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

UNAUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 30 September 2018

Part I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR and FULL YEAR ANNOUNCEMENTS

1 (a) (i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement

	The Group		
	30-Sep-18	**30-Sep-17**	**Increase/ (Decrease)**
	S$'000	**S$'000**	%
Revenue	7,992	18,009	(55.6)
Other item of income			
Other income	1,375	435	216.6
Items of expense			
Consumables used	(7,069)	(9,424)	(25.0)
Consumables sold	-	(44)	(100.0)
Employee benefits expense	(4,716)	(5,991)	(21.3)
Operating lease expenses	(605)	(643)	(5.9)
Depreciation expense	(1,759)	(1,296)	(35.7)
Other expenses	(4,025)	(5,179)	(22.3)
Finance costs	(1,131)	(325)	248.0
Impairment of goodwill on consolidation	(4,268)	-	NA
Share of losses of associate	-	(180)	(100.0)
Loss before income tax	**(14,206)**	**(4,638)**	**206.3**
Income tax benefit/(expense)	503	350	43.7
Loss for the year	**(13,703)**	**(4,288)**	**219.6**
Loss attributable to:			
Owners of the Company	(12,100)	(4,089)	195.9
Non-controlling interest	(1,603)	(199)	705.5
	(13,703)	**(4,288)**	**219.6**
Loss per share attributable to owners of the Company (cents)			
Basic and diluted	(10.88)	(3.40)	219.6

Statement of comprehensive income:

	The Group		
	30 Sep 2018	30 Sep 2017	Increase/ (Decrease)
	S$'000	S$'000	%
LOSS FOR THE YEAR	**(13,703)**	**(4,288)**	219.6
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operation	(221)	32	(790.6)
Realisation of translation reserves upon deemed disposal of investment in associates	-	14	NA
Other comprehensive income/(loss) for the year	**(221)**	**46**	**(580.4)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(13,924)**	**(4,242)**	**228.2**
Total comprehensive loss attributable to:			
Owners of the company	(12,185)	(3,962)	207.5
Non-controlling interest	(1,739)	(280)	521.1
	(13,924)	**(4,242)**	**228.2**

1 (a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Note 1: Other Income

	The Group	
	30 Sep 2018	30 Sep 2017
	S$'000	S$'000
Government grant	40	31
Sale of waste materials	718	44
Interest income	-	6
Reversal of bad debts	242	-
Refund of GST from prior year	131	
Gain in foreign exchange	244	
Gain on deemed disposal of associate	-	349
Sale of consumables	-	5
Total	**1,375**	**435**

Note 2: Employee Benefits Expense

	The Group	
	30 Sep 2018	30 Sep 2017
	S$'000	S$'000
Directors' remuneration	1,011	1,381
Employee Compensation costs	3,705	4,610
Total	**4,716**	**5,991**

Note 3: Included under other expenses:

	The Group	
	30 Sep 2018	30 Sep 2017
	S$'000	S$'000
Allowance for impairment of receivables	50	596
Utilities	391	759
Waste disposal	459	546
Business development expense	353	437
Marketing expense	183	433

Note 4: Income tax (benefit)/expense

	The Group	
	30 Sep 2018	30 Sep 2017
<u>Income tax (benefit)/expense</u>	**S$'000**	**S$'000**
Current taxation		
Provision for current year	-	-
Overprovision in respect of prior year	(30)	(183)
Deferred taxation		
Current financial year	(1,084)	(522)
Under/(Over) provision in respect of prior year	611	355
Total	**(503)**	**(350)**

1 (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year:

