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

RESPONSE TO SGX QUERIES

The Board of Directors (the "**Board**") of AGV Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the following in response to queries raised by the Singapore Exchange Securities Trading Limited:

SGX QUESTION 1

The announcement did not provide much information on Hyday (South Pacific) Investment Pte. Ltd., please share more information with us, e.g. on its business, track record, the regions it operate in, and how it complements AGV?

ANSWER

The discussion on the MOU was initially between CNQC (South Pacific) Holdings Pte Ltd ("**CNQC**"), which is a subsidiary of CNQC International Holdings Limited ("**CNQC International**"), a company listed on the Hong Kong Stock Exchange and AGV Group Limited's ("**Company**") subsidiary, AGV Investment Pte Ltd. for collaboration in providing hot dip galvanising services for CNQC's projects in Singapore, Malaysia and Myanmar. Hyday (South Pacific) Investment Pte Ltd ("**Hyday**") is an investment holding company selected by CNQC to sign the MOU with AGV Investment Pte Ltd. and Hyday is a wholly owned subsidiary of Guotsing Holding (South Pacific) Investment Pte Ltd (formerly known as CNQC (South Pacific) Investment Pte. Ltd.) which is wholly owned by Guotsing Holding Group Co. Ltd, a company incorporated in China. Guotsing Holding Group Co., Ltd. is the ultimate parent company of Hyday as well as the holding company of CNQC International. The Company has opted to work together with CNQC in the South-East Asia region as it is an established construction company in Singapore as well as in China.

Business Details of Guotsing Holding Group Co., Ltd.

Guotsing Holding Group Co., Ltd. ("**Guotsing Holding**") is a transnational enterprise whose main business is industry operation.

Guotsing Holding has a listed company, CNQC International Holdings Ltd in Hong Kong with more than 40 subordinated holding companies and almost 10 participation enterprises. The total assets of Guotsing Holding is more than 10 billion Yuan and there are 30 branches and over 10,000 staff in 22 countries.

The business of Guotsing Holding involves capital construction, real estate, investment, logistics, design consultation, trades, finance, hotels, agriculture and new energy mobiles, etc. The real estate development arm of the Guotsing Holding has been ranked in the top 200 in the Chinese real estate top 500 list and it is ranked 4th in the Singapore real estate top 10 for more than 60 years. Guotsing Holding was contracted to build the 29th Olympic sailing center, the Chinese culture center in Singapore and other symbolic projects. Guotsing Holding also holds the first position in the top 50 in Shandong, having won the top prize in the field of architecture -- 14 Luban Prizes. For 31 years, Guotsing Holding has expanded into the overseas market and Guotsing Holding now possesses multiple branches in 22 countries and its commercial buildings are ranked at the top amongst the provincial fields as well as possessing two first grade design institutions.

SGX QUESTION 2

Please provide further details on the legally binding MOU, such as what are the plans on how AGV and Hyday will execute the following plans below (extracted from the announcement this morning) within the next 3 years?

(a) to undertake to explore and develop the construction and the hot dip galvanising market in South East Asia and China;

(b) to jointly establish a hot dip galvanising facility in Myanmar; and

(c) to provide galvanising services pursuant to which, the Group will provide the best prices for the provision of galvanising services and Hyday will give preferential priority to the Group for galvanising services in South East Asia and China.

ANSWER

It is intended that for the next three (3) years the Group will work closely with CNQC in South East Asia and in China to provide hot dip galvanising services as well as consulting and technical advice in CNQC's construction and infrastructure projects relating to hot dip galvanising and steel. This collaboration would involve galvanising the steel required in CNQC's construction and infrastructure projects where possible, as well as providing technical know-how to CNQC's projects. Where applicable, the Company will charge consultant fees. By way of reciprocity, CNQC would give preferential priority to the Group to undertake galvanising work for the steel which CNQC requires for its construction and infrastructure projects. In relation to the development of a hot dip galvanizing facility in Myanmar, the Company is currently exploring possibilities for the execution of the joint development project and CNQC and the Company are also considering possible projects which parties may undertake jointly and no plans have been finalised at this juncture.

SGX QUESTION 3

Are there capital investment to be expected, and how are these capital investment amounts intended to be funded via?

ANSWER

Currently the Group will use its existing galvanising facility in Singapore to perform CNQC's projects in Singapore, Malaysia and in the regional countries. No major capital investment is expected as at the present time as the Company will need to assess the market conditions and demand for the Company's services.

SGX QUESTION 4

What is the expected returns to AGV as a result from entering into this MOU? How is this MOU and its plans going to affect the rest of AGV's businesses?

ANSWER

The benefit from this MOU will be in the form of an anticipated increase in the volume of hot dip galvanising works arising from CNQC's construction and infrastructure projects and subsequently, upon the joint development of the Myanmar facility being finalised, the galvanising works to be obtained from the joint venture. This increase in the volume of hot dip galvanizing works will in turn increase revenue for the Group.

SGX QUESTION 5

Please elaborate on the reasons for the termination of the MOU with MBB.

ANSWER

The reason for terminating the memorandum of understanding with Myat Mi Ba Company Limited is because both parties could not finalise details of the joint venture such as the shareholding structure of the joint venture company and as the timeframe set by both parties to come to agreement on the terms of the joint venture had lapsed, the memorandum of understanding was accordingly terminated.

By Order of the Board

Albert Ang Nam Wah
Executive Director and Chief Executive Officer

22 May 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited, for compliance with the relevant rules of 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 who can be contacted at 16 Raffles Quay, #01-05, Hong Leong Building, Singapore 048581, Telephone: (65) 6415 9886.