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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 ASSETS AND THE BUSINESS

ACQUISITION OF THE ASSETS AND THE BUSINESS

The Board is pleased to announce that on 13 September 2023 (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 agreed to purchase and the Vendors have agreed to sell to the Purchaser, the Assets and the Business at the Consideration of S\$900,000, which shall be settled by the Purchaser in cash by instalments.

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 of the Assets and the Business exceeds 5% but is less than 25%, the acquisition of the Assets and the Business constitutes a discloseable 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.

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Date:

13 September 2023

Parties:

- (1) N&N Agriculture Pte. Ltd. as purchaser; and
- (2) Mr. Oh Eng Hoe and Mr. Oh Eng Kiat as vendors.

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 of the Company and connected persons of the Company.

Subject Matter

Pursuant to the Agreement, the Purchaser has agreed to purchase, and the Vendors have agreed to sell the Assets and the Business free of any encumbrances.

Information of the Assets and the Business*Assets*

The assets to be acquired by the Purchaser from the Vendors pursuant to the Agreement comprise the following (the “**Assets**”):

- (i) the Business Name;
- (ii) the Customers List and Records;
- (iii) the Supplier Relationships; and
- (iv) the goodwill of the Business

but exclude plant and equipment, other assets and all liabilities of Oh Chuan Aun Trading Company.

Business

The business to be acquired by the Purchaser from the Vendors pursuant to the Agreement is the business of wholesales and distribution of fresh eggs in Singapore carried out by Oh Chuan Aun Trading Company as at the Completion Date (“**Business**”).

Financial Information

The Vendors do not provide standalone audited financial statements for the Assets and the Business. Based on the unaudited management information provided by the Vendors, the net profit before taxation attributable to the Assets and the Business for the years ended 31 December 2021 and 2022 were approximately S\$42,000 and S\$55,000 respectively. As the Assets and the Business were housed under a partnership structure, the tax on net profits attributable to the Assets and the Business are assessed as part of the Vendors’ personal tax assessment in Singapore. Accordingly, the net profits after taxation attributable to the Assets and the Business are not applicable in this case.

The value of the Assets and assets attributable to the Business to be acquired by the Purchaser (excluding Business Name, Customers List and Records, Supplier Relationships and goodwill of the Business) as at 31 December 2022, in the Vendors' accounting records, was nil.

Completion

Completion shall take place on 1 October 2023 or any other date that may be mutually agreed upon between the Vendors and the Purchaser.

Consideration

The Consideration for the sale and purchase of the Assets and the Business shall be in the aggregate sum of S\$900,000 and shall be payable by the Purchaser to the Vendors (to be divided equally between the Vendors) in two instalments in the following manner:

- (1) the first instalment is S\$450,000, shall be settled by the Purchaser in cash on the Completion Date; and
- (2) the second instalment is S\$450,000, shall be settled by the Purchase in cash, 6 months after the Completion Date or any other dates mutually agreed between the Purchaser and the Vendors.

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms with reference to, amongst other things, its customer base and the turnover of the Business for the year ended 31 December 2022. The Consideration will be financed by the Group's internal resources.

Employment of the Vendors

Each of the Vendors shall enter into an employment agreement with a term of 2 years with the Purchaser, with effect from the Completion Date whereby each of the Vendors will, among other things, take up the employment of the Business with effect from the Completion Date and subject to the terms contained therein.

Undertakings and Warranties

Apart for the employment with the Purchaser, the Vendors shall collectively undertake that they shall not be involved, directly or indirectly, in any businesses that are in competition with the Business for a term of 5 years from the Completion Date ("**Non-Competition Clause**"). In the event of breach of the Non-Competition Clause, the Vendors shall refund 80% of the Consideration to the Purchaser.

The Vendor shall collectively warrant that the revenue and the net profit before taxation for each of 12 months after the Completion Date shall not be less than S\$8 million and S\$400,000, respectively for 2 years from the Completion Date and any shortfall shall be recoverable from the Vendors to the Purchaser in cash, to the extent of the salaries paid by the Purchaser to the Vendors for the employment with the Purchaser.

INFORMATION OF THE PARTIES

The Group

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

The Company is a company incorporated in the Cayman Islands whose issued shares are listed on the GEM of the Stock Exchange (stock code: 8609). The Company is an investment holding company.

The Purchaser is a wholly-owned subsidiary of the Company and is principally engaged in the production and distribution of egg products in Singapore.

The Vendors

Mr. Oh Eng Hoe and Mr. Oh Eng Kiat are collectively the owners of Oh Chuan Aun Trading Company (UEN 28891700J), a partnership established in Singapore. Oh Chuan Aun Trading Company is principally engaged in wholesales and distribution of fresh eggs in Singapore.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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

The Assets and the Business to be acquired is established with an entrenched customer base. The Directors consider that the acquisition of the Assets and the Business to be in line with the Group's strategic plan to enlarge the Group's presence and market share in Singapore. With this acquisition, the Group will be able to achieve synergistic costs savings arising from the integration of the customers of the Business to its established delivery and marketing infrastructure and the ability to extend its range of processed egg products to these same customers.

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 of the Assets and the Business 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 of the Assets and Business exceeds 5% but is less than 25%, the acquisition of the Assets and the Business constitutes a discloseable 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 otherwise specified, the following terms have the following meanings in this announcement:

“Agreement”	the agreement dated 13 September 2023 entered into between the Vendors and the Purchaser in relation to the acquisition of the Assets and the Business
“Assets”	have the meaning under “Information of the Assets and the Business” in the section “ACQUISITION OF THE ASSETS AND THE BUSINESS” of this announcement
“Board”	the Board of Directors
“Business”	has the meaning under “Information of the Assets and the Business” in the section “ACQUISITION OF THE ASSETS AND THE BUSINESS” of this announcement
“Business Name”	the business name of Oh Chuan Aun Trading Company
“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 of the Assets and the Business pursuant to the Agreement
“Completion Date”	1 October 2023 or such other date as the Vendors and the Purchaser may mutually agree
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	S\$900,000, being the purchase price of the Assets and the Business
“Customers List and Records”	the customers list and information and records, print copies and electronic copies, of the customers of Oh Chuan Aun Trading Company in connection with the Business that are owned or controlled by the Vendors and within the Vendors’ possession as at the Completion Date
“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
“Purchaser”	N&N Agriculture Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“S\$”	Singapore dollars, the lawful currency of Singapore
“Shareholder(s)”	the holder(s) of the share(s) of the Company of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier Relationships”	the information and business relationships of the suppliers of Oh Chuan Aun Trading Company in connection with the Business
“Vendors”	collectively, Mr. Oh Eng Hoe and Mr. Oh Eng Kiat

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

Chairman, Executive Director and Chief Executive Officer

Singapore, 13 September 2023

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. Sneddon Donald William, Mr. Yuen Ka Lok Ernest and Mr. Lew Chern Yong.

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 Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk 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.