AGV GROUP LIMITED

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

PROPOSED PLACEMENT OF 60,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of Directors of AGV Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 26 October 2018 (after trading hours) entered into four (4) subscription agreements (each a "**Subscription Agreement**" and collectively, the "**Subscription Agreements**") with each of the Subscribers (as defined below), pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers, an aggregate of 60,000,000 new ordinary shares in the capital of the Company (each a "**Subscription Share**" and collectively the "**Subscription Shares**") at an issue price of S$0.0189 for each Subscription Share (the "**Issue Price**") (the "**Placement**"). The Issue Price represents a discount of approximately 10% to the volume weighted average price of S$0.0210 for trades done on the Company's Shares on the Catalist Board ("**Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full market day on 26 October 2018 (being the last full market day on which the Shares were traded prior to the date of signing of the Subscription Agreements).

2. THE PLACEMENT

2.1. The Subscription Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company (the "**Shares**") save that they shall not rank for any allotments, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Subscription Shares.

2.2. Upon completion of the Placement, the issued and paid-up share capital of the Company will increase to 185,946,440 ordinary shares (the "**Enlarged Share Capital**") and the Subscription Shares represent approximately 32.27% of the Company's Enlarged Share Capital. The number of Subscription Shares to be issued to the Subscribers and the shareholding of the Subscribers following the completion of the Placement will be approximately as follows:

Name of Subscribers	**Percent of the Enlarged Share Capital (%)** [(1)]	**Number of Subscription Shares**
Ch'ng Ban Bee	8.07	15,000,000
Chan Kai Cheung	8.07	15,000,000
Wong Kwan Shing	8.07	15,000,000
Chua Wei Kee	8.07	15,000,000
Total	32.27	60,000,000

Note:

(1) Based on an aggregate of 185,946,440 Shares in the issued share capital of the Company after the issuance of the 60,000,000 Subscription Shares.

Conditions Precedent

2.3. Completion of the Placement under the Subscription Agreement is conditional upon, *inter alia*, the following:

(a) approval in-principle for the listing and quotation of the Subscription Shares on the Catalist Board (on conditions, if any, acceptable to the Company) having been applied for by the Company's Sponsor and obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date, such conditions being reasonably acceptable and/or fulfilled by the Company;

(b) the Company obtaining such approval(s) from its board of directors in connection with the Subscription Agreement and the transactions contemplated herein as may be necessary;

(c) the approval of the Shareholders having been obtained pursuant to Rule 805 or 806 of the Listing Manual (as the case may be), for the allotment and issue of the Subscription Shares to the Subscriber;

(d) satisfactory outcome of due diligence carried out by the Subscriber into the financial, legal and business, including the operations of the Company, and a cashflow projection prepared by the Company (which must, in the Subscriber's sole and absolute decision, be achievable);

(e) the novation of certain debts of the Company (which shall be determined by the Subscriber in consultation with the Company) amounting to a value of approximately S$5,000,000 to certain other lenders;

(f) the waiver of debts owing by the Company to its non-independent directors having been obtained;

(g) the entry into and completion of the Placement not being in contravention of the Listing Manual, the Securities and Futures Act and such other applicable laws and regulations;

(h) the allotment, issue, and subscription of the Subscription Shares by each of the Subscribers not being prohibited by any statute, order, rule, or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;

(i) trading of the Company's shares listed on the Catalist Board not having been suspended;

(j) the representations and warranties of the Subscriber in the Subscription Agreement being true, accurate, and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Subscriber having performed in all material respects all of its obligations herein to be performed on or before the Completion Date; and

(k) there not having been at any time prior to or on the Completion Date the occurrence of any of the following events:

(i) liquidation or bankruptcy of any party to the Subscription Agreement;

(ii) termination of substantially all or part of the business of the Company and/or any of its subsidiaries, by resolution of the general meeting of its shareholders;

(iii) appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of the Company and/or any of its subsidiaries; or

(iv) attachment, sequestration, execution or seizure of substantially all or part of the assets of the Company and/or any of its subsidiaries.

For the purposes of this paragraph:

"**Completion Date**" means (unless otherwise agreed between the Company and the relevant Subscriber) 5 Business Days after the fulfilment or waiver, as the case may be, of all the conditions precedent set out in Clause 4.1 of the Subscription Agreement whereat completion of the subscription for the Subscription Shares will take place, or as may be agreed upon by the parties in writing, but shall not be later than 30 April 2019; and

"**Business Day**" means a day when banks in Singapore are open for banking business (but shall not include Saturdays, Sundays, and gazetted public holidays in Singapore) and "**Business Days**" shall be construed accordingly.

Other salient terms

2.4. The Subscribers will be transferring the monies for the Subscription Shares to the Company and it shall be treated as a loan to the Company (the "**Loan**"). The Company shall be entitled to utilize the Loan for the purposes as set out in paragraph 4.1 below and this Loan will then be capitalized upon completion of the Placement.

General Mandate

2.5. The Subscription Shares will be issued pursuant to a general mandate obtained from the shareholders of the Company at the annual general meeting of the Company held on 23 March 2018.

3. FINANCIAL EFFECTS OF THE PLACEMENT

3.1. Based on the unaudited financial statements of the Company for the financial year ended 30 September 2017, the effects of the Placement on the net asset value and earnings per share of the Group for the financial year ended 30 September 2017 are set out in the table below:

	Before the Placement (1)	**After the Placement (2)**
Net asset value per Share	(4.84) cents	(3.28) cents
Earnings per Share	(10.20) cents	(6.91) cents

Notes:

(1) Based on 125,946,440 Shares as at 30 September 2017.

(2) Based on 185,946,440 Shares after the issuance of the 60,000,000 Subscription Shares.

3.2. The aforesaid financial effects of the Placement are strictly for illustrative purposes and may not necessarily reflect the actual future financial position and results of the Group following the Placement.

4. **USE OF PROCEEDS AND RATIONALE**

4.1. The net proceeds from the Placement (after deducting estimated expenses, including but not limited to the professional fees in relation to this Placement) of approximately S$1,110,000 will be used utilized by the Group for general working capital purposes and repayment of bank borrowings and other trade payables (as the case may be). The Company is undertaking the Placement in order to strengthen the Company's financial position.

4.2. Pending deployment of the proceeds from the Placement, such proceeds may be placed as short-term deposits with financial institutions and/or invested in short term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group, from time to time.

4.3. The Company will make periodic announcements as and when net proceeds from the Placement are materially disbursed and whether such a use is in accordance with the stated use. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

4.4. The Directors are of the opinion that after taking into consideration:

(i) present banking facilities, internal resources and operating cashflow, the working capital available to the Group is sufficient to meet its present requirements and the Company is undertaking the Placement in order to strengthen the Company's financial position; and

(ii) the Group's present bank facilities, internal resources, operating cashflow and the net proceeds from the Placement, the working capital available to the Group is sufficient to meet its present requirements.

5. **DETAILS REGARDING THE SUBSCRIBERS**

5.1. Ch'ng Ban Bee

Ch'ng Ban Bee is an individual investor who is currently involved in the building and civil engineering industry in Malaysia.

5.2. Chan Kai Cheung

Chan Kai Cheung is an individual investor who is currently running a property management agency as well as an advertising firm in Hong Kong.

5.3. Wong Kwan Shing

Wong Kwan Shing is an individual investor who is currently running an insurance agency in Hong Kong.

5.4. Chua Wei Kee

Chua Wei Kee is an individual investor who is currently running a zinc trading business in Malaysia.

5.5. There is no placement agent appointed for the purpose of the Placement. The Subscribers were introduced to the Company by Mr Albert Ang, who is the Executive Director and Chief Executive Officer of the Company. The Subscribers are not related to each other and are independent. No referral fees will be payable by the Company to the referrer. The Subscribers have subscribed to the Subscription Shares to be issued pursuant to the Placement for investment purposes.

5.6. The Subscribers have no existing connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided under Rule 812 of the Catalist Rules of the SGX-ST. As at the date of this announcement, none of the Subscribers hold any Shares in the Company.

5.7. Under the terms of the Subscription Agreements, each of the Subscribers has represented, warranted and undertaken to the Company that it shall not act in concert or collaboration with anyone to obtain or consolidate control over the Company, including as contemplated in the Singapore Code of Take-Overs and Mergers, to and for the benefit of the Company.

5.8. The Company's Sponsor has not conducted the necessary due diligence and checks on the Subscribers.

6. GENERAL

6.1. The Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

6.2. The Company will make the necessary announcement once the approval for the listing and quotation of the Subscription Shares has been obtained.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Placement.

8. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. Completion of the Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquires, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Albert Ang Nam Wah
Executive Director and Chief Executive Officer

26 October 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.