



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

RESPONSE TO SGX-ST QUERIES

Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Announcement (as defined below) 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 23 August 2019 regarding the Company’s announcement on 20 August 2019 in relation to the cessation of the Group Financial Controller (the “**Cessation**”) (the “**Announcement**”). Please refer to the Announcement for further information on the Cessation.

Question 1: It is noted that there have been two (2) cessations relating to facilitating a reduction in board size. Are there any other reasons for the other multiple cessations in the past 18 months (total of 6 excluding the 2 cases in facilitating a reduction in board size)? In particular, are there any concerns SGX-ST should be made aware of?

Response

The Company is not aware of any other reasons for the cessations. The Company is also not aware of any concerns that the Exchange should be made aware of. The Company is aware of its obligation to disclose material information at all times.

Question 2: Are there any disagreements within the Board / key management which Hong Leong Finance Limited, the Sponsor (the “Sponsor”), is aware of?

Response

The Sponsor has conducted exit interviews for all out-going Directors, as well as Executive Officers, and has not been made aware of any disagreements between the out-going Directors or Executive Officers and the Board or management.

Question 3: The Company’s annual report for financial year ended 30 September 2018 received an emphasis of matter on ability to continue as a going concern. Please obtain confirmation that the Company is able to continue as going concern and substantiation for the same.

Response

The Board confirms that the Company is able to continue as a going concern on the following premises:

- the Group’s ability to generate sufficient cash flows from their operations;
- continued financial support from the Group’s individual, corporate and institutional lenders; and
- an undertaking from an individual investor, which the Board has assessed to be of sufficient means, to provide financial support to the Group.

Question 4: There has been two (2) resignations of the Group Financial Controllers (“GFC”) in the past 18 months and both of their tenures are relatively short (at under 2 years). Is the Sponsor aware of any potential control lapses or has the Sponsor observed that the internal control environment of the Group might be weak, etc?

Response

The Company conducts its internal control review annually and the Sponsor has not been informed by the Audit Committee (the “**AC**”) of any material inadequacy found during the internal audit. The reasons given by the respective former GFCs in their exit interviews were generally for personal growth or other personal interest.

Question 5: In the latest cessation announcement of Mohammad Effendi Basri, why is the number of cessations of appointments specified in LR704(6) only 3?

Response

The Company wishes to clarify that in calculating the number of cessations of appointments specified in Listing Rule 704(6) in the past 12 months, it did not take into account the cessation that is the subject to the announcement i.e. in this particular instance, the cessation of Mohammed Effendi Basri. This will also be the Company's policy in calculating the number of cessations going forward.

Question 6: How long does the Company anticipate it will take before a new Group Financial Controller / Chief Financial Officer ("CFO") is appointed?

Response

The Company has commenced the process of seeking for a new GFC / CFO and hopes to be able to finalise on a candidate on or around a month's time. Taking into consideration the notice period required by the new GFC / CFO, the Company expects that it would be approximately three (3) more months before formal appointment of the new GFC / CFO.

In the interim, as set out in the Announcement, pending the appointment of a new GFC / CFO, the current finance manager will be designated to oversee the Group's finance and accounting function, and management will constantly review the ability and adequacy of the Group's finance and accounting function and report to AC periodically on the same.

Question 7: What is the current size and composition of the finance team? Have there been recent joiners / leavers in the finance team as well?

Response

The finance team of the Company currently comprises the following:

- (i) One (1) Finance Manager
- (ii) Two (2) Senior Accounts Executive
- (iii) One (1) Accounts Executive

The GFC has left the Company recently and the former finance manager had left the Company mid-2018.

The current finance manager and accounts executive joined the Company in the first half of this year.

The Board collectively and individually takes responsibility for the accuracy of the aforesaid replies to the queries raised by the SGX-ST.

BY ORDER OF THE BOARD

Albert Ang Nam Wah
Executive Director and Chief Executive Officer
AGV Group Limited

30 August 2019

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.

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.