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AGILE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3383)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

Reference is made to the announcement of the Company dated 8 November 2023 in relation to the Disposal (the “**Announcement**”). Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcement.

The Board wishes to provide the supplemental information in relation to the Disposal.

THE RETENTION SUM

As previously mentioned in the Announcement, the Retention Sum represents part of the Consideration payable by the Purchaser but will be applied by the Purchaser to settle any outstanding debts and liabilities of the Target Company. The Retention Sum is retained by the Purchaser to cover the termination costs of the Target Company’s existing contracts and consultants, as well as settlement of the Target Company’s bridging financing and the payment for the relevant professional fees, tax and tariff in relation to the Disposal. Such retention will ensure a thorough and responsible transition for the Disposal and full compliance with the local laws and regulations in Malaysia.

The Board wishes to advise that at the time of making the Announcement, there was no confirmed sum to be incurred by the Target Company for the aforesaid costs and expenses as the relevant processes and filings for the completion of the Disposal have not yet taken place, and the negotiations with the Target Company’s main contractors regarding their termination costs were still ongoing, and hence the Retention Sum at the time of the Announcement was subject to adjustment.

The Board now wishes to take this opportunity to update the Shareholders that, as at the date of this supplemental announcement, the Vendors have reached a mutual understanding with the Target Company's main contractors regarding their final termination costs and as such, there is now certainty on the final adjustment to the Retention Sum (which the Vendors have also reached a mutual understanding with the Purchaser), which shall be adjusted from the previously RM80,000,000 to RM100,000,000, with any such adjustment (if any) to be retained from the Balance Purchase Consideration accordingly. The Board wishes to emphasize that the increase in the Retention Sum is simply to adjust for the provision of the Target Company's termination costs of its main contractors (which would have been borne by the Vendors in any event under the SPA), and there will be no overall change to the Consideration, which will still remain at RM310,000,000. To the best knowledge of the Company, the adjusted Retention Sum should be more than sufficient to settle the aforementioned costs and expenses.

FINANCIAL EFFECTS OF THE DISPOSAL

As previously disclosed in the Announcement, it was expected that upon the completion of the Disposal, the Company would record an estimated loss of approximately RM371,209,182.75, which would be calculated with reference to the difference between the Consideration receivable by the Group and the fair value of the Sale Shares. The fair value of the Sale Shares would in turn be calculated by reference to the cost of sales of the Sale Shares, having regard to (i) the carrying amount of the ordinary share capital of the Target Company as at 31 October 2023 in the sum of RM250,000; (ii) the carrying amount of the redeemable preference share capital of the Target Company as at 31 October 2023 in the sum of RM768,000,000; and (iii) the accumulated retained loss of the Target Company as at 31 October 2023 in the sum of approximately RM127,000,000. Hence, the cost of sales of the Sale Shares amounted to approximately RM641,250,000. Taking into account (i) the Consideration of RM310,000,000 but excluding RM40,000,000 which formed half of the Retention Sum and which was intended to be utilised for the settlement of the Target Company's bridging financing; and (ii) subtracting the cost of sales of the Sale Shares, an expected loss of approximately RM371 million was derived.

At the time of making the Announcement, the other half of the original Retention Sum (RM40,000,000), which was reserved to cover the termination costs of the Target Company's existing contracts and consultants, could not be taken into account in calculating the financial effect of the Disposal as negotiations with the Target Company's main contractors regarding their termination costs were still ongoing and such amount was not finalised at that time.

As mentioned above, as the Vendors have now reached a mutual understanding with the Target Company's main contractors regarding their final termination costs, there is now certainty on the final adjustment to the Retention Sum and as such, the previous Retention Sum reserved to cover the termination costs of the Target Company's existing contracts and consultants would be adjusted upwards from RM40,000,000 to RM60,000,000, and such adjusted sum would now be able to be taken into account in calculating the financial effect of the Disposal. Hence, the expected loss from the Disposal would be adjusted from approximately RM371million to approximately RM431 million.

BASIS OF THE CONSIDERATION

The Company confirms that there was no independent valuation being taken into account by the Board when determining the Consideration.

In 2023, the international economy has been sliding down due to high inflation, hiked interest rate, geo-political tensions and wars etc. and which, in turn, has casted a looming shadow over the Malaysian real estate market, especially in the high-end property market due to lack of purchasing power and high financing cost. The Board is therefore of the opinion that sales activities in the Malaysian real estate market will remain rather stagnant in the near foreseeable future. With sales collection from the Target Project being hampered by the aforesaid factors, and financial institutions' tightening control of property project financings, the Group (being the ultimate shareholder of the Target Company prior to the Disposal) was expecting a further shareholder capital injection of at least RM305 million until the Target Project's construction is completed.

As such and in view of the above, the Vendors began to explore the feasibility of liquidating the Target Company and opened up the Target Company for sale, during which the Purchaser had approached the Vendors and made an offer of RM310 million to acquire the entire equity interests in the Target Company. Having considered the current local real estate market in Malaysia and that such stagnant condition would persist in the near foreseeable future, the tightening of property project financings by financial institutions, and that any further capital injection from the Group would not serve the best interest of the Company and the Shareholders nor align with the overall cash deployment strategy of the Group at this juncture, the Board adopted a holistic approach and believes that the Disposal presented a good opportunity for the Group to improve its liquidity, facilitate the Group to meet its working capital requirements for the development of its other property projects, as well as streamlining its business structure and operations, and thus it was against this backdrop that the Board believes the Disposal would serve the best interest of the Company and the Shareholders as a whole.

Saved as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

By Order of the Board
Agile Group Holdings Limited
Ng Wai Hung
Company Secretary

Hong Kong, 2 January 2024

As at the date of this announcement, the Board comprises nine members, being Mr. Chen Zhuo Lin (Chairman and President), Mr. Chan Cheuk Hung*, Mr. Huang Fengchao*, Mr. Chan Cheuk Hei**, Mr. Chan Cheuk Nam**, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Hui Chiu Chung, Stephen# and Dr. Peng Shuolong#.*

* *Executive Directors*

** *Non-executive Directors*

Independent Non-executive Directors