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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)

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Asia Grocery Distribution Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 September 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany the preliminary announcement of interim results.

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

Hong Kong, 20 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](http://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](http://www.agdl.com.hk).*

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Interim

Report

2024/25



# CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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\$148,288,000 for the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$145,609,000).
- Loss attributable to owners of the Company for the six months ended 30 September 2024 amounted to approximately HK\$97,000 (six months ended 30 September 2023 amounted to approximately HK\$380,000).
- The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: 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 2024, together with the unaudited comparative figures for the corresponding period in 2023, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>148,288</b>	145,609
Costs of sales		<b>(116,149)</b>	(113,325)
<b>Gross profit</b>		<b>32,139</b>	32,284
Other income	4	<b>2,366</b>	2,258
Other losses	4	<b>(287)</b>	(109)
Selling and distribution expenses		<b>(17,254)</b>	(17,663)
Administrative expenses		<b>(16,582)</b>	(16,306)
<b>Profit from operations</b>		<b>382</b>	464
Finance costs	5	<b>(312)</b>	(480)
<b>Profit/(loss) before tax</b>	6	<b>70</b>	(16)
Income tax expense	7	<b>(167)</b>	(364)
<b>Loss and total comprehensive loss for the period attributable to owners of the Company</b>		<b>(97)</b>	(380)
<b>Loss per share</b>			
Basic and diluted (HK cents)	9	<b>(0.01)</b>	(0.03)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	3,734	2,316
Right-of-use assets		9,197	12,471
Rental and other deposits	11	1,802	1,767
		<b>14,733</b>	16,554
<b>Current assets</b>			
Inventories – merchandise at cost		17,251	24,502
Trade receivables	11	36,383	36,894
Other receivables, deposits and prepayments	11	3,936	6,078
Tax recoverable		225	670
Pledged bank deposits		576	576
Cash and cash equivalents		55,380	47,030
		<b>113,751</b>	115,750
<b>Current liabilities</b>			
Trade payables	12	11,541	12,673
Other payables and accrued charges	12	7,527	6,775
Contract liabilities		460	363
Lease liabilities		6,354	6,783
		<b>25,882</b>	26,594
<b>Net current assets</b>			
		<b>87,869</b>	89,156
<b>Total asset less current liabilities</b>			
		<b>102,602</b>	105,710
<b>Non-current liabilities</b>			
Lease liabilities		3,828	6,839
<b>NET ASSETS</b>			
		<b>98,774</b>	98,871
<b>Equity and reserves</b>			
Equity attributable to owners of the Company			
Share capital	13	11,620	11,620
Reserves		87,154	87,251
<b>TOTAL EQUITY</b>			
		<b>98,774</b>	98,871

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	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 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
At 1 April 2023 (audited)	11,620	62,742	5,584	17,061	97,007
Loss and total comprehensive loss for the period	-	-	-	(380)	(380)
At 30 September 2023 (unaudited)	11,620	62,742	5,584	16,681	96,627

Notes:

- (i) Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable 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) The amounts represent the difference between acquisition of addition of interests of subsidiaries and the share capital of subsidiaries.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash generated from operating activities	14,467	5,017
Net cash used in investing activities	(2,364)	(83)
Net cash used in financing activities	(3,753)	(3,337)
Net increase in cash and cash equivalents	8,350	1,597
Cash and cash equivalents at the beginning of period	47,030	34,981
Cash and cash equivalents at the end of period, represented by bank and cash balances	55,380	36,578

# 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 in Hong Kong 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\$**") which is also the functional currency of the Company and presentation currency of the Group.

## 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 2024 should be read in conjunction with its annual audited consolidated financial statements for the year ended 31 March 2024 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 2024 except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("**new and revised HKFRSs**") 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 HKFRSs issued by HKICPA that are relevant to the Group's operation and effective for accounting period beginning on or after 1 April 2024. The adoption of these new and revised HKFRSs 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 HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 April 2024. The directors of the Company anticipate that the new and revised HKFRSs 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 HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs 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:

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Disaggregated by types of goods and service line:		
Commodities and cereal products (Note a)	<b>46,621</b>	43,746
Packaged food (Note b)	<b>28,477</b>	29,489
Sauce and condiment	<b>30,634</b>	30,126
Dairy products and eggs	<b>17,134</b>	18,261
Beverage and wine	<b>13,036</b>	12,074
Kitchen and hygiene products (Note c)	<b>12,386</b>	11,913
	<b>148,288</b>	145,609
Time of revenue recognition within the scope of HKFRS 15:		
At a point in time	<b>148,288</b>	145,609

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

Notes:

- (a) Commodities and cereal products include rice, wheat flour, noodle products such as ramen and pasta, edible oil as well as sugar and salt.
- (b) 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.
- (c) 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 LOSSES, NET

