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Asia Grocery Distribution Limited

亞洲雜貨有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8413)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION

This announcement is made on a voluntary basis by the Company in order to provide shareholders and potential investors of the Company with the latest updates on the business development of the Group.

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 27 September 2022, the Company entered into a non-legally binding MOU with the Vendor in relation to the Possible Acquisition. The principal terms of the MOU are set out as follows:

- Date: 27 September 2022
- Parties: (i) The Company; and
- (ii) The Vendor

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an independent third party of the Company and its connected persons (as defined under the GEM Listing Rules).

Pursuant to the MOU, the Company intends to acquire and the Vendor intends to sell certain percentage in the issued share capital of the Target Company. As advised by the Vendor, the Target Company principally engaged in selling quality bottled water and ready-to-drink beverages (including but not limited to 富鋸山泉天然水, 碧活力, 蘇大師蘇打水, 富鋸6號, 富鋸9號) as well as water purifier products in the PRC. The Target Company built up agency network in over 100 cities in the PRC and its water purifier products has more than a million of households users in regions including South China, Central China and North China, etc..

Due Diligence Review

The Company shall conduct the due diligence review in respect of the Possible Acquisition upon signing of the MOU. The Vendor shall use its best endeavours to procure that the Target Company provide such assistance and information as is necessary for the Company to complete its due diligence review on the Target Company.

Consideration

The consideration for the Possible Acquisition and the manner of payment shall be further negotiated between the Company and the Vendor and be determined in the Formal Agreement.

Formal Agreement

Subject to the Company's satisfaction with the due diligence review, the Company and the Vendor agree to proceed to negotiate and with the view to finalise detailed terms and conditions of the Formal Agreement and to execute the Formal Agreement.

Save for the provisions on due diligence review, confidentiality, governing law and dispute resolution and counterparts, the MOU does not constitute a legally-binding commitment between the Company and the Vendor.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in trading and distribution of food and beverage grocery products in Hong Kong.

The Directors consider that it is beneficial for the Company to seek investment opportunities from time to time to develop its existing business portfolio and engage in a new line of business with growth potential and broaden its source of income. The Directors are of the view that the Possible Acquisition, if materialized, is a prime opportunity for the Company to diversify the revenue stream of the Company and is in the interests of the Company and shareholders of the Company as a whole.

GENERAL

If the Possible Acquisition materialises, it may constitute a notifiable transaction of the Company under the GEM Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the GEM Listing Rules as and when appropriate.

As the MOU is not legally binding, the Possible Acquisition may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the following meanings:

“Board”	the board of Directors
“Company”	Asia Grocery Distribution Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange

“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement in relation to the Possible Acquisition to be entered into among the Company and the Vendor
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“MOU”	the non-legally binding memorandum of understanding dated 27 September 2022 entered into among the Vendor and the Company in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of certain percentage of issued share capital of the Target Company by the Company pursuant to the MOU
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fusishanquan Tianranshui (Danjiangkou) Limited* (富鋸山泉天然水(丹江口)有限公司), a company established in the PRC with limited liability
“Vendor”	an individual shareholder of the Target Company, who is an independent third party of the Company

* *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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

Hong Kong, 27 September 2022

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), the non-executive Director is Mr. Wong Chun Hung Hanson 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 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 website of The Stock Exchange of Hong Kong Limited at 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.