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

PROPOSED DEBT CAPITALISATION AND ISSUE OF CONVERSION SHARES

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 has on 16 April 2021 (after trading hours) entered into debt capitalization agreements (each a "**Capitalisation Agreement**" and collectively, the "**Capitalisation Agreements**") with the Participating Creditors (as defined in paragraph 5 of this announcement), pursuant to which the capitalization and conversion of the Participating Debts (as defined in paragraph 5 of this announcement) into new ordinary shares in the share capital of the Company (the "**Conversion Shares**") at the conversion price of S$0.0211 per Conversion Share ("**Conversion Price**") to the Participating Creditors shall take place ("**Proposed Debt Capitalisation**").

2. **THE DEBT CAPITALISATION**

2.1. Under the terms of the Capitalisation Agreement, each of the Participating Debts owing to a Participating Creditor shall be converted into Conversion Shares at the Conversion Price.

2.2. The Conversion 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 Conversion Shares.

2.3. Upon completion of the Proposed Debt Capitalisation, the issued and paid-up share capital of the Company will increase to 998,017,030 ordinary shares (the "**Enlarged Share Capital**"). The Conversion Shares represent approximately 49.60% of the existing issued and paid-up share capital (excluding treasury shares) of the Company as at the date of the announcement. Assuming the successful issue and allotment of the Conversion Shares, the Conversion Shares will represent approximately 33.16% of the Company's Enlarged Share Capital.

Conditions Precedent

2.4. Completion of the Proposed Debt Capitalisation under the Capitalisation Agreements is conditional upon, *inter alia*, the following:

(a) approval in-principle for the listing and quotation of the Capitalisation 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 Capitalisation 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 Capitalisation Shares to the Participating Creditors;

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

(e) the allotment, issue, and subscription of the Capitalisation Shares by each of the Participating Creditors 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;

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

(g) the representations and warranties of the Participating Creditors in the Capitalisation 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 Participating Creditors having performed in all material respects all of its obligations herein to be performed on or before the Completion Date; and

(h) 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 Capitalisation 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 Participating Creditor) 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 Capitalisation Agreement where completion of the subscription for the Conversion Shares will take place, or as may be agreed upon by the parties in writing, but shall not be later than 30 June 2021; 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

2.5. The Company shall allot and issue the Capitalisation Shares to each Participating Creditor (as defined below) at the Conversion Price, in consideration for the Company being entitled to offset the Participating Debts (as defined below) against the consideration payable, subject to the terms and conditions of the Capitalisation Agreements. The Conversion Price is S$0.0211, which represents the volume weighted average price for trades done for the shares of the Company on Catalist on 16 April 2021, being the last preceding full market day shares were traded on the Catalist prior to the date of the Capitalisation Agreements.

2.6. Each Participating Creditor agrees that the Proposed Debt Capitalisation shall constitute full and final settlement for such amount of the Participating Debt as is equivalent to the consideration of the Conversion Shares (the "**Offset Debt**") and pursuant thereto, no further monies shall be payable by the Company to the Participating Creditor for the Offset Debt.

2.7. Completion will take place on Completion Date, where amongst others the Offset Debt shall be treated as payment of the consideration for the Conversion Shares and the Company shall allot and issue the Conversion Shares to The Central Depository ("**CDP**") for the account of the Participating Creditor (or such equivalent action), instruct CDP to credit the Conversion Shares

into the direct account of the Participating Creditor (or such equivalent action) and dispatch to CDP the share certificate(s) in respect of the Conversion Shares and all other documents required by CDP for such purpose.

3. FINANCIAL EFFECTS OF THE PROPOSED DEBT CAPITALISATION

The financial effects of the Proposed Debt Capitalisation on the share capital, net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 September 2020.

For illustration purposes only, the financial effects of the Proposed Debt Capitalisation have been computed based on the following assumptions:

(a) the financial effects of the Group's NTA attributable to shareholders and the NTA per share have been computed assuming that the Proposed Debt Capitalisation was completed on 30 September 2020;

(b) the financial effects of the Group's earnings attributable to shareholders and EPS have been computed assuming that the Proposed Debt Capitalisation was completed on 1 October 2019; and

(c) that the expenses in connection with the Proposed Debt Capitalisation have been disregarded.