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Other income</b>		
Handling fee income (Note)	1,958	2,013
Interest income	41	112
Sundry income	367	133
	<b>2,366</b>	2,258
<b>Other losses</b>		
Bad debts written off	(287)	(109)

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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest on lease liabilities	312	480



## 6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Directors' emoluments		
Other staff costs	3,842	3,877
Salaries and other benefits	9,757	9,888
Retirement benefit scheme contributions	390	391
<b>Total staff costs (including directors' emoluments)</b>	<b>13,989</b>	14,156
Auditor's remuneration – audit service	310	290
Depreciation of property, plant and equipment	911	857
Depreciation of right-of-use assets	3,274	2,981
Expenses relating to short term lease	346	465
Cost of inventories recognised as an expense	116,149	113,325

## 7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hong Kong Profits Tax		
– Current tax	167	364

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% (2023: 8.25%), and assessable profits above HK\$2,000,000 will be taxed at 16.5% (2023: 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%.

## 8. DIVIDEND

No dividend has been paid or proposed by the Company during the six months ended 30 September 2024 (six months ended 30 September 2023: 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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Loss:</b>		
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	(97)	(380)
	'000	'000
<b>Number of share:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	1,162,000	1,162,000
Loss per share (HK cent)	(0.01)	(0.03)

### (b) Diluted loss per share

No adjustment has been made to the basic loss per share for the six months ended 30 September 2024 and 2023 as the Company has no outstanding potential ordinary share during the periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment at a total cost of approximately HK\$2,330,000 (six months ended 30 September 2023: approximately HK\$139,000). Such additions were mainly comprised of motor vehicles of approximately HK\$2,249,000 (six months ended 30 September 2023: nil). During the six months ended 30 September 2024 and 2023, the Group did not write off or dispose any property, plant and equipment.

## 11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
Trade receivables	<b>36,383</b>	36,894
Other receivables, deposits and prepayments		
Rental and utilities deposits	<b>2,108</b>	2,066
Prepayments to suppliers	<b>2,944</b>	4,646
Other prepayments	<b>459</b>	606
Other receivables	<b>227</b>	527
	<b>5,738</b>	7,845
	<b>42,121</b>	44,739
Presented as non-current assets		
Rental and other deposits	<b>1,802</b>	1,767
Presented as current assets		
Trade receivable	<b>36,383</b>	36,894
Other receivables, deposits and prepayments	<b>3,936</b>	6,078
	<b>40,319</b>	42,972
	<b>42,121</b>	44,739

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.

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
0 – 30 days	<b>20,008</b>	20,224
31 – 60 days	<b>12,878</b>	11,129
61 – 90 days	<b>2,127</b>	4,215
91 – 180 days	<b>1,370</b>	1,326
	<b>36,383</b>	36,894

## 12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
Trade payables	<b>11,541</b>	12,673
Other payables and accrued charges		
Accrued charges	<b>3,693</b>	3,941
Salaries and bonus payables	<b>3,679</b>	2,639
Amount due to a related company (Note 14(b))	<b>155</b>	195
	<b>7,527</b>	6,775
	<b>19,068</b>	19,448

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 period:

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
0 – 30 days	<b>11,403</b>	12,579
31 – 60 days	<b>49</b>	6
Over 60 days	<b>89</b>	88
	<b>11,541</b>	12,673

### 13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	2,000,000	20,000
Issue and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Sales of goods to a related company (Note)	245	142
Purchase from a related company (Note)	3,862	–
Handling fee income received from a related company (Note)	89	–
Sundry income received from a related company (Note)	252	–

Note: A related company named Treasure Go Catering Limited (“**Treasure Go**”), which was 100% owned by Wong Siu Man, one of the director of the Company.

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**

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
Other payables and accrued charges (Note 12)		
Treasure Go	<b>155</b>	195

**(c) Compensation of key management personnel**

The remuneration of directors and other members of key management during the six months ended 30 September 2024 and 2023 were as follows:

	<b>Six months ended 30 September</b>	
	<b>2024 HK\$'000 (unaudited)</b>	2023 HK\$'000 (unaudited)
Short term benefits	<b>5,801</b>	5,748
Post employment benefits	<b>77</b>	77
	<b>5,878</b>	5,825



# 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.

Since the government removed almost all anti-epidemic measures in December 2022 and reopened the city's border with mainland China in January 2023, the sales of the Group recorded a growth with the help of return of tourism post COVID-19 pandemic. However, Hong Kong's economic recovery has been weaker than expected in 2024. Together with growing uncertainties in the external environment, the continued trend of northbound consumption, labour shortages and the continuous increase of various costs added to the challenges on the entire Hong Kong catering industry in 2024. The slowdown of the recovery momentum resulted in a slight improvement of approximately 1.8% on the Group's revenue during the current period.

