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REPRESENTATIONS

We, Choong Yoon Fatt and Wee Meng Seng Aloysius, independent directors of the AGV Group Limited (the "**Company**"), make the following representations for the consideration of the members of the Company:

1. On 29 August 2021, the Company received a complaint from whistle-blowers (the "**Complaints**") concerning the ex-executive director of the Company, Mr Chua Wei Kee ("**Mr Chua**").

2. As responsible directors of the Company and following proper corporate governance, Mr Chua was requested to take a leave of absence until investigations into the Complaint was completed. The Company has since appointed Nexia TS Risk Advisory Pte. Ltd. ("**Nexia**") to carry out an agreed-upon procedure to verify the veracity of the Complaints (the "**AUP Report**"). We believed, and continue to believe, that the AUP Report is necessary to ensure that the interests of shareholders are properly protected.

3. When Mr Chua was asked to take a leave of absence, the independent directors of the Company tasked the Group's General Manager, Mr Goh Jay Ree ("**Mr Goh**"), to oversee the operational matters and ensure the smooth running of the business and operations of the Group. The Independent Directors have also stepped in to assist the Company in reviewing the financial matters of the Group. We believe that Mr Goh, together with his team, has to date, performed to the expected standards (even with Mr Chua's departure on 14 September 2021).

4. On 14 September 2021, Mr Chua resigned. When he resigned, Mr Chua agreed to continue to provide financial support to the Company and its subsidiaries (the "**Group**").

5. On 19 November 2021 however, Mr Chua refused to provide financial support to the Company, as he had promised, putting the Company into its present financial predicament.

6. Mr Chua had also pulled out of a Share Lending Agreement for him to lend or procure to lend (as the case may be) to the Company up to an aggregate of 200,000,000 shares for delivery to certain placees pursuant to the 7 October Proposed Placement. Had the 7 October Proposed Placement been successfully carried out, the Company would have been able to raise funds of up to $1.44 million to ease the financial position of the Company.

7. The AUP Report has since been submitted to the Board and Sponsor on 13 January 2022 by Nexia. The Company has released an announcement in relation thereto on 14 January 2022, a copy of which has been attached hereto. We urge all shareholders to take a look at the findings contained therein.

8. As independent directors, we had taken steps to look into the Complaint and had worked towards safeguarding the interest of the Company and the shareholders. It therefore comes as a surprise to us that two successive attempts to call for a requisition to remove us as independent directors had been made soon after the Complaints were made and after we had resolved to call for the AUP Report.

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9. We invite the members of the Company to consider the facts holistically and come to your own conclusion as to the motivation and purpose behind the intended removal of independent directors - the sentinels of the shareholders' interest.

10. We reserve the right to make further representations at the meeting held to consider the Requisition.

Yours faithfully,

[signed]	[signed]
CHOONG YOON FATT	**WEE MENG SENG ALOYSIUS**
Independent Directors	
21 January 2022	

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AGV GROUP LIMITED

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

UPDATES ON INVESTIGATION INTO COMPLAINT FROM WHISTLE-BLOWERS

1. INTRODUCTION

The Board of Directors (the "**Board**") of AGV Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement (the "**Earlier Announcement**") made by the Company on 29 August 2021 in relation to the receipt of a complaint from whistle-blower(s) (the "**Complaint**") concerning Mr Chua Wei Kee ("**Mr Chua**"), the former Executive Chairman of the Company, as well as the Company's responses to the queries raised by Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") in relation to the Complaint published on 31 August 2021, 16 September 2021 and 28 November 2021.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Earlier Announcement.

*Due to the sensitivity of the allegations raised in the Complaint and to protect the confidentiality and identity of the whistleblower(s), this announcement will not state how many whistleblowing report(s) was/were received and the identity(ies) of this/these whistleblower(s). For ease of reference, the whistleblower(s) will be referred to in the plural in this announcement as "**Whistleblowers**" henceforth.*

2. AGREED-UPON PROCEDURES

2.1. As set out in the Earlier Announcement, the Audit Committee of the Company (the "**AC**") had engaged internal auditors, Nexia TS Risk Advisory Pte. Ltd. ("**Nexia**"), to perform, *inter alia*, certain agreed-upon procedures to verify the veracity of the Complaints (the "**AUP**") and to prepare a report based on the AUP and the findings of Nexia (the "**AUP Report**").