Please note that the financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Debt Capitalisation. No representation is made as to the actual financial position and/or results of the Company or Group following completion of the Proposed Debt Capitalisation.

3.1. Share Capital

	Before Proposed Debt Capitalisation	**After Proposed Debt Capitalisation**
Number of shares	667,104,257	998,017,030
Issued and paid-up share capital (S$'000)	26,161	33,143

3.2. NTA per share

	Before Proposed Debt Capitalisation	**After Proposed Debt Capitalisation**
NTA attributable to shareholders (S$'000)	(185)	6,797
Number of shares	667,104,257	998,017,030
NTA per share attributable to shareholders (Singapore cents)	(0.03)	0.68

3.3. **Earnings per share**

	Before Proposed Debt Capitalisation	After Proposed Debt Capitalisation
(Loss)/Net profit attributable to shareholders (S$'000)	(2,281)	(2,281)
Weighted average number of shares	297,690,741	628,603,514
(LPS)/EPS (Singapore cents)	(0.77)	(0.36)

4. **RATIONALE**

4.1. The Participating Debt arose as a result of advances made by the Participating Creditors to the Group between 2016 to 2021 for working capital purposes including (but not limited to) salaries, administrative expenses and other operating expenses. Interest is payable on some of these Participating Debts; however, the Company had entered into an arrangement with such Participating Creditors to cease interest payable as part of a debt restructuring exercise in 2019, as a result of the Group's then-challenging financial condition. The Company had recently received requests from several individual shareholders and lenders who have debts owing by the Company to them, to have their debts repaid or set-off by way of allotment and issue of shares in the Company to each such creditor of the Company. The Participating Creditors comprise creditors with both trade and non-trade debts with the Group.

4.2. Whilst the Group has attempted to raise funds to improve its cashflow position, the Group had found it difficult to do so in light of the Group's financial position. Accordingly, the Company concentrated efforts on discussions with the Participating Creditors to carry out the Proposed Debt Capitalisation. With the completion of the Proposed Debt Capitalisation, the Group's financial position will be improved and strengthen the Group's opportunities to raise funds from the public and financial institutions in the future with its improved balance sheet. Similarly, the pressures on the Group's cashflow will be reduced with the fulfilment of the Group's obligations to make repayment to each of the Participating Creditors through the Proposed Debt Capitalisation.

4.3. The Proposed Debt Capitalisation is also a show of confidence by the Participating Creditors in the future viability and performance of the Group.

4.4. The Proposed Debt Capitalisation will not result in any proceeds being raised by the Company. The Directors are of the opinion that after taking into consideration the present banking facilities, the working capital available to the Group is sufficient to meet its present requirements and the Company is undertaking the Proposed Debt Capitalisation in order to strengthen the Company's financial position, as set out in paragraph 4.2.

5. **DETAILS REGARDING THE PARTICIPATING CREDITORS**

The information set out in this paragraph 5 was provided by the respective Participating Creditors, which have been extracted and reproduced herein. In respect of such information, the Directors have not independently verified the accuracy and correctness of the same and the Directors' responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

5.1. The details of the Participating Creditors, including the respective number of Conversion Shares to be allotted and issued to the respective Participating Creditor, are as follows:

	Name of Participating Creditor	**Amount of Participating Debt (S$) ***	**No. of Conversion Shares ***	**Shareholdings prior to the Proposed Debt Capitalisation (%) ***	**Shareholdings after completion of the Proposed Debt Capitalisation (%) ***	**Particulars of the Participating Creditor**
1.	Zhang Xiao Dan	1,204,575	57,088,863	0.07	5.77	Ms Zhang is an entrepreneur in the People's Republic of China ("**China**") in the education industry.
2.	Cai Qichang	1,050,000	49,763,033	0.03 (1)	5.01 (1)	He is involved in the trading business in China. Note: (1) Mr Cai Qichang and Mr Cai Rongzun are brothers and accordingly, Mr Cai Qichang is deemed interested in Mr Cai Rongzun's 0.03% shareholdings in the Company, and will be deemed interested in his 5.01% shareholdings in the Company upon completion of the Proposed Debt Capitalisation. Accordingly, Mr Cai Qichang is currently interested in 0.06% shareholdings in the Company, and after completion of the Proposed Debt Capitalisation,

