024 and into 2025. The persistent challenges of northbound consumption trends, ongoing labor shortages, and continuously rising operational costs have continued to pressure the entire Hong Kong catering industry. These factors collectively contributed to approximately 7.6% revenue decrease during the current six-month period, reflecting the more challenging market conditions that have emerged following the initial post-pandemic recovery phase.

Based on the unaudited financial information of our Group, our revenue was approximately HK\$137,074,000 for the six months ended 30 September 2025, representing a decrease of approximately HK\$11,214,000 as compared to approximately HK\$148,288,000 in the corresponding period of 2024.

Looking ahead, the global economic slowdown and intensifying competition in Hong Kong's food distribution sector present significant uncertainties. To navigate these challenges, the Directors remain committed to proactive strategic reviews and agile adjustments to our business model. Priorities for the coming year include strengthening sales and marketing efforts to retain market share, accelerating the development of high-margin specialty products, and exploring opportunities for operational efficiency gains. Additionally, the Group will monitor emerging trends in consumer behavior and supply chain dynamics, with a focus on identifying niche markets and strategic partnerships that align with our core competencies.

FINANCIAL REVIEW

Revenue

During the six months ended 30 September 2025, our revenue decreased by approximately HK\$11,214,000 or approximately 7.6% to approximately HK\$137,074,000 (six months ended 30 September 2024: approximately HK\$148,288,000). This contraction primarily reflects a normalization of post-pandemic demand and intensified market challenges that emerged following the initial recovery phase.

The revenue growth in the prior corresponding period was significantly driven by a sharp, yet temporary, resurgence in tourism and catering activity. In contrast, the current period has been defined by a more subdued economic environment in Hong Kong. The recovery momentum has slowed considerably, evidenced by persistent structural headwinds including the continued trend of northbound consumption, heightened competitive pressures, and sustained labour shortages. These factors have led to a decline in overall customer traffic for our core clients in the restaurant and hospitality sectors, resulting in more conservative inventory purchasing from the Group.

Furthermore, while the strategic partnerships established in 2022 and 2023 continue to provide a stable revenue stream, their growth contribution in the current period was insufficient to offset the broader decline in our core distribution business. The overall decrease was primarily attributable to reduced order volumes across several key product categories, particularly those servicing the full-service restaurant and hotel segments.

Cost of sales

Our cost of sales solely represented cost of inventories sold, which represented the cost of finished goods purchased by us from suppliers. Our cost of sales represents the costs of products, net of discounts and rebates, charged by our suppliers. Our cost of sales decreased by approximately HK\$8,348,000 or approximately 7.2% to approximately HK\$107,801,000 for the six months ended 30 September 2025, as compared to approximately HK\$116,149,000 for the six months ended 30 September 2024, mainly due to the decreased sales volumes and written off of obsolete stock during the current period.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 8.9% from approximately HK\$32,139,000 for the six months ended 30 September 2024 to approximately HK\$29,273,000 for the six months ended 30 September 2025. The decrease in gross profit was due to the combined effect of our decreased revenue and written off of obsolete stock during the current period. For the six months ended 30 September 2025, the Group's gross profit margin decreased to approximately 21.4% as compared with previous year at approximately 21.7%.

Other income

Other income included interest income from bank deposits, handling fee income and sundry income. Other income decreased from approximately HK\$2,366,000 for the six months ended 30 September 2024 to approximately HK\$2,106,000 for the six months ended 30 September 2025. This decline was primarily driven by reduced handling fee income, which fell from approximately HK\$1,958,000 for the six months ended 30 September 2024 to approximately HK\$1,629,000 for the six months ended 30 September 2025. The reduction in handling fees resulted from revised contractual terms with an independent third party, implemented in August 2024, which lowered the percentage of sales revenue shared with the Group. This decrease was partially mitigated by increased interest income during the current period.

