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

PROPOSED PLACEMENT OF UP TO 18,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF AGV GROUP LIMITED (THE "PLACEMENT")

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1. Introduction

The Directors of AGV Group Limited (the "**Company**") (the "**Board**") wish to announce that the Company has on 8 February 2018 entered into a subscription agreement (the "**Agreement**") with the following investors, CJM Global Limited, China Equity Investment Limited, Teo Yong Ping, Tiong Hua Ting and Ho Bee Ping (the "**Subscribers"**) pursuant to which the Subscribers will agree to subscribe for up to 18,000,000 new ordinary shares in the issued and paid up capital of the Company (the "**New Shares**") at an issue price of S$0.11 (the "**Issue Price**"). The Issue Price represents a discount of approximately 10% to the volume weighted average price of S$0.1221 for trades done on the Company's Shares on the Catalist ("**Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 5 February 2018 (being the last full market day on which the Shares were traded prior to the date the Subscription Agreement was signed).

2. The Placement

2.1 The New 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 New Shares.

2.2 Upon completion of the Placement, the issued and paid-up share capital of the Company will increase to 143,946,440 ordinary shares (the "**Enlarged Share Capital**") and the New Shares will represent approximately 12.50% of the Company's Enlarged Share Capital. The number of New 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 Placement Shares**
CJM Global Limited	4.86%	7,000,000
China Equity Investment Limited	3.13%	4,500,000
Teo Yong Ping	3.13%	4,500,000
Tiong Hua Ting	0.69%	1,000,000
Ho Bee Ping	0.69%	1,000,000
Total	**12.50**	**18,000,000**

Note:

(1) Based on an aggregate of 143,946,440 Shares in the issued share capital of the Company after the issuance of the 18,000,000 New Shares.

2.3 Conditions Precedent

The Placement is conditional upon the following conditions being fulfilled on or prior to the Back-Stop Date (as defined below):

(a) the Company obtaining the listing and quotation notice ("**LQN**") from the SGX-ST for the listing, dealing and quotation of the New Shares on the Catalist on the allotment and issue of the New Shares, and delivery by the Company to the Subscribers of such notice on or prior to the Back-Stop Date. The Back-Stop Date refers to the date falling thirty (30) days from the date of submission of the additional listing application or such other date as may be mutually agreed between the Subscribers and the Company in writing);

(b) there being no breach of the conditions attached to the LQN from the date the LQN is obtained by the Company to the Completion Date (as defined below) (both dates inclusive);

(c) there being no breach of any representations, warranties and undertakings required to be performed or caused to be performed by the Company under the Agreement since the date of the Agreement and up to and including the Completion Date;

(d) there having been, since the date of the Agreement and up to and including the Completion Date, no material adverse change or development or event involving a prospective change likely to result in a material adverse change to the condition (financial or otherwise), prospects, results of operations or general affairs of the Company or any of its subsidiaries;

(e) the delivery by the Company to the Subscribers on the Completion Date a certificate executed by a director of the Company, dated as of the Completion Date; and

(f) the allotment, issue and subscription of the New Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued from the date of the Agreement up to the Completion Date (both dates inclusive) by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Subscribers.

The Company will be submitting an application to the SGX-ST through Hong Leong Finance Limited (the "**Sponsor**") for the listing and quotation of the New Shares in due course. In the event that any of the aforementioned conditions precedent as set out in the Agreement is not satisfied on or before Back-Stop Date, the Agreement shall forthwith terminate.

2.4 Completion

Completion of the Placement shall take place on the date falling seven (7) business day after the receipt of LQN from the SGX-ST or such later date as the Subscribers and the Company may agree (the "**Completion Date**").

2.5 General Mandate

The New Shares are issued pursuant to a general mandate obtained from the shareholders of the Company at the annual general meeting of the Company held on 18 January 2017.

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 Company and its subsidiaries (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	7.23 cents	6.33 cents
Earnings per Share	(2.17) cents	(1.90) cents

Notes:

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

(2) Based on 143,946,440 Shares after the issuance of the 18,000,000 New 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 estimated net proceeds from the Placement (after deducting the estimated expenses, including but not limited to the professional fees in relation to this Placement) of approximately S$1,940,000 will be utilised by the Company and its subsidiaries (the "**Group**") for capital expenditure and general working capital purposes. The Company is undertaking the Placement in order to strengthen the Company's financial position and flexibility to capitalise on growth opportunities.

4.2 Pending deployment of the net proceeds from the Placement, the net proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money market instruments and/or used as the Directors may deem appropriate in the interests of the Group.

4.3 The Company will make periodic announcements on the utilisation of proceeds from the Placement as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the Company's annual report. The Company will disclose a breakdown with specific details on the use of proceeds for working capital. 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) the Group's present bank 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 flexibility to capitalise on growth opportunities; 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. Information on the Subscribers

5.1 *CJM Global Limited*

CJM Global Limited is an investment company incorporated in the Republic of Seychelles and which was set up by Mr Tan Yee Kit, who is the sole shareholder and director of CJM Global Limited.

China Equity Investment Limited

China Equity Investment Limited is an investment company incorporated in the British Virgin Islands and which was set up by Tay Kwong Hua, who is a sole shareholder and director of China Equity Investment Limited.

Teo Yong Ping

Teo Yong Ping is an individual investor who is currently a general manager at Hock Wah Jewellery.

Tiong Hua Ting

Tiong Hua Ting is an individual investor who is a director of Fit Fund Investments Pte Ltd, Fit Global Pte Ltd and TEC Advance Trading Pte Ltd.

Ho Bee Ping

Ho Bee Ping is an individual investor who is an administrative manager at HLN Rubber Product Pte Ltd.

There is no placement agent appointed for the purpose of the Proposed Placement. The Subscribers were introduced to the Company by Mr Albert Ang, who is the Executive Director and Chief Executive Officer of the Company. No referral fees will be payable by the Company to the referrer. The Subscribers have subscribed for the New Shares to be issued pursuant to the Placement for investment purposes.

5.2 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.

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 New Shares has been obtained.

7. Interests of the Directors and Substantial Shareholders

Save as disclosed above, none of the Directors or substantial shareholders of the Company or their respective associates 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 Proposed Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed 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. Director's 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 enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement and the Group, 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 this announcement in its proper form and context.

By Order of the Board

Albert Ang Nam Wah
Executive Director and Chief Executive Officer

8 February 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.