2.2. The final AUP Report was submitted to the Board and the Sponsor on 13 January 2022. The Board understands as follows.

3. FIRST KEY ALLEGATION

Summary of First Key Allegation

3.1. The first key allegation concerned the sale and leaseback transaction relating to the property located at PLO 151, Jalan Nibong 1/1, Kawasan Perindustrian Tanjung Langsat, 81700 Pasir Gudang, Johor Bahru (the "**Property**"), which AGV Galvanizing (M) Sdn Bhd ("**AGVM**"), an indirect subsidiary of the Company, had entered into with Fast Fact Technology Sdn Bhd ("**Fast Fact**") in November 2020 (the "**AGVM Sale and Leaseback Transaction**") (the "**First Key Allegation**"). As part of the AGVM Sale and Leaseback Transaction, AGVM had entered into a tenancy agreement with Fast Fact in relation to the Property, commencing on 1 August 2021.

3.2. It was alleged that it was Mr Chua who had instructed AGVM to commence rental payments to Fast Fact from mid-July 2021 onwards, and that an invoice would be provided by Fast Fact for the mid-July 2021 rental payment. However, when AGVM subsequently contacted Fast Fact, AGVM was informed that no invoice would be provided for the mid-July 2021 rental payment if an 18% discount was to be extended, and that this fact had already been communicated to Mr Chua's father, who was allegedly involved in the affairs surrounding the tenancy agreement between AGVM and Fast Fact. Further information on the AGVM Sale and Leaseback Transaction can be found in the announcements made by the Company on 19 November 2020 and 23 July 2021.

Findings in relation to the First Key Allegation

3.3. The Board understands the following:

(i) There had been differences between what Mr Chua had claimed and the documentary evidence reviewed. In relation to whether AGVM had been legally represented in the AGVM Sale and Leaseback Transaction – whilst the Company had Singapore counsel advising them on the regulatory compliance aspects of the transaction from a Singapore law perspective, the SPA had stated that AGVM was unrepresented.

(ii) Save for email correspondence between Mr Chua and Mr Chiang Yi Shin ("**Mr Chiang**"), the previous financial controller of the Group suggesting that there had been Singapore lawyers involved, the other information reviewed did not tie in with Mr Chua's claims that he had tasked Mr Chiang with liaising with such Singapore lawyers and that he had only executed the SPA after Mr Chiang informed him that the said Singapore lawyers had no further comment. Mr Chua had also claimed that he was not aware of the identity of the said Singapore lawyers. It was however noted that the Group Finance Manager was unaware of any legal expenses in connection with the review of the SPA for the AGVM Sale and Leaseback Transaction.

(iii) In addition, while Mr Chua had stated that his father's involvement in the discussions for the AGVM Sale and Leaseback Transaction was minimal, evidence had been sighted, which shows that Mr Chua's father was amongst a group of persons actively engaged in the AGVM Sale and Leaseback Transaction and Mr Chua's father has come to know of certain similar information being communicated to Mr Chua. Further, information was reviewed showing that Mr Chua's father had conducted separate discussions with Dato' Tan, the solicitor to Fast Fact for the AGVM Sale and Leaseback Transaction.

(iv) Whilst Mr Chua had claimed that he was not involved in all negotiations relating to the AGVM Sale and Leaseback and had instead instructed Mr Chiang to be the party responsible for the negotiations with Fast Fact, evidence was provided suggesting that Mr Chua had been informed of and provided with counsel via other communication channels. Evidence had been provided where Mr Chua had allegedly instructed for certain information to be provided to Dato' Tan (Fast Fact's solicitor) while suggesting that this would allow Dato' Tan to take care of Mr Chua's or the Group's interests. This could potentially have led to the disclosure of proprietary and/or confidential information to Dato' Tan, which appears to be not necessary to do so with the solicitor to the purchaser in the AGVM Sale and Leaseback Transaction.