Other gain and losses, net

The Group recorded net other losses of approximately HK\$351,000 for the six months ended 30 September 2025 which was attributable to written off of bad debts, partially offset by gain on disposal of property, plant and equipment. In September 2025, the Group sold a motor vehicle to an independent third party at a gain of approximately HK\$26,000. During the six months ended 30 September 2024, bad debts of approximately HK\$287,000 were written off.

Selling and distribution expenses

Our selling and distribution expenses mainly comprised transportation expenses, commission expenses to sales persons based on a certain percentage of the gross profit on successful sales, staff costs for our sales team and entertainment expenses. The decrease of selling and distribution expenses of the Group were in line with the revenue decrement and were mainly due to the decrease in transportation costs and decrease in motor vehicle expenses. The selling and distribution expenses accounted for approximately 11.1% and 11.6% of the total revenue for the six months ended 30 September 2025 and 2024 respectively.

Administrative expenses

For the six months ended 30 September 2025, the Group's administrative expenses primarily comprised staff costs for administrative and management personnel, directors' remuneration, depreciation on property, plant and equipment and depreciation on right-of-use assets. Administrative expenses decreased from approximately HK\$16,582,000 for the six months ended 30 September 2024 to approximately HK\$15,677,000 for the six months ended 30 September 2025. The decrease of administrative expenses of the Group was mainly due to the combined effect of decrease in legal and professional fees, decrease in administrative staff costs, decrease in depreciation on property, plant and equipment, decrease in cleaning expenses and increase in directors' remuneration.

Finance costs

Finance costs amounted to approximately HK\$204,000 for the six months ended 30 September 2025, decreased by approximately HK\$108,000 as compared to approximately HK\$312,000 for the six months ended 30 September 2024. Finance costs of the Group represented interest expenses on lease liabilities.

Income tax expense

For the six months ended 30 September 2025 and 2024, our income tax expenses were approximately HK\$258,000 and HK\$167,000, respectively.

Loss and total comprehensive loss attributable to owners of the Company

For the six months ended 30 September 2025 and 2024, the Group's loss and total comprehensive loss attributable to owners of the Company was approximately HK\$377,000 and HK\$97,000, respectively. The increase of loss and total comprehensive loss attributable to owners of the Company was mainly attributable to the decrease in revenue, written off of obsolete stock, decrease in receipt of handling fee income and increase in directors' remuneration, partially offset by decrease in transportation costs, decrease in motor vehicle expenses, decrease in legal and professional fees, decrease in administrative staff costs, decrease in depreciation on property, plant and equipment and decrease in finance costs.

Dividend

No dividend was paid, declared or proposed during the period. The Directors do not recommend the payment of any dividend for the six months ended 30 September 2025 (six months ended 30 September 2024: nil).

No shareholder of the Company has waived or agreed to waive any dividends during the period.

Trade and other receivables

Trade receivables decreased from approximately HK\$33,450,000 as at 31 March 2025 to approximately HK\$32,890,000 as at 30 September 2025. The decrease was mainly attributable to the tightening of credit control.

Other receivables, deposits and prepayments decreased by approximately HK\$2,299,000 from approximately HK\$7,200,000 as at 31 March 2025 to approximately HK\$4,901,000 as at 30 September 2025. The decrease was mainly due to the decrease in prepayments to suppliers near the current period end.

Trade and other payables

Trade payables decreased by approximately 12.5% from approximately HK\$12,549,000 as at 31 March 2025 to approximately HK\$10,976,000 as at 30 September 2025. The decrease was mainly due to the repayment to suppliers near the current period end.

Other payables and accrued charges increased by approximately HK\$774,000 from approximately HK\$6,858,000 as at 31 March 2025 to approximately HK\$7,632,000 as at 30 September 2025. The increase was mainly due to the increase in salaries and bonus payable to staff.

