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EGGRICULTURE FOODS LTD.

永續農業發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8609)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF KHWAN HUP FARMING PTE LTD

THE AGREEMENT

The Board is pleased to announce that on 22 June 2020 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell to the Purchaser, the Sale Shares (representing the entire issued share capital of the Target Company) at the Consideration of S\$275,000, which shall be settled by the Purchaser in cash upon the Vendors having transferred the Sale Shares to Purchaser and after the appointment of directors of the Target Company nominated by Purchaser.

After Completion, the Company will be interested in 100% of the issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company. The financial results and position of the Target Company will be consolidated into the consolidated financial statements of the Company upon Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a disclosable transaction of the Company and is subject to the announcement and reporting requirements but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 22 June 2020 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares at the Consideration of S\$275,000.

THE AGREEMENT

The principal terms of the Agreement are summarised below:

Date:

22 June 2020

Parties:

- (1) Purchaser: N&N Agriculture Pte Ltd (UEN No. 199608904K), a limited liability company registered in Singapore and is an indirectly wholly owned subsidiary of the Company
- (2) Vendors: Mr. Choo Kah Thiam and Ms. Leow Swee Hwa, who own 175,000 shares and 25,000 shares of the Target Company, respectively, as at the date of this announcement

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Vendors is a third party independent and not connected with the Company and its connected persons.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to purchase from the Vendors, and the Vendors have agreed to sell to the Purchaser, the Sale Shares, which represent the entire issued and paid up share capital of the Target Company, free from all encumbrances together with all rights and entitlements attaching thereto as at Completion.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be in the aggregate sum of S\$275,000 and shall be payable by the Purchaser to the Vendors and to be divided amongst the Vendors in proportion to their respective interest in the Target Company.

Full amount of the Consideration shall be payable by the Purchaser to the Vendors in cash upon the Vendors having transferred the Sale Shares to Purchaser and after the appointment of directors of the Target Company nominated by Purchaser. The consideration will be funded by the internal resources of the Group.

The Consideration was agreed between the Purchaser and Vendors after arm's length negotiation based on the issued and paid up share capital of the Target Company of S\$200,000 and considering the potential synergy effect arising from the integration of the Target Company's customers to the Group's established delivery and marketing infrastructure.

Warranties

The Vendors shall collectively warrant that the net assets of the Target Company shall not be less than S\$200,000 as at 31 March 2020 and any shortfall shall be recoverable from the Vendors to the Purchaser in cash on a dollar-to-dollar basis.

Completion

Completion shall take place when the transfer of the Sale Shares from the Vendors to the Purchaser being duly completed or such date that the Purchaser and the Vendors may mutually agree.

After Completion, the Company will be interested in 100% of the issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company. The financial results and position of the Target Company will be consolidated into the consolidated financial statements of the Company upon Completion.

INFORMATION OF THE TARGET COMPANY

The Target Company is incorporated and domiciled in Singapore. The principal activity of the Target Company is wholesales and distribution of fresh eggs and processed egg products in Singapore.

Set out below is the financial information of the Target Company for the years/period indicated:

	For the financial period from 1 July 2019 to 31 March 2020 S\$'000 (Audited)	For the year ended 31 July	
		2019 S\$'000 (Audited)	2018 S\$'000 (Audited)
Revenue	2,907	4,812	5,264
Net loss before tax	8	294	88
Loss after tax	8	294	88

The Target Company has changed its financial year end from 31 July to 31 March for corporate planning purposes.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in production and sales of fresh eggs and processed egg products in Singapore.

The Target Company is well established (incorporated in 1984) with an entrenched customer base. The Company considers that the Acquisition to be in line with its strategic plan to enlarge the Group's presence in Singapore as it builds up its egg laying facilities. The Group is confident that post acquisition, it will be able to achieve synergistic costs savings arising from the integration of the Target Company's customers to its established delivery and marketing infrastructure and the ability to extend its range of processed egg products to these same customers, leading to eventual profitability.

The Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a disclosable transaction of the Company and is subject to the announcement and reporting requirements but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the expressions below have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms of the Agreement
“Agreement”	the agreement dated 22 June 2020 entered into between the Vendors and the Purchaser in relation to the Acquisition
“Board”	the Board of Directors
“Company”	Eggriculture Foods Ltd., a company incorporated in Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Acquisition pursuant to the Agreement
“Consideration”	S\$275,000, being the purchase price of the Sale Shares
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Sale Shares”	the 200,000 shares of S\$1.00 each of the Target Company held by the Vendors
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore
“Target Company”	Khwan Hup Farming Pte Ltd (UEN No. 198401659W), a company incorporated in the Singapore with limited liability

By order of the Board
Eggriculture Foods Ltd.
Ma Chin Chew

Chairman, Executive Director and Chief Executive Officer

Singapore, 22 June 2020

As at the date of this announcement, the executive Directors are Mr. Ma Chin Chew (Chairman and Chief Executive Officer), Ms. Lim Siok Eng and Mr. Tang Hong Lai; and the independent non-executive Directors are Mr. Teo Beng Fwee, Mr. Yuen Ka Lok Ernest and Mr. Sneddon Donald William.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.eggriculturefoods.com.