

**ASIA GROCERY DISTRIBUTION LTD:
THIS IS, CERTAINLY, NOT
THE BEST COMPANY IN WHICH TO INVEST**

For a pleasant change, a company, expectant to be listed on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has explained one of its main problems over the years: That of obtaining bank support in spite of the company, having annual revenues in excess of \$HK170 million in respect of the past two Financial Years.

The company is Asia Grocery Distribution Ltd () (Code: 8413, The Growth Enterprise Market [the GEM] of The Stock Exchange of Hongkong Ltd).

At Page 196 of the Share Offer Prospectus, dated March 31, 2017, it is stated, under the heading of '**REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS**':

'Prior to the Listing, funding of our business activities was primarily from internally generated cash. We had approached commercial banks in the past for credit facilities. However, most banks would require collateral, either in the form of cash or immovable assets such as properties. As we do not have property assets available for pledging as collateral, it has been difficult for us to secure bank borrowings, without the support by our Controlling Shareholders and on terms which we find favourable. On 1 November 2016, we successfully obtained a credit facility of HK\$3.0 million from a commercial bank in Hong Kong and the facility was drawn down on 3 November 2016. The facility is supported by a personal guarantee by Mr. Wong Siu Man () and Mr. Wong Siu Wa (), being two of the Controlling Shareholders and executive Directors, to finance the Group's business operation and it will be released and replaced by a corporate guarantee to be granted by our Company upon Listing. Before obtaining such banking facility, in August and September 2016, we also obtained external funding from pre-IPO investments in the amount of approximately HK\$6.0 million and HK\$2.0 million from Trillion Advance (Trillion Advance Investments Ltd [], a business company incorporated with limited liability in the British Virgin Islands [BVI], one of our Pre-IPO Investors, whose shares are 66.70 percent owned by Mr Hanson Wong Chun Hung [] and 33.30 percent owned by Mr Terence Mak Kwok Kwan [] and Glory Concord (Glory Concord Ltd [], a company, incorporated in the Republic of Seychelles with limited liability, one of our Pre-IPO Investors, one of the Controlling Shareholders of our Company), respectively mainly for general working capital. Our Directors believe that the geographical coverage and efficiency of our distribution platform are key elements for us to maintain market competitiveness. We have, therefore, drawn up business plans of enhancing our distribution platform which will require considerable additional financial resources. As such, our Directors believe that the Listing will enable us to raise additional funds immediately and have access to the equity capital market for raising funds in the future to fulfil capital needs. Our Directors also believe that it would be easier and more cost-effective for us to obtain sufficient debt financing from banks to fund our future operations and development with a listing status. Furthermore, a listing status would allow us to further strengthen our reputation in the industry which makes it easier for us to maintain our existing business relationship with our network of suppliers and customers and further explore potential business opportunities with new suppliers and customers.'

The Initial Public Offering (IPO) Of Asia Grocery Distribution Ltd

Asia Grocery Distribution Ltd published and disseminated its Share Offer Prospectus on March 31, 2017.

Management Offered 280 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 21 cents to a high of 29 cents.

The Public Offer Share tranche is 28 million Shares and the Placing Offer Share tranche comprises 252 million Shares.

Based on the midpoint of the Indicative Offer Price Per Share, being 25 cents, Management expects to net about \$HK48.50 million.

Management's ... [CLICK TO ORDER FULL ARTICLE](#)

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