



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

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## RESPONSE TO SGX-ST QUERIES

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*Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Company's announcement released on 19 November 2020 in relation to the proposed sale and leaseback of property located at Johor Bahru (the "Announcement"), 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 20 November 2020 regarding the Company's Announcement. Please refer to the Announcement for further information on the same.

**Question 1: For the Leaseback arrangement, is the monthly rent of RM122,250 a market rate? How is it determined?**

Response

The monthly rent of RM122,250 is a market rate. It was determined based on the rental of similar-sized properties situated at similar locality.

**Question 2: What is the rationale for the option granted to AGV Galvanizing (M) Sdn Bhd ("AGVM") (51% subsidiary of the Group) to purchase either 100% of the total issued and paid-up share capital of the Purchaser, or the Property (at the election of AGVM), instead of only the option to purchase the Property?**

Response

The Property will either be fully repaid or with outstanding loan of the Purchaser remaining unpaid with Hong Leong Bank Berhad depending on the date of exercising the Option by AGVM. Thus, the Option provides a flexibility to AGVM at the time of exercising of Option, e.g., if there is outstanding loan remaining unpaid, AGVM can elect to purchase 100% of the total issued and paid-up share capital of the Purchaser and continue to service the loan. In the event that AGVM decides to purchase 100% of the total issued and paid-up share capital of the Purchaser, it would ensure that the Purchaser only holds the Property as its sole asset and has no other business and liabilities prior to completion of the Proposed Subsequent Acquisition.

**Question 3: Has the consideration of the Option been determined? How was the initial sum of RM5,107,000 determined?**

Response

As disclosed in paragraph 4.7.1 of the Announcement, the consideration shall be the initial sum of RM5,107,000 and whatever outstanding loan of the Purchaser remaining unpaid with Hong Leong Bank Berhad, the mortgagee bank, and service the same, at the date of exercising the Option.

The initial sum of RM5,107,000 is based on the initial capital outlay (being the portion for which no bank loan had been granted for) of the Purchaser in relation to its purchase of the Property. It was arrived at on a willing-buyer willing-seller basis.

**Question 4: What is the Company's plan for the Property? Is the intention to buy back the Property 6 years later?**

Response

As disclosed in paragraph 3.2 of the Announcement, the Property is used as the Group's base for its Malaysia operations for zinc galvanizing. The Group shall leaseback the property on the Completion Date of the proposed sale and continue to use it for its Malaysia operations. From the period commencing 6 years from the entering into of the Leaseback, the Board would then take into consideration all factors including but not limited to the financial position of the Group then, the then-existing macroeconomic circumstances and conduct a cost-benefit analysis before determining whether or not to proceed with the Proposed Subsequent Acquisition.

**BY ORDER OF THE BOARD**

Chua Wei Kee  
Executive Chairman  
AGV Group Limited

23 November 2020

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*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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