Based on the unaudited financial information of our Group, our revenue was approximately HK\$148,288,000 for the six months ended 30 September 2024, representing an increase of approximately HK\$2,679,000 as compared to approximately HK\$145,609,000 in the corresponding period of 2023.

Looking ahead, given the ongoing slowdown in global economic growth, various sectors are poised to face considerable uncertainties. To effectively navigate these challenges, the Group will undertake regular assessments and adjustments of its business strategies. Also, the Directors will closely monitor the market conditions and seek suitable business opportunities to expand our business. The Directors expect that the competition of the market will be intense and the Group will devote more resources to sales and marketing activities and actively facilitate the business development of new products.

## FINANCIAL REVIEW

### Revenue

During the six months ended 30 September 2024, our revenue increased by approximately HK\$2,679,000 or approximately 1.8% to approximately HK\$148,288,000 (six months ended 30 September 2023: approximately HK\$145,609,000) mainly due to the increase in sales demand for our food and beverage products. With the recovery of Hong Kong's economy and return of tourism, there was an increase in the overall customer traffic of restaurants. Our customers ordered more food and beverage products from us to cope with the increased demand. Sales demand for our food and beverage products from local restaurants, hotels and private clubs increased during the current period.

In August 2022 and September 2023, the Group signed contracts with two independent third parties in which the Group supplies stock and provides warehouse, office, sales consultancy and logistic support to the independent third parties, in return, the independent third parties give a certain percentage of their sales revenue to the Group. The customers of those independent third parties mainly purchase soft drinks and kitchen and hygiene products, e.g. towel and rubbish bags, which contribute to the increase in our sales of beverage and wine and kitchen and hygiene products during the current period.

## 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 increased by approximately HK\$2,824,000 or approximately 2.5% to approximately HK\$116,149,000 for the six months ended 30 September 2024, as compared to approximately HK\$113,325,000 for the six months ended 30 September 2023, mainly due to the increased sales volumes, increased price of stock purchased and sales of obsolete stock in low price during the current period.

## Gross profit and gross profit margin

The Group's gross profit decreased slightly by approximately 0.4% from approximately HK\$32,284,000 for the six months ended 30 September 2023 to approximately HK\$32,139,000 for the six months ended 30 September 2024. The decrease in gross profit was mainly due to the increased cost of goods purchased from suppliers and sales of obsolete stock in low price during the current period, partially offset by the increased revenue resulted from return of tourism. For the six months ended 30 September 2024, the Group's gross profit margin decreased to approximately 21.7% as compared with previous year at approximately 22.2%.

## Other income

Other income represented interest income from bank deposits, handling fee income and sundry income. Other income increased from approximately HK\$2,258,000 for the six months ended 30 September 2023 to approximately HK\$2,366,000 for the six months ended 30 September 2024 mainly due to the increase of sundry income, partially offset by the decrease in receipt of handling fee income and interest income. The Group received handling fee income of approximately HK\$1,958,000 during the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$2,013,000).

## Other losses

The Group recorded net other losses of approximately HK\$287,000 for the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$109,000) which was attributable to written off of bad debts.

## 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 mainly due to the decrease in transportation costs as a result of efficient load management. The selling and distribution expenses accounted for approximately 11.6% and 12.1% of the total revenue for the six months ended 30 September 2024 and 2023 respectively.

## **Administrative expenses**

For the six months ended 30 September 2024, 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 increased from approximately HK\$16,306,000 for the six months ended 30 September 2023 to approximately HK\$16,582,000 for the six months ended 30 September 2024. The increase of administrative expenses of the Group was mainly due to the combined effect of increase in legal and professional fees, increase in depreciation on right-of-use assets for the newly rented Yau Tong warehouse since June 2023, decrease in messing expenses and decrease in repairs and maintenance expenses.

## **Finance costs**

Finance costs amounted to approximately HK\$312,000 for the six months ended 30 September 2024, decreased by approximately HK\$168,000 as compared to approximately HK\$480,000 for the six months ended 30 September 2023. Finance costs of the Group represented interest expenses on lease liabilities.

## **Income tax expense**

For the six months ended 30 September 2024 and 2023, our income tax expenses were approximately HK\$167,000 and HK\$364,000, respectively.

## **Loss and total comprehensive loss attributable to owners of the Company**

For the six months ended 30 September 2024 and 2023, the Group's loss and total comprehensive loss attributable to owners of the Company was approximately HK\$97,000 and HK\$380,000, respectively. The decrease of loss and total comprehensive loss attributable to owners of the Company was mainly attributable to the increase in revenue, increase of sundry income, decrease in transportation costs, decrease in messing expenses and decrease in repairs and maintenance expenses, partially offset by increased cost of goods purchased from suppliers, decrease in receipt of handling fee income, increase in legal and professional fees and increase in depreciation on right-of-use assets.