	The Group		The Company	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
ASSETS	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Non-current assets				
Subsidiaries	-	-	9,189	9,189
Property, plant and equipment	16,553	17,459	5	-
Goodwill	-	4,268	-	-
Deferred tax assets	988	570	-	-
Total non-current assets	**17,541**	**22,297**	**9,194**	**9,189**
Current assets				
Inventories	820	2,890	-	-
Other assets	-	44	-	-
Tax recoverable	73	109	-	-
Trade and other receivables	1,273	5,563	12,344	6,705
Prepayments	87	1,158	22	27
Pledged fixed deposit	223	272	-	-
Other cash and bank balances	192	338	2	6
Total current assets	**2,668**	**10,374**	**12,368**	**6,738**
Total assets	**20,209**	**32,671**	**21,562**	**15,927**
EQUITY AND LIABILITIES				
Equity				
Share capital	13,453	13,453	13,453	13,453
Other reserve	(2,565)	(2,565)	-	-
Accumulated profits/(losses)	(15,082)	(2,205)	-	-
Translation reserve	28	113	(1,656)	(1,286)
Non-controlling interests	(1,242)	1,670	-	-
Total equity attributable to owners of the Company	**(5,408)**	**10,466**	**11,797**	**12,167**
Non-current liabilities				
Finance lease payables	335	873	-	-
Borrowings	1,359	1,434	-	260
Deferred tax liabilities	129	232	-	-
Total non-current liabilities	**1,823**	**2,539**	**-**	**260**
Current liabilities				
Income tax payable	-	-	-	6
Trade and other payables	11,865	5,135	9,605	3,349
Provision for reinstatement cost	100	100	-	-
Finance lease payables	546	441	-	-
Borrowings	11,283	13,990	160	145
Total current liabilities	**23,794**	**19,666**	**9,765**	**3,500**
Total liabilities	**25,617**	**22,205**	**9,765**	**3,760**
Total equity and liabilities	**20,209**	**32,671**	**21,562**	**15,927**

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	30 Sep 2018		30 Sep 2017	
	S$'000	S$'000	S$'000	S$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable within one financial year	11,283	-	13,990	-
Amount repayable after one financial year	1,359	-	1,434	-
	12,642	**-**	**15,424**	**-**

<u>Details of collaterals</u>

The Group's existing borrowings are secured by:

(i) Personal guarantees by certain shareholders and directors;
(ii) Legal mortgage on the leasehold property and renovation; and
(iii) Fixed charge over the Group's plant and equipment.

1(c) **Group cash flow statement together with a comparative statement for the preceding financial year:**

<u>**Consolidated Statements of Cash flows**</u>	**The Group**	
	30 Sep 2018	**30 Sep 2017**
	S$'000	**S$'000**
Operating activities		
(Loss)/Profit before income tax	(14,206)	(4,638)
Adjustments for:		
Depreciation expense	1,759	1,296
Interest income	-	(6)
Interest expense	1,131	325
Allowance for impairment of receivables	(54)	596
Allowance for impairment of inventory	129	
Impairment of property, plant and equipment	-	126
Impairment of goodwill	4,268	-
Loss on disposal of property, plant and equipment	48	6
Gain or deem disposal of associate	-	(349)
Share of results of associate	-	180
Unrealised foreign exchange	(736)	194
Operating cash flows before movements in working capital	**(7,661)**	**(2,270)**
Movements in working capital		
Inventories	1,940	359
Other assets	(13)	(44)
Trade and other receivables	4,344	10,376
Prepayments	1,071	(1,053)
Trade and other payables	2,830	(8,946)
Cash (used in)/ generated from operations	2,511	(1,578)
Income taxes (paid)/received	65	(511)
Net cash generated from operating activities	**2,576**	**(2,089)**
Investing activities		
Acquisition of subsidiary	-	(354)
Acquisition of property, plant and equipment	(389)	(213)
Proceeds from disposal of plant and equipment	14	17
Net cash used in investing activities	**(375)**	**(550)**
Financing activities		
Acquisition of non-controlling interest	(1,950)	-
Interest paid	(1,131)	(325)
Interest income	-	6
Proceeds from borrowings	6,440	4,472
Repayment of borrowings	(5,322)	(3,300)
Repayment of finance lease obligations	(433)	(1,823)
Decrease in pledged deposit	49	(92)
Net cash (used in)/generated from financing activities	**(2,347)**	**(1,062)**
Net increase/(decrease) in cash and cash equivalents	**(146)**	**(3,701)**
Cash and cash equivalents at beginning of period	338	4,039
Cash and cash equivalents at end of period	**192**	**338**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year:

-	The Group						
	Share Capital **S$'000**	**Accumulated profits / (losses)** **S$'000**	**Other reserve** **S$'000**	**Translation reserve** **S$'000**	**Attributable to Equity Owner of the Company** **S$'000**	**Non-Controlling interest** **S$'000**	**Total equity** **S$'000**
Balance at 1 October 2016	**13,453**	**1,884**	**(2,565)**	**(14)**	**12,758**	**-**	**12,758**
Loss for the year	-	(4,089)	-	-	(4,089)	(199)	(4,288)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	113	113	(81)	32
Deemed disposal of associate	-	-	-	14	14	-	14
Acquisition of subsidiary	-	-	-	-	-	1,950	1,950
Balance at 30 September 2017	**13,453**	**(2,205)**	**(2,565)**	**113**	**8,796**	**1,670**	**10,466**
Balance at 1 October 2017	**13,453**	**(2,205)**	**(2,565)**	**113**	**8,796**	**1,670**	**10,466**
Loss for the year	-	(12,100)	-	-	(12,100)	(1,603)	(13,703)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	(85)	(85)	(136)	(221)
Acquisition of non-controlling interest	-	(777)	-	-	(777)	(1,173)	(1,950)
Balance at 30 September 2018	**13,453**	**(15,082)**	**(2,565)**	**28**	**(4,166)**	**(1,242)**	**(5,408)**

	The Company		
	Share Capital **S$'000**	**Accumulated profits/ (losses)** **S$'000**	**Total equity** **S$'000**
Balance at 1 October 2016	**13,453**	**(883)**	**12,570**
Loss for the year, representing total comprehensive loss for the year	-	(403)	(403)
Balance at 30 September 2017	**13,453**	**(1,286)**	**12,167**
Balance at 1 October 2017	**13,453**	**(1,286)**	**12,167**
Loss for the year, representing total comprehensive loss for the year	-	(371)	(371)
Balance at 30 September 2018	**13,453**	**(1,657)**	**11,796**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	Number of Shares	Share Capital S$'000
As at 30 September 2017 and 2018	**125,946,440**	**13,453**

As at 30 September 2017 and 2018, the Company has no outstanding convertible or treasury shares.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Number of Issued Shares excluding treasury shares
As at 30 September 2017 and 2018	**125,946,440**

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported

Not applicable.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported

Not applicable.

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures presented have not been audited or reviewed by the auditors of the Company.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to its audited financial statements for the financial year ended 30 September 2017.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial year on or after 1 October 2017, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting year.

6 **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	30 Sep 2018	**30 Sep 2017**
Loss used in calculating basic and dilutive EPS (S$' 000)	(13,703)	(4,288)
Weighted average number of ordinary shares	125,946,440	125,946,440
Basic and diluted EPS (cents)	**(10.88)**	**(3.40)**

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the**

(a) current period reported on and
(b) immediately preceding financial year

Net asset value ("NAV") per ordinary share	Group		The Company	
	30 Sep 2018	**30 Sep 2017**	**30 Sep 2018**	**30 Sep 2017**
NAV (S$' 000)	(5,408)	10,466	11,796	12,167
Number of Ordinary shares	125,946,440	125,946,440	125,946,440	125,946,440
Net asset value per ordinary share based on issued share capital (cents)	**(4.29)**	**8.31**	**9.37**	**9.66**

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported

REVIEW OF FINANCIAL PERFORMANCE

FY2018 was a difficult year for the Group due to two main factors:

1) the sharp increase in zinc prices by up to 44% over the previous year, had resulted in a significant increase in the unit cost of production as a major component of the Group's consumables used is zinc, but the Group was unable to pass on the incremental costs successfully; and

2) structural damage to the zinc kettle requiring repair works and subsequent replacement of the kettle had resulted in slower production work rate and caused intermittent production work disruptions. This resulted in overall lower production levels which in turn affected the revenue generated during the financial year.