LIQUIDITY AND FINANCIAL POSITION

As at 30 September 2025, bank balances and cash of the Group amounted to approximately HK\$67,754,000 (as at 31 March 2025: approximately HK\$61,449,000). The current ratios (current assets divided by current liabilities) of the Group were approximately 4.7 times and 4.8 times as at 30 September 2025 and 31 March 2025 respectively. The Group generally financed its daily operations from internally generated cash flows. The Group financed its business expansion and new business opportunities from the net proceeds from the Listing. The remaining unused net proceeds as at 30 September 2025 were placed as interest bearing deposits with licensed bank in Hong Kong.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on 13 April 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares.

As at 30 September 2025, the Company's issued share capital was HK\$11,620,000 and the number of its issued ordinary shares was 1,162,000,000 of HK\$0.01 each.

FOREIGN EXCHANGE EXPOSURE RISKS

Our exposures to currency risk arise from its sales to and purchases from overseas, which are primarily denominated in United States Dollars and Euro. These are not the functional currencies of our entities to which these transactions relate. We currently do not have a group foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

FINANCIAL POLICIES

The Group is exposed to liquidity risk in respect of settlement of its trade payables and financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

GEARING RATIO

The total interest-bearing borrowings (lease liabilities arising from leased properties) of the Group as at 30 September 2025 was approximately HK\$6,147,000 (31 March 2025: approximately HK\$4,762,000). The Group's gearing ratio as at 30 September 2025 was approximately 6.2% (31 March 2025: approximately 4.8%), which is calculated as the Group's total borrowing over the Group's total equity.

CAPITAL EXPENDITURE

During the six months ended 30 September 2025, the Group invested approximately HK\$22,000 (six months ended 30 September 2024: approximately HK\$2,330,000) in property, plant and equipment, mainly represented additions of furniture and equipment. During the six months ended 30 September 2024, the Group acquired two motor vehicles of approximately HK\$2,249,000 to facilitate delivery of products to customers.

CAPITAL COMMITMENTS

As at 30 September 2025, the Group had no significant capital commitments (31 March 2025: nil).

CHARGES ON THE GROUP'S ASSETS

There were no charges on the Group's assets as at 30 September 2025 and 31 March 2025.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2025, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and associates and joint venture.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other future plans for material investments or capital assets.

CONTINGENT LIABILITIES

As at 30 September 2025, the Group did not have any significant contingent liabilities (31 March 2025: nil).

INFORMATION ON EMPLOYEES

As at 30 September 2025, the Group employed 68 employees (31 March 2025: 72 employees) with total staff cost of approximately HK\$13,548,000 incurred for the six months ended 30 September 2025 (six months ended 30 September 2024: approximately HK\$13,989,000). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

USE OF PROCEEDS AND ACTUAL PROGRESS OF THE GROUP'S BUSINESS OBJECTIVES

The net proceeds from the Listing (after deducting the underwriting fees and related expenses) amounted to approximately HK\$48,500,000. Following the Listing, in response to changing business environment and business development requirement of the Group, the Board has resolved to change the use of the unutilised net proceeds to deploy its financial resources more efficiently. For details, please refer to the Company's announcements dated 27 March 2019, 14 August 2020 and 18 February 2021. Set out below is the actual utilisation of net proceeds up to the date of this interim report:

	Allocation of net proceeds before 18 February 2021 HK\$'000	Revised allocation of net proceeds as at 18 February 2021 HK\$'000	Unutilised net proceeds as at the date of 2025 annual report HK\$'000	Amount utilised from the date of 2025 annual report up to the date of this report HK\$'000	Unutilised net proceeds as at the date of this report HK\$'000	Expected timeline for full utilisation of the unutilised net proceeds (Note)
Leasing of warehouse facility in Kowloon:						
– Rental deposits	900	–	–	–	–	N/A
– Rental payments	7,400	3,278	–	–	–	N/A
– Renovation costs	7,000	–	–	–	–	N/A
– Start-up costs for warehouse facility	8,100	–	–	–	–	N/A
Development of the business in provision of food catering services through restaurants	–	9,000	5,936	–	5,936	On or before 31 December 2026
Upgrade of Enterprise Resource Planning ("ERP") system	12,560	8,330	2,965	(317)	2,648	On or before 31 December 2026
Conducting sales and marketing activities	5,540	4,444	4,004	(1)	4,003	On or before 31 December 2026
Installation of new repackaging equipment	3,500	–	–	–	–	N/A
General working capital	3,500	5,211	–	–	–	N/A
	48,500	30,263	12,905	(318)	12,587	