(v) It was also noted that there had been a number of agreements being entered into for the AGVM Sale and Leaseback Transaction. This included an agreement dated 1

February 2021 entered into between AGVM and Mr Lim Kim Cheei, in relation to the payment of introducer fees by AGVM to Mr Lim Kim Cheei (the "**Introducer Agreement**"). The Introducer Agreement had been signed 2.5 months after the SPA had been entered into, and half of the introducer fees had been paid out on the following day, i.e. 2 February 2021. In light of the above, it suggested that the manner in which the introducer fees had been determined, including the terms of payment thereof, may not have been predicated on services provided by Mr Lim Kim Cheei as part of the AGVM Sale and Leaseback Transaction.

(vi) There was also evidence reviewed that indicated that each of Mr Chua's father and Mr Lim Kim Cheei were entitled to half of the introducer fees. **If it was true that there were such alleged portion of the introducer fees being granted to Mr Chua's father, this would also constitute an interested person transaction within the meaning of Chapter 9 of the Catalist Rules and such information had not been disclosed to the Board and Audit Committee of the Company**.

(vii) **In addition, there was evidence which seems to suggest that Mr Chua had given instructions for RM420,000 to be used as payment to buy up the share of the 49% minority interest in AGVM. If so, Mr Chua would have failed to disclose his actual interest in AGVM and that Mr Teoh Siew Jin ("Mr Teoh"), the named minority shareholder of AGVM holding the remaining 49% of AGVM, appears to be acting as Mr Chua's proxy.** In his capacity as director of AGVM (prior to his cessation), Mr Chua was in a position to make decisions beneficial to AGVM at the expense of the Company. Such an example would be where the Company had to bear the costs of the renovation and upgrading works undertaken by AGVM. This was notwithstanding the Independent Directors of the Company having earlier raised their concern that Mr Teoh, as a minority shareholder of AGVM, should also bear a portion of the costs since the renovation and upgrading works was intended to result in AGVM resuming production and generating revenue.

(viii) Further information and/or evidence received tied in with some earlier observations on improper activities relating to the AGVM Sale and Leaseback Transaction. Subject to legal opinion, there may have been potential breaches of legislation and the Catalist Rules as follows:

(a) Section 76 of the Companies Act 1967 (the "**CA**") prohibits the giving of financial assistance by a company to any person for the purpose of acquiring the shares in the company;

(b) Section 83 of the CA requires a substantial shareholder to notify the company of change in interests;

(c) Section 157 of the CA requires a director to act honestly and use reasonable diligence in the discharge of his duties;

(d) Section 165 of the CA specifies a director's general duty to make disclosure;

(e) Section 402 of the CA states that an officer of a corporation who, with intent to deceive, makes or furnishes, or knowingly and wilfully authorises or permits the making or furnishing of, any false or misleading statement or report to a director, auditor, member, etc., relating to the affairs of the corporation, shall be guilty of an offence;

(f) Section 201 of the Securities and Futures Act 2001 (the "**SFA**") prohibits any person to employ any device, scheme or artifice to defraud, engage in any act, practice or course of business which operates as a fraud or deception, make any statement he knows to be materially false, and omit to state a material fact necessary in order to make the statements made not misleading, in connection with the subscription, purchase and sale of any securities;

(g) Section 477A of the Penal Code 1871 states that the wilful conduct of any clerk, officer or servant to destroy, alter, conceal, mutilate or falsify any book, electronic record, paper, writing, valuable security or account which belongs to or is in the possession of his employer with intention to defraud shall be punishable;

(h) Chapter 9 of the Catalist Rules for requirements relating to Interested Person Transactions;

(i) Common law fiduciary duties of a director including but not limited to:
(I) Act in good faith;
(II) Act in the best interests of the company;
(III) Act with reasonable care, skill and diligence;
(IV) Avoid conflicts of interests; and
(V) Exercise powers with proper purpose.