## **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 2024 (six months ended 30 September 2023: 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\$36,894,000 as at 31 March 2024 to approximately HK\$36,383,000 as at 30 September 2024. The decrease was mainly attributable to the tightening of credit control.

Other receivables, deposits and prepayment decreased by approximately HK\$2,107,000 from approximately HK\$7,845,000 as at 31 March 2024 to approximately HK\$5,738,000 as at 30 September 2024. 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 8.9% from approximately HK\$12,673,000 as at 31 March 2024 to approximately HK\$11,541,000 as at 30 September 2024. The decrease was mainly due to the repayment to suppliers before holidays near the current period end.

Other payables and accrued charges increased by approximately HK\$752,000 from approximately HK\$6,775,000 as at 31 March 2024 to approximately HK\$7,527,000 as at 30 September 2024. The increase was mainly due to the increase in salaries and bonus payable to staff.

## LIQUIDITY AND FINANCIAL POSITION

As at 30 September 2024, bank balances and cash of the Group amounted to approximately HK\$55,956,000 (as at 31 March 2024: approximately HK\$47,606,000). The current ratios (current assets divided by current liabilities) of the Group were approximately 4.4 times as at 30 September 2024, same as that as at 31 March 2024. 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 2024 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 2024, 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 borrowing (lease liabilities arising from leased properties) of the Group as at 30 September 2024 was approximately HK\$10,182,000 (31 March 2024: approximately HK\$13,622,000). The Group's gearing ratio as at 30 September 2024 was approximately 10.3% (31 March 2024: approximately 13.8%), which is calculated as the Group's total borrowing over the Group's total equity.

## **CAPITAL EXPENDITURE**

During the six months ended 30 September 2024, the Group invested approximately HK\$2,330,000 (During the six months ended 30 September 2023: approximately HK\$139,000) in property, plant and equipment, mainly represented additions of two motor vehicles of approximately HK\$2,249,000. In view of the increased sales order, the Group purchased more vehicles to facilitate delivery of products to customers during the current period.

## **CAPITAL COMMITMENTS**

As at 30 September 2024, the Group had no significant capital commitments (31 March 2024: nil).

## **CHARGES ON THE GROUP'S ASSETS**

There were no charges on the Group's assets as at 30 September 2024 and 31 March 2024.

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

During the six months ended 30 September 2024, 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 2024, the Group did not have any significant contingent liabilities (31 March 2024: nil).

## **INFORMATION ON EMPLOYEES**

As at 30 September 2024, the Group employed 70 employees (31 March 2024: 76 employees) with total staff cost of approximately HK\$13,989,000 incurred for the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$14,156,000). 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	Revised allocation of net proceeds as at 18 February 2021	Unutilised net proceeds as at the date of 2024 annual report	Amount utilised from the date of 2024 annual report up to the date of this report	Unutilised net proceeds as at the date of this report	Expected timeline for full utilisation of the unutilised net proceeds
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(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 2025
Upgrade of Enterprise Resource Planning ("ERP") system	12,560	8,330	4,242	(650)	3,592	On or before 31 December 2025
Conducting sales and marketing activities	5,540	4,444	4,151	(1)	4,150	On or before 31 December 2025
Installation of new repackaging equipment	3,500	–	–	–	–	N/A
General working capital	3,500	5,211	–	–	–	N/A
	48,500	30,263	14,329	(651)	13,678	

*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\$8,968,000 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\$1,390,000 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 company 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 2024, 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 <sup>(1)</sup>
Mr. Wong Siu Man <sup>(2)</sup>	Interest of controlled corporation	602,800,000	51.88%
Mr. Wong Siu Wa <sup>(2)</sup>	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 2024.
- (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 2024, 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 2024, 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 <sup>(1)</sup>
Sky Alpha <sup>(2)</sup>	Legal and Beneficial owner	602,800,000	51.88%
Ms. Fan Wing <sup>(2) &amp; (3)</sup>	Interest of spouse	602,800,000	51.88%
Ms. Chu Man <sup>(2) &amp; (4)</sup>	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 2024.
- (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 2024, 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 2024, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme and there were no outstanding share options under the Share Option Scheme as at 1 April 2024, 30 September 2024 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 2024 and 30 September 2024 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 2024.

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 2024.

## COMPETING INTEREST

During the six months ended 30 September 2024, 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 2024.

## 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 2024.

## 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 2024.

## 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 2024 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. Ng Fan Kay Frankie, Mr. Wang Zhaobin and Ms. Chan Hoi Yee and the chairman is Mr. Ng Fan Kay Frankie, 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 2024 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, 20 November 2024

*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. Ng Fan Kay Frankie, Mr. Wang Zhaobin and Ms. Chan Hoi Yee.*