Note: The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It is subject to change based on the current and future development of the market condition. In view of the conditions of the Group's business and the economy, the Group is considering its business expansion and investments in a more prudent manner, hence the expected timeline for utilising the unutilised net proceeds is delayed.

As disclosed in the prospectus of the Company dated 31 March 2017 (the “**Prospectus**”), the Group’s principal business objectives are to strengthen its position in the food and beverage grocery distribution industry and further expand its business operations with a view to creating long-term shareholders’ value. The Directors intend to achieve the objectives by (a) increasing warehouse facilities strategically located in certain districts of Hong Kong in proximity to the Group’s customers; (b) upgrading the ERP system to enhance the Group’s operation efficiency; (c) further penetrating the food and beverage grocery distribution market through sales and marketing activities and the Group’s quality value-added services; and (d) attracting and retaining quality personnel.

In light of the rise in number of customers and purchase orders, the Group had planned to lease two warehouse facilities, one in the New Territories and another on the Hong Kong Island for accommodating the increased inventory level. However, since the second half of 2017, the rent and the rent price index in the factory building rental market in Hong Kong showed a continuous uptrend and the Group had not yet identified suitable premises for the warehouse facilities in both areas, therefore the leasing was not yet commenced up to March 2019.

In early 2019, the Group surveyed a premise in Yau Tong, Kowloon, which size and location are suitable for our warehousing, and additionally, the proposed rental fee is relatively cost-effective. The Board evaluated that the premise in Yau Tong, Kowloon is meeting the Group’s requirements for fair and efficient use of financial resources. Therefore, the Board had decided to establish a new warehouse at the above mentioned premise and migrated all inventory from the existing warehouses to the new location.

In view of the conditions and expansion of the existing business, there is no urgent need to lease another warehouse facility as the current warehouse facility has met the needs of the Group. Therefore, on 18 February 2021, the Board has resolved to reallocate all unutilised net proceeds for leasing of warehouse facility in Kowloon to develop the business in provision of food catering services through restaurants and general working capital, except that approximately HK\$3,278,000 of the net proceeds are remained to settle the rental expenses of the Yau Tong premise. Up to 18 February 2021, a total of approximately HK\$5,052,000 was spent on rental deposits, renovation costs and start-up costs for the warehouse facility. Up to the date of this report, full amount of the net proceeds of approximately HK\$7,400,000 was utilised on rental payments.

The Group has planned to use approximately HK\$12,560,000 of the net proceeds to upgrade the ERP system, which is used to monitor the inventory level and minimise incidences of overstocking, so as to enhance the operational efficiency of the Group. Up to the date of this report, the Group selected a new ERP software for implementation and a total of approximately HK\$9,912,000 was spent on consultancy services and software and hardware acquisition for the upgrade of the ERP system.

The Group has planned to use approximately HK\$5,540,000 of the net proceeds to conduct sales and marketing activities to attract more customers and strengthen customer loyalty so as to further penetrate the food and beverage grocery distribution market. Up to the date of this report, a total of approximately HK\$1,537,000 was spent on advertising and participating in domestic food exhibition and sales exhibition to showcase our products to potential buyers. The Group is currently recruiting new marketing staffs for upcoming new sales campaign.

The Group has planned to use approximately HK\$3,500,000 to purchase new repackaging equipment to further automate the repackaging process and increase efficiency. Since outsourcing the repackaging is more cost-effective compared to acquiring and installing new repackaging equipment under the current market conditions, the Board has resolved to reallocate all unutilised net proceeds for installation of new repackaging equipment to develop the business in provision of food catering services through restaurants and general working capital on 18 February 2021. Up to 18 February 2021, a total of approximately HK\$237,000 was spent on purchasing new automatic repackaging machines.