Due to the two major contributing factors mentioned, revenue dropped to S$8.0 million in FY2018 as compared to S$18.0 million in FY2017, a contraction of S$10.0 million.

Other income increased from S$435,000 in FY2017 to S$1.4 million in FY2018. The increase was due to the sale of production waste materials.

Overall, the cost of consumables dropped to S$7.1 million in FY2018 from S$9.4 million in FY2017 due to the decline in the tonnage of hot dip galvanizing services provided by the Group.

However, notwithstanding the lower production for the year, the Group incurred a significantly higher than expected cost of consumables due to the irretrievable loss of zinc during the repair works and the removal of significant amount of zinc dross on subsequent replacement of the zinc kettle.

Faced with a difficult business situation, the Group took steps to reduce costs. These efforts saw employee benefits expense, comprising directors' remuneration and staff-related expenses, being reduced from S$6.0 million in FY2017 to S$4.7 million in FY2018.

Operating lease expenses, which comprise mainly machinery, factory rental and office equipment rental for use in our operations, was reduced to S$605,000 in FY2018 from S$643,000 in FY2017. This was due to reduction in the lease of machinery.

Depreciation expense increased from S$1.3 million in FY2017 to S$1.8 million in FY2018. This increase was mainly due to the inclusion of depreciation expense of our Malaysia subsidiary AGV Galvanizing (M) Sdn Bhd ("**AGVM**"), that is now consolidated with the Group.

In Other Expenses, general administration costs for FY2018 were reduced to S$4.0 million from S$5.2 million in FY2017. The Group had embarked on a cost cutting measure to reduce operating costs in FY2018 to turnaround the business.

Finance costs increased from S$325,000 in FY2017 to S$1.1 million in FY2018. This is due to the consolidation of AGVM, which added S$450,000 in finance cost to the Group. Another S$340,000 increase in finance cost was due to additional borrowings from private lenders.

Our finance costs comprise interest payments for bank borrowings and finance leases for purchase of motor vehicles which we have undertaken. Bank borrowings consist of machinery, property and term loans which we have undertaken to finance the purchase of our property and machineries as well as for support of our operations.

Goodwill of S$4.3 million had been recognised in FY2017 arising from the business combination of AGV Holdings Pte. Ltd. ("**AGVH**"), which included AGVM. However, as at the date of this announcement, management has proposed for the goodwill to be fully impaired. This is because management has considered the deterioration in the capability of AGVH and AGVM to obtain future financial benefits from AGVM due to inter-alia a change in the market conditions in Malaysia for hot dip galvanizing services and the expected low sales volume.

The Board, on the advice of the Audit Committee, concurs with management and accordingly, has decided to impair the goodwill. The Board will however, also seek the Auditors' confirmation and concurrence on the impairment of the goodwill and will update shareholders on the same as and when necessary.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

Total non-current assets were reduced to S$17.5 million from S$22.3 million in FY2017 due to the impairment of goodwill on consolidation.

Current assets were reduced to S$2.7 million from S$10.4 million from the previous year. Due to the structural damage to the zinc kettle, repair works caused intermittent disruption to the production line. This resulted in the decline in tonnage of hot dip galvanizing services, which in turn resulted in a decline in sales and trade receivables. Trade and other receivables saw a fall from S$5.6 million to S$1.3 million. The damage to the kettle, which caused zinc leakages, also resulted in inventories to decline from S$2.9 million to S$820,000.

Equity comprises share capital, other reserve, translation reserve, accumulated profits/(losses) and non-controlling interests. The loss of S$14.2 million suffered during FY2018 has caused the Owner's Equity to fall from S$10.5 million to a negative equity of S$5.4 million.

