



AGV GROUP LIMITED

(Company Registration No. 201536566H)
(Incorporated in the Republic of Singapore on 2 October 2015)

RESPONSE TO SGX-ST QUERIES

Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Company's announcements released on 1 July 2020, 2 July 2020, 7 July 2020, 7 August 2020 and 8 September 2020 in relation to an investigation by CAD and MAS (the "Announcements"), unless otherwise defined.

The Board of Directors (the "**Board**") of AGV Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") would like to respond to the queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 9 September 2020 regarding the Company's Announcements. Please refer to the Announcements for further information on the same.

Question 1: We note from the Company's announcement on 7 August 2020 that Mr Albert Ang is placed on Leave of Absence (LOA) until further notice. Listing Rule 720(1) of the Listing Manual provides that an issuer must also comply with Listing Rule 406(3) on a continuing basis, which requires, among others, a consideration of the character and integrity of directors and management.

Please provide the Nominating Committee's assessment as to Mr Albert Ang's suitability to continue as the Executive Director of the Company and the bases for their assessment.

Response

The NC has previously indicated that it would be conducting an internal review of Mr Albert Ang's ("**ED**") suitability to continue as a director of the Company while the ED is placed on a leave of absence. The NC has therefore been using this period of time to continue its review of the situation, including speaking to the ED to ascertain what has happened. In deliberating, the NC has considered the following:

- (i) the Compliance Guidelines as issued by SGX on 20 July 2018 stating that directors should have the appropriate experience and expertise as well as possess character and integrity;
- (ii) while the NC accepts that the ED has the appropriate experience and expertise, the NC however notes that the ED appears to now be a subject matter of the CAD investigation, and that he has on 8 September 2020 been arrested and placed on bail;
- (iii) the NC also considered that in determining whether a director is considered to be fit and proper, it also referred to the earlier declaration made by the ED pursuant to the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 and Appendix 7F of the Catalist Rules. The NC notes that the ED now appears to be a subject matter of the CAD investigation;
- (iv) however the NC wishes to place on record that the ED has maintained his innocence and has consistently indicated to the NC and Board that he is not in breach of any law and has no explanation as to why the CAD would have reasonable grounds to believe that he has committed an offence under section 197 of the Securities and Futures Act (Cap. 289) of Singapore (the "**SFA**");
- (v) the NC is therefore not at liberty to comment as it is not in a position to investigate into such offence, if any, and it has no way to ascertain the facts of the matter;

- (vi) however, the NC has determined to place extra weightage on CAD stating that in the course of their investigations, reasonable grounds have arisen for believing that the ED has committed an offence, and coupled with the fact that the ED was recently arrested and put on bail.

In light of the above, as a matter of prudence, the NC is inclined to take the position that the ED is no longer fit and proper to continue as an Executive Director of the Company. The NC therefore recommended to the Board that the ED should step down as an Executive Director of the Company. The NC and Board had today informed the ED, but noted that he is not willing to do so at the present moment and that he has requested for some time to consider and seek counsel on this.

Question 2: In the announcement released on 8 September 2020, it was stated that the Group's business and operations remain unaffected save for the difficulties in arranging for new credit facilities as a result of the uncertainty created by the investigation by CAD and MAS.

We note that in the FY2019 annual report (FYE 30 Sep 2019), the Group had recorded a net liabilities of S\$12.3m, net current liabilities of S\$2.9m, net loss of S\$8.4m and operating cash outflows of S\$5.8m. It was included in the audit opinion that these conditions indicate the existence of material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern.

The Company responded to our queries announced on 15 Jan 2020 that in the Board's opinion, the Group will be able to continue as a going concern on, amongst others, the following basis:- continued financial support from the Group's individual, corporate and institutional lenders, as well as vendors, as applicable, and potential new injections of capital.

In HY2020 (FYE 31 Mar 2020), the Group also recorded a net liabilities of S\$12.9m, net current liabilities of S\$3.3m, net loss of S\$0.6m and operating cash outflows of S\$0.88m. Similarly, it was stated that the results were prepared on a going concern basis based on Group's ability to generate sufficient cash flows from operations and continued financial support from the Group's individual lenders.

Please provide:

- (a) details of continued financial support from the Group's individual, corporate and institutional lenders, as well as vendors, as applicable, and potential new injections of capital;**

Response

Due to the impact of COVID-19, some of the Group's institutional lenders have agreed to defer the Group's principal repayment over a moratorium period of 8 months. Additionally, the Executive Chairman of the Group has undertaken to provide financial support for the Group. As at 31 July 2020, the Executive Chairman has loaned an aggregate of approximately S\$854,000 to the Group, such amount being interest-free.

The Board also wishes to highlight that the Group has recently concluded a rights issue exercise for which approximately S\$5.1 million was raised from shareholders. Management had also negotiated with the Group's creditors on the capitalization of their debts and approximately S\$6.7 million of debt had been capitalized during the rights issue exercise.

Description	As announced in HY 2020 results S\$'000	Right Issue (Completed on July 2020) S\$'000
Current (liabilities) Capital (deficiency)/equity attributable to owners of the Company	(16,778)	(4,977)
Total capital (deficiency) - include NCI	(9,748)	2,053
	(12,943)	(1,142)

(b) the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment;

Response

The Board is of the view that the Group is able to continue as a going concern in light of the following bases:

- (i) Ability of the Group to generate sufficient cash flows from its operations
- (ii) Continued financial support from the Group's individual, corporate and institutional lenders, as well as vendors, as applicable, which includes the Executive Chairman

The Executive Chairman is Hon. Dato Seri Damien Chua Wei Kee, who is a successful business owner holding a controlling stake in the JD group of companies. The JD group of companies had a turnover of more than US\$300 million in its last financial year and its paid-up capital exceeds US\$10 million. The Directors are of the view that he is a person who is able to meet the Group's cashflow needs if called upon. It is intended for the Group to enter into a facility agreement where the Executive Chairman has agreed to extend a facility to the Group to cover its existing cash needs for the next 12 months.

(c) the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion; and

Response

On the basis of the Board being of the view that the Group is able to continue operating as a going concern, the Board is of the opinion that there is no requirement for the Company to call for a suspension of trading of the Company's shares pursuant to Listing Rule 1303(3).

(d) the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Response

The Directors confirm that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

BY ORDER OF THE BOARD

Chua Wei Kee
Executive Chairman
AGV Group Limited

10 September 2020

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.

The contact person for the Sponsor is Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.