In early 2021, the Group was planning to develop the business in provision of food catering services through restaurants in view of the low market rent under current economic conditions. The Board is of the view that such vertical expansion would give us a competitive advantage, given that it allows us to have better cost control of the supplies for the new restaurant business and improve the performance of our existing business. Approximately HK\$9,000,000 of the net proceeds is allocated for the start-up costs and renovation costs for the restaurants. Up to the date of this report, a total of approximately HK\$3,064,000 was spent on renovation and start-up of the new restaurant in Tsim Sha Tsui. However, due to the pandemic situation in Hong Kong during 2021, the Directors decided to close down the restaurant in Tsim Sha Tsui in March 2022 and are looking for opportunities to develop such segment.

An addition of HK\$5,211,000 of the net proceeds is allocated for the general working capital to support the daily operation of the Group and to maintain sufficient working capital in preparation of any market upheaval. Full amount was utilised as general working capital up to the date of this report.

Looking forward, the Group is still reasonably optimistic to sustain the core business given all the economic uncertainties with the current Hong Kong market condition. The Directors are actively assessing and managing the uncertainties, and implementing, if necessary, measures to conquer this challenging time. At the same time, the Group remains committed to the strategies that we have promised our shareholders before being listed and will continue to seek for the best possible opportunities to grow our business by leveraging our current client base, offering a wide spectrum of products for customers and exercising careful cost controls.

The principal strategic, operational and financial risks faced by the Group are market competition, employee commitment and satisfaction, warehouse disruption, credit risk of customers and fund investments and returns. With the Group's proven track record, plus its experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors. The Directors will also continue to explore opportunities to diversify the Group's operation so that the customer base could be strengthened and diversified. The Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors believe that the Group will continue to expand to become one of the leading food and beverage grocery distributors in Hong Kong.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors’ and chief executive’s interests and short positions in shares and underlying shares and debentures of the Company and its associated corporations

As at 30 September 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the “SFO”)) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they have taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register kept by the Company; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding ⁽¹⁾
Mr. Wong Siu Man ⁽²⁾	Interest of controlled corporation	602,800,000	51.88%
Mr. Wong Siu Wa ⁽²⁾	Interest of controlled corporation	602,800,000	51.88%

Notes:

- (1) The percentage has been computed based on 1,162,000,000 Shares, being the total number of Shares in issue as at the 30 September 2025.
- (2) This represents the Shares held by Sky Alpha, a company beneficially owned as to 58.38% by Mr. Wong Siu Man, 38.92% by Mr. Wong Siu Wa and 2.7% by Glory Concord Limited respectively, therefore, Mr. Wong Siu Man and Mr. Wong Siu Wa were deemed to be interested in 602,800,000 Shares under the SFO.

Save as disclosed above, as at 30 September 2025, none of the Directors or chief executive of the Company had an interest or short position in any shares or underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial shareholders' interests and short positions in shares and underlying shares of the Company

As at 30 September 2025, the persons (other than Directors or chief executive of the Company) who had interests and short positions in the shares or underlying share of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO were as follows:

Long positions

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding ⁽¹⁾
Sky Alpha ⁽²⁾	Legal and Beneficial owner	602,800,000	51.88%
Ms. Fan Wing ^{(2) & (3)}	Interest of spouse	602,800,000	51.88%
Ms. Chu Man ^{(2) & (4)}	Interest of spouse	602,800,000	51.88%

Notes:

- (1) The percentage has been computed based on 1,162,000,000 Shares, being the total number of Shares in issue as at the 30 September 2025.
- (2) Sky Alpha is beneficially owned as to 58.38% by Mr. Wong Siu Man, an executive Director, 38.92% by Mr. Wong Siu Wa, an executive Director, and 2.7% by Glory Concord Limited, respectively. Mr. Wong Siu Man and Mr. Wong Siu Wa are therefore deemed to be interested in 602,800,000 Shares under the SFO.
- (3) Ms. Fan Wing is the spouse of Mr. Wong Siu Man. Under the SFO, Ms. Fan Wing is deemed to be interested in the same number of Shares in which Mr. Wong Siu Man is interested.
- (4) Ms. Chu Man is the spouse of Mr. Wong Siu Wa. Under the SFO, Ms. Chu Man is deemed to be interested in the same number of Shares in which Mr. Wong Siu Wa is interested.

Save as disclosed above, as at 30 September 2025, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) who had or is deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 27 March 2017 (the “Share Option Scheme”). During the six months ended 30 September 2025, no share option was granted, exercised, lapsed or cancelled under the Share Option Scheme and there was no outstanding share option under the Share Option Scheme as at 1 April 2025, 30 September 2025 and as at the date of this interim report. The number of share options available for grant under the Share Option Scheme as at 1 April 2025 and 30 September 2025 was 116,200,000.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, each of the Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the six months ended 30 September 2025.

In addition, the Company has also adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as written guidelines for relevant employees in respect of their dealings in the securities of the Company. Besides, the Company has adopted internal control policy in relation to the disclosure of inside information of the Company (the **"Inside Information Policy"**).

No incident of non-compliance of the required standard of dealings regarding securities transactions by Directors or employees and/or the Inside Information Policy was noted by the Company during the six months ended 30 September 2025.

COMPETING INTEREST

During the six months ended 30 September 2025, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) had interest in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

DEED OF NON-COMPETITION

The controlling shareholders of the Company, namely Mr. Wong Siu Man, Mr. Wong Siu Wa, Sky Alpha and Glory Concord, entered into a deed of non-competition dated 27 March 2017 (**"Deed of Non-Competition"**) in favour of the Company (for itself and as trustee for each of its subsidiaries). For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders – Non-competition Undertaking" in the Prospectus. Each of the controlling shareholders of the Company has confirmed that none of them is engaged in, had interest in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

The independent non-executive Directors have also reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by each of the controlling shareholders during the six months ended 30 September 2025.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Company believes that sound corporate governance practices are essential to the effective and transparent operation of the Company and to its ability to safeguard the interest of the shareholders of the Company. The Company has applied the principles and code provisions as set out in the

Corporate Governance Code (the “**CG Code**”) as contained in Part 2 of Appendix 15 to the GEM Listing Rules to ensure that the Group’s business activities and decision-making processes are regulated in a proper and prudent manner.

In the opinion of the Board, the Company has complied with the CG Code during the six months ended 30 September 2025.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event which had material effect on the Group subsequent to 30 September 2025 and up to the date of this interim report.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with the GEM Listing Rules and the CG Code.

The principle duties of the Audit Committee are to (i) monitor integrity of the Company’s financial statements, financial reports and accounts and to review the financial and accounting policies and practices of the Company; (ii) assist the Board in providing an independent view of the effectiveness of the Group’s financial controls, internal control and risk management systems; and (iii) to make recommendations to the Board on the appointment, re-appointment and removal of external auditors.

The Audit Committee currently consists of all three of our independent non-executive Directors, namely Mr. Shum Ching Hei, Mr. Wang Zhaobin and Ms. Chan Hoi Yee and the chairman is Mr. Shum Ching Hei, who holds the appropriate professional qualifications as required under the GEM Listing Rules.

The financial information contained in this interim report has not been audited by the auditor of the Company, but the Audit Committee has reviewed this report and the unaudited consolidated results of the Group for the six months ended 30 September 2025 and is of the opinion that such report and results have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Hong Kong, 5 November 2025

As at the date of this interim report, 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. Shum Ching Hei, Mr. Wang Zhaobin and Ms. Chan Hoi Yee.