Subsequent events

On 26 October 2018, the Company had announced that it had entered into a proposed placement of 60,000,000 new ordinary shares in the capital of the Company (the "**Placement Shares**"). The Company is undertaking the Placement to strengthen its financial position. The Placement Shares have since been issued on 3 December 2018.

As announced by the Company on 30 November 2018, the Company has been negotiating with the existing creditors of the Company to extend the tenure of repayment so as to ease the cash flow of the Company (the "**Negotiations**"). The Company notes that the Negotiations have been favourable to the Group and the Group looks forward to agreeing on revised terms so as to ease the Group's cash flow. In such event, the Group would be able to continue servicing its loan with a longer payment period. As a matter of prudence however, the Company has continued to classify S$11.3 million of borrowings as current liabilities.

Total liabilities increased by S$3.4 million from S$22.2 million in FY2017 to S$25.6 million in FY2018. This is due to the increase in total borrowings and finance leases.

REVIEW OF STATEMENTS OF CASH FLOWS

In FY2018, net cash generated from operations amounted to S$2.6 million. Net cash used in investing activities amounted to S$0.4 million mainly to replace the zinc kettle. Net cash used in financing activities amounted to S$2.4 million. As a result, the net cash and cash equivalent balance was S$0.2 million as at year end.

The Auditors have informed the Company recently that based on their calculations, the Group has breached a loan covenant with a financial institution. Management has confirmed however that it has not received any notice of default or breach in relation to the same from the relevant financial institution, and further, that it has, in the Negotiations, also discussed the removal of these covenants as part of the revised terms. The Company notes that the negotiations on the removal of the loan covenants have been favourable to the Group.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Whilst the Group had previously disclosed in its announcement on 15 May 2018 it was of the view that in spite of passing on the incremental costs to its clients due to higher zinc prices, the market would gradually adjust to the Group's revised pricing and its sales volume would gradually recover as capacity in the industry is filled, the Board now wishes to inform shareholders that its clients were unable to accept the increased costs and sales volume for the Group did not increase for the reasons as above set out in paragraph 8.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As announced by the Company on 26 October 2018, the Company has entered into placement agreements with four (4) subscribers (the "**Placement**") and the net proceeds of the Placement are approximately S$1,110,000. The Company is also currently in discussion with the abovementioned (4) subscribers with regards to further investment or loans to be provided to the Group. The Group is currently also exploring business opportunities and will continue to update shareholders as and when necessary.

As previously disclosed, the Group notes that the Negotiations have been favourable to the Group and the Group looks forward to agreeing on revised terms so as to ease the Group's cash flow.

11 **Dividend**

(a) Current Financial Period Reported

Any dividend declared for the current financial period reported on?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 **If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended for the year under review.

13 **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

<u>Business Segment</u>

As at 30 September 2017 and 2018, the Group only has one business segment, which is the provision of hot dip galvanising services.

Geographical Segment

Revenue

	30 Sep 2018	30 Sep 2017
	S$'000	S$'000
Singapore	6,059	17,140
Malaysia	1,933	869
Total	**7,992**	**18,009**

Assets

	Non-current assets		Property, plant and equipment	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	S$'000	S$'000	S$'000	S$'000
Singapore	10,105	14,639	9,116	9,800
Malaysia	7,436	7,658	7,437	7,659
Total	**17,541**	**22,297**	**16,553**	**17,459**

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

16 A breakdown of sales

	30 Sep 2018	30 Sep 2017	Change %
(a) Revenue reported for first half of the year	6,916	9,034	(23.4)
(b) Loss reported for first half of the year	(4,880)	(1,900)	156.89
(c) Revenue reported for second half of the year	1,076	8,975	(88.0)
(d) Loss reported for second half of the year	(9,044)	(2,342)	286.0

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

18 Use of proceeds as at 30 September 2018

Not applicable.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Not applicable.

20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

BY ORDER OF THE BOARD

Albert Ang

Executive Director and Chief Executive Officer

31 January 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05, Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.