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

PROPOSED PLACEMENT OF 200,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

1.1. 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 7 October 2021 (after trading hours) entered into four (4) separate placement agreements (collectively, the "**Placement Agreements**" and each a "**Placement Agreement**") with Ooi Thean Chye, Seah Jen Der, Lim Boon Chew and Khor Wei Ban (collectively, the "**Placees**" and each a "**Placee**"), pursuant to which the Placees have agreed to subscribe for, in aggregate, 200,000,000 new ordinary shares in the capital of the Company (each a "**Placement Share**" and collectively the "**Placement Shares**") at an issue price of S$0.0072 for each Placement Share (the "**Issue Price**") (the "**Proposed Placement**").

1.2. Purely to facilitate the Proposed Placement and to facilitate the Placees receiving the Placement Shares expeditiously without having to wait for the holding of a general meeting which is anticipated to take up to two (2) months, a share lending agreement dated 7 October 2021 (the "**Share Lending Agreement**") has been entered into between the Company and Chua Wei Kee (the "**Lender**"). The Lender is the sole controlling shareholder of the Company and as at the date of this announcement holds an aggregate of 20.02% of the existing ordinary shares in the capital of the Company (the "**Shares**") and has agreed pursuant to the Share Lending Agreement, to lend and/or procure to lend (as the case may be) the Company up to an aggregate of 200,000,000 Shares (the "**Loan Shares**") for delivery to the Placees by the Company. Save for a nominal consideration of S$1.00 to be paid to the Lender by the Company, no direct or indirect financial benefit will be derived by the Lender from the Share Lending Arrangement. The Company will in any event subsequently be seeking shareholders' approval for the proposed issue and allotment of the Placement Shares (equivalent to the number of Loan Shares) to the Lender as repayment of the Loan Shares, at an extraordinary general meeting ("**EGM**") to be convened on a date to be announced later. More information on the EGM is set out in paragraph 8 of this announcement.

1.3. The Company (through its Sponsor) will be making an additional listing application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the dealing in, listing of and quotation for the Placement Shares on the Catalist board of the SGX-ST (the "**Application**"). Upon obtaining the listing and quotation notice ("**LQN**") from the SGX-ST for the Placement Shares, the Company will make the necessary announcements and will allot and issue to the Lender the Placement Shares (equivalent to the number of Loan Shares) as repayment of the Loan Shares.

2. THE PROPOSED PLACEMENT

Placement Shares

2.1. The Placement