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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020 AND FOR THE YEAR ENDED 31 MARCH 2019

Reference is made to the annual reports of Asia Grocery Distribution Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) for the year ended 31 March 2020 (the “**2020 Annual Report**”) and for the year ended 31 March 2019 (the “**2019 Annual Report**”) respectively. Unless otherwise defined, capitalised terms used herein shall have same meanings as those defined in the 2020 Annual Report.

USE OF PROCEEDS AND ACTUAL PROGRESS OF THE GROUP’S BUSINESS OBJECTIVES AND EXPECTED TIMELINE FOR THE USE OF THE UNUTILISED PROCEEDS

In respect of the information disclosed under the paragraph “USE OF PROCEEDS AND ACTUAL PROGRESS OF THE GROUP’S BUSINESS OBJECTIVES” in the 2020 Annual Report and the 2019 Annual Report, the Company would like to provide additional information on the expected timeline for application of the unutilised proceeds as follows:

| | Updated use of net proceeds HK\$’000 | Utilised during the year ended 31 March 2019 and up to the date of 2019 Annual Report HK\$’000 | Unutilised as at the date of 2019 Annual Report HK\$’000 | Utilised during the year ended 31 March 2020 and up to the date of 2020 Annual Report HK\$’000 | Unutilised as at the date of 2020 Annual Report HK\$’000 | Expected timeline of full utilisation of the unutilised proceeds |
|--|---|---|---|---|---|--|
| Leasing of warehouse facility in Kowloon: | | | | | | |
| – Rental deposits | 900 | (570) | 330 | – | 330 | On or before 31 December 2022 |

| | Updated use of net proceeds HK\$'000 | Utilised during the year ended 31 March 2019 and up to the date of 2019 Annual Report HK\$'000 | Unutilised as at the date of 2019 Annual Report HK\$'000 | Utilised during the year ended 31 March 2020 and up to the date of 2020 Annual Report HK\$'000 | Unutilised as at the date of 2020 Annual Report HK\$'000 | Expected timeline of full utilisation of the unutilised proceeds |
|--|---|---|---|---|---|--|
| – Rental payments | 7,400 | (380) | 7,020 | (2,280) | 4,740 | On or before 31 December 2022 (Note) |
| – Renovation costs | 7,000 | (3,071) | 3,929 | (447) | 3,482 | On or before 31 December 2022 (Note) |
| – Start-up costs for warehouse facility | 8,100 | (816) | 7,284 | (59) | 7,225 | On or before 31 December 2022 |
| Upgrade of Enterprise Resource Planning ("ERP") system | 12,560 | (819) | 9,680 | (498) | 9,182 | On or before 31 December 2022 (Note) |
| Conducting sales and marketing activities | 5,540 | (49) | 5,125 | (33) | 5,092 | On or before 31 December 2022 (Note) |
| Installation of new repackaging equipment | 3,500 | – | 3,263 | – | 3,263 | On or before 31 December 2022 |
| General working capital | 3,500 | (875) | – | – | – | |
| | <u>48,500</u> | <u>(6,580)</u> | <u>36,631</u> | <u>(3,317)</u> | <u>33,314</u> | |

Note: Certain of these unutilised amounts have already been applied as intended during the first three months ended 30 June 2020. For details, please refer to the first quarterly report of the Company dated 13 August 2020.

Save as disclosed in the 2019 Annual Report and the 2020 Annual Report, the Directors did not intend to change the planned use of the net proceeds as at the date of the 2019 Annual Report and the 2020 Annual Report and up to the date of this announcement.

The above additional information does not affect other information contained in the 2019 Annual Report and the 2020 Annual Report, and save as disclosed in this announcement, the content of the 2019 Annual Report and the 2020 Annual Report remains unchanged.

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

Hong Kong, 14 August 2020

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 Mr. Wong Garrick Jorge Kar Ho.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.agdl.com.hk.