4. **SECOND KEY ALLEGATION**

Summary of Second Key Allegation

4.1. The second key allegation concerned petty cash payments of the Group (the "**Second Key Allegation**") and in particular, instances of payments of S$1,800 each had been made to a praying master from the Group's petty cash fund. These payments had allegedly been approved by Mr Chua.

Findings in relation to the Second Key Allegation

4.2. The Board understands the following:

(i) There had been a payment made for an invoice dated 18 April 2019 from Eversheds Harry Elias ("**EHE**") addressed to JD Resources Pte Ltd for approximately $6,500 in relation to an undertaking agreement. On the invoice, there had been a handwritten note citing that the Chairman of the Group had instructed for the Group to absorb the costs as it was related to the Group. However, it was noted that the Group had not been provided with the said work done by EHE although the Group had paid for the said work.

(ii) There had also been payments made to a praying master without supporting documents to evidence that such payments had been based on agreed fees and the services rendered.

5. **THIRD KEY ALLEGATION**

Summary of Third Key Allegation

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5.1. The third key allegation concerned Mr Chua's instructions to not share information relating to the Group's finances with the General Manager or with the Head of Corporate Affairs, both of whom were key members of the management team of the Company (the "**Third Key Allegation**").

Findings in relation to the Third Key Allegation

5.2. Mr Chua had refuted the claims that he had earlier instructed for specified management personnel to be excluded from meetings on finance matters. It was noted however that a review of email correspondence supported the whistleblowers' allegations as there was a difference in email recipients after the date when such instructions were allegedly given.

6. FOURTH KEY ALLEGATION

Summary of Fourth Key Allegation

6.1. The fourth key allegation was that Mr Chua had allegedly given instructions to manipulate the financial figures for the cashflow forecast to be presented to the Board, and not to inform the Board of the cash gap for the cashflow forecast for the Group for June 2021 until the end of the month if it became certain that the Group would be unable to pay for the expenses (the "**Fourth Key Allegation**").

Findings in relation to the Fourth Key Allegation

6.2. The Board understands the following:

(i) Different versions of cashflow forecasts had been sighted. The difference in the versions arose due to difference in assumptions made and/or amounts. There had been no record of instructions to amend and/or withhold information from any party. However, there had been supporting documents reviewed indicating Mr Chua's response to reduce the cash gap amount and manage it at a lower sum of $2,000,000 when informed of the cash gap of $4,000,000. It remained unclear as to whether there had been any expectation of actions Mr Chua may have had, to have the cash gap managed at a lower sum of $2,000,000.

(ii) They had also compiled the cashflow forecasts and actual cashflow from the period of January 2021 to August 2021. During such period, the operating entities of the Group was largely operating on a negative cashflow basis and despite an earlier written undertaking dated 12 May 2021 provided by Mr Chua to provide financial support of $4.4 million in the form of working capital to the Group, as and when required by the Group for the next 12 months, it was noted that there were only 2 instances of cash injections from Mr Chua. In aggregate, they amounted to a total of approximately $250,000. There had also been multiple email correspondences from the management team requesting for cash injections for the Group from Mr Chua, during the period of 30 November 2020 to 28 June 2021. In light of the above, it appeared that while the management team had continuously made requests to Mr Chua, the actual cash injected into the Group from Mr Chua did not align with such requests.

7. FOLLOW-UP ACTIONS

7.1. The Board is currently seeking legal advice on the Complaint.

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7.2. The Board will also be looking into further strengthening the internal controls of the Group and will be engaging internal auditors to review the internal controls policies and processes of the Group. The Board will also be reiterating the importance of adhering to the internal controls policies and processes to all management and staff members of the Group.

7.3. The Company will update shareholders when there are further material developments on this matter.

BY ORDER OF THE BOARD

Chong Kwang Shih
Lead Independent Director

14 January 2022

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.