	Name of Participating Creditor	Amount of Participating Debt (S$) *	No. of Conversion Shares *	Shareholdings prior to the Proposed Debt Capitalisation (%) *	Shareholdings after completion of the Proposed Debt Capitalisation (%) *	Particulars of the Participating Creditor
						will be interested in 10.02% shareholdings in the Company.
3.	Cai Rongzun	1,050,000	49,763,033	0.03 (2)	5.01 (2)	He is involved in the trading business in China. Note: (2) Mr Cai Qichang and Mr Cai Rongzun are brothers and accordingly, Mr Cai Rongzun is deemed interested in Mr Cai Qichang's 0.03% shareholdings in the Company, and will be deemed interested in his 5.01% shareholdings in the Company upon completion of the Proposed Debt Capitalisation. Accordingly, Mr Cai Rongzun is currently interested in 0.06% shareholdings in the Company, and after completion of the Proposed Debt Capitalisation, will be interested in 10.02% shareholdings in the Company.
4.	Guo Shikun	523,269	24,799,479	0.01	2.49	Mr Guo is involved in the trading business in China.
5.	Ellen Cheung Sui Fan	471,375	22,340,047	0.30	2.44	Ms Cheung is a business owner of a trading company in Hong Kong.

	Name of Participating Creditor	Amount of Participating Debt (S$) *	No. of Conversion Shares *	Shareholdings prior to the Proposed Debt Capitalisation (%) *	Shareholdings after completion of the Proposed Debt Capitalisation (%) *	Particulars of the Participating Creditor
6.	Ow Yong Soon Tatt	295,000	13,981,043	-	1.40	Mr Ow Yong is an engineer and is involved in a multi-national company in the manufacturing integrated circuit in Malaysia.
7.	Lee Lay Nee	500,000	23,696,682	-	2.37	Ms Lee is a Malaysian business owner in the e-commerce industry.
8.	Tan Hooi Hooi	450,000	21,327,014	-	2.14	Ms Tan is a Malaysian business owner in the aesthetics industry.
9.	Tan Siew Koon	400,000	18,957,346	0.12	1.98	Mr Tan is a Malaysian businessman in the logistics industry.
10.	Chan Weng Sang	100,000	4,739,336	-	0.47	Mr Chan is a Malaysian businessman in the construction industry.
11.	Tang Choon Chai	175,000	8,293,839	0.60	1.23	Mr Tang is a Malaysian businessman engaged in the business of trading medical supplies. He currently holds 0.6% shareholding in the Company which Mdm Ang Bee Choon, his wife, is deemed interested in as well. Mr Tang and Mdm Ang are the directors and shareholders of Fast Fact Technology Sdn Bhd, the purchaser of the Group's property located at Johor Bahru, Malaysia. Please refer to the Company's announcements made on 19 November 2020 and 23 November 2020.

	Name of Participating Creditor	Amount of Participating Debt (S$) *	No. of Conversion Shares *	Shareholdings prior to the Proposed Debt Capitalisation (%) *	Shareholdings after completion of the Proposed Debt Capitalisation (%) *	Particulars of the Participating Creditor
12.	Lim Kim Cheei	150,000	7,109,005	0.61	1.12	Mr Lim is Malaysian businessman engaged in the business of camera equipment distribution.
13.	Chuah Cheng Hooi	75,000	3,554,502	0.30	0.56	Mr Chuah is retired principal based in Malaysia.
14.	Ng Eng Peng	75,000	3,554,502	0.30	0.56	Mr Ng is a Malaysian businessman involved in logistics.
15.	Lee Kaw Chuan	75,000	3,554,502	0.30	0.56	Mr Lee is a Malaysian businessman involved in logistics.
16.	Kam Teik Kuan	50,000	2,369,668	0.30	0.44	Mr Kam is based in Malaysia and is involved in lens distribution.
17.	Lee Kok Keng	50,000	2,369,668	-	0.24	Mr Lee is a Malaysian businessman involved in the printing industry.
18.	Lee Boon Leang	50,000	2,369,668	-	0.24	Mr Lee is a Malaysian businessman involved in the telecommunications industry.
19.	Lew Soy Huay	112,500	5,331,754	0.13	0.62	Mr Lew Soy Huay is the owner of of a forklift leasing business, which supplies forklifts to the Group (the "**Forklift Supplier**"). The Forklift Supplier has novated its debts owing by the Group to Mr Lew Soy Huay.
20.	Kingfield Equipment Pte. Ltd.	49,704.85	2,355,680	-	0.24	Kingfield Equipment Pte. Ltd. previously sold a zinc kettle to the Group.

	Name of Participating Creditor	Amount of Participating Debt (S$) *	No. of Conversion Shares *	Shareholdings prior to the Proposed Debt Capitalisation (%) *	Shareholdings after completion of the Proposed Debt Capitalisation (%) *	Particulars of the Participating Creditor
21.	Ryan Tan Hian Whai	75,835.70	3,594,109	-	0.36	Mr Ryan Tan is the owner of a business engaged in the treatment and disposal of hazardous waste, which supplies such services to the Group (the "**Waste Discharge Supplier**"). The Waste Discharge Supplier has novated its debts owing by the Group to Mr Ryan Tan.
TOTAL *		**6,982,259.55**	**330,912,773**			

* Any difference in numbers is due to rounding.

As at the date of this announcement, the Participating Debts are interest-free and payable on demand. Whilst the Company had previously secured confirmations from a substantial number of the Participating Creditors that they will not demand for repayment of their respective Participating Debts by 31 December 2021, the Company has now undertaken the Proposed Debt Capitalisation for the reasons as set out in paragraph 4 of this announcement.

5.2. Save for Mr Lew Soy Huay, Mr Ryan Tan Hian Whai and Kingfield Equipment Pte. Ltd. who have business relationships with the Group, the Participating Creditors have no existing connection (including business relationships) with the Company, its Directors and substantial shareholders. None of the Participating Creditors are persons to whom the Company is prohibited from issuing shares to, as provided under Rule 812 of the Catalist Rules of the SGX-ST. The Proposed Debt Capitalisation will also not result in any transfer of controlling interest in the Company within the definition of Rule 803 of the Catalist Rules and there are no share borrowing arrangements for the Proposed Debt Capitalisation.

5.3. The Participating Creditors have also represented, warranted and undertaken to and for the benefit of the Company that it is not acting in concert or collaboration with anyone to obtain or consolidate control over the Company (including as contemplated in the Singapore Code on Take-overs and Mergers). The Participating Creditors will not be holding any of the Proposed Debt Capitalisation Shares on trust or as nominees for other persons.

6. **AUTHORITY TO ISSUE CONVERSION SHARES**

6.1. Section 161 of the Companies Act (Cap. 50, Singapore) and Rule 805(1) of the Catalist Rules provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Catalist Rules. The allotment and issue of the Conversion Shares will be pursuant to the general share issue mandate (the "**General Mandate**") obtained from shareholders at the annual general meeting ("**AGM**") of the Company held on 28 January 2021. The General Mandate authorizes the Board to issue new shares in the capital to the Company of up to 100% of the Company's issued share capital as at the date of the AGM (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders shall not exceed 50% of the total number of shares.

6.2. As at the date of this announcement, no new shares have been issued pursuant to the General Mandate. As at the date of the AGM, there were 667,104,257 ordinary shares in issue. Therefore, the maximum number of new shares which may be issued other than on a pro-rata basis to shareholders pursuant to the General Mandate is 333,552,128 shares. Accordingly, the proposed allotment and issue of the Conversion Shares falls within the limit of the General Mandate.

7. **GENERAL**

The Company will be applying to the SGX-ST for the dealing in, listing of and quotation for the Conversion Shares on the Catalist of the SGX-ST, and will make the necessary announcement once the approval for the listing and quotation of the Conversion Shares has been obtained.

8. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

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

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Capitalisation Agreements and the constitution of the Company will be available for inspection by prior appointment at the registered office of the Company at 22 Benoi Road 629892 during normal business hours for a period of three (3) months from the date of this announcement.

10. **TRADING CAUTION**

Shareholders are advised to exercise caution in trading their Shares. Completion of the Proposed Debt Capitalisation is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Debt Capitalisation 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.

11. **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 Proposed Debt Capitalisation, 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

Chua Wei Kee
Executive Chairman

19 April 2021

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.