



AGV GROUP LIMITED

(Company Registration No. 201536566H)

(Incorporated in the Republic of Singapore on 2 October 2015)

UPDATES ON IMPACT OF COVID-19 PANDEMIC ON THE GROUP'S BUSINESS

- 1.1 The Board of Directors (the “**Board**”) of AGV Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide the following updates to the Group’s business operations in Singapore:
- (i) The Group had, as part of the regular testing of its workers as required by the Ministry of Manpower (“**MOM**”), in the past few days, conducted the Antigen Rapid Test (“**ART**”) and/or Polymerase Chain Reaction Swab Tests (“**PCR Test**”) (as the case may be) for all of its production workers based at the Group’s galvanizing plant in Tuas. Of all the production workers tested, approximately 53% have tested positive for COVID-19.
 - (ii) The affected production workers had been isolated at dedicated isolation rooms and arrangements had subsequently been made with the MOM to move the affected production workers to designated quarantine facilities. Based on the Group’s current procedures, affected production workers will be quarantined for 72 hours before taking another ART. The affected production workers will only be permitted to return to work upon a negative ART test result.
 - (iii) The remaining production workers and staff of the Group at the Singapore office will continue with the ART daily for a period of seven (7) days. As at the date of this announcement, there have been no further positive cases,
- (the “**Updates**”).
- 1.2 To the best of the Group’s knowledge, the Group has complied with all regulations and procedures set by the relevant authorities. All of its workers had also been fully vaccinated since August 2021. In the meantime, the Group has conducted in-depth sanitizing of its premises and will be stepping up sanitizing efforts going forward.
- 1.3 As more than 50% of the Group’s production workers have tested positive for COVID-19 as at the date of this announcement, the number of production workers who are able to work (the “**Non-Affected Employees**”) will be significantly reduced. For as long as the number of Non-Affected Employees are significantly reduced, the Company expects a material reduction to the production tonnage of its Singapore operations. Consequentially, the revenue generated during this period, where the number of Non-Affected Employees are significantly reduced, is likely to be substantially lower due to the reduction in sales. Barring unforeseen circumstances, the Group expects its production to recover once the number of Non-Affected Employees has increased significantly. For the avoidance of doubt, the Group’s Singapore plant and head office operations remains open.
- 1.4 The Group has undertaken several measures, including but not limited to the following:
- (i) Reaching out to affected customers to inform and renegotiate delivery deadlines; and
 - (ii) Making arrangements to allow for materials to be galvanized at the Group’s Malaysia plant instead.

- 1.5 Meanwhile, the Group will continue to adhere to the COVID-19 Guidelines and Standard Operating Procedures on a stringent basis, as well as to monitor the situation and provide updates on the matter where necessary.
- 1.6 At this stage, the Group is unable to quantify nor determine the true extent of the financial impact on revenue and earnings per share of the Group for the financial year ending 30 September 2022 (“FY2022”).
- 1.7 While the extent of the impact of the Updates on the financial position of the Group cannot be determined at this stage, as a guidance, the Group wishes to set out the financial impacts on the near-future of the Group, based on the unaudited management accounts and financial estimates as follows:
- (i) Revenue for the first quarter ending 31 December 2021 (“1QFY2022”) is expected to be substantially reduced due to the decrease in sales, largely attributable to the reduced production arising from the affected production workers.
 - (ii) With the expected decline in net income, cash flow from operating activities is expected to be lower.
- 1.8 Barring any unforeseen circumstances, the probable decline in revenue and net income is not expected to affect the Group’s ability to continue as a going concern and its ability to fulfil its near-term obligations, taking into account the above, the proposed placements as announced by the Company on 8 October 2021 and 17 October 2021, and continued financial support from the Group’s individual and corporate lenders.
- 1.9 The Group will continue to communicate with shareholders on a regular basis through these updates. The Group is also keeping a close watch on the development of the continuing COVID-19 outbreak situation and the Company will make appropriate announcement(s) to keep shareholders updated on any material developments as and when necessary.
- 1.10 Shareholders and investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

BY ORDER OF THE BOARD

Chong Kwang Shih
Lead Independent Director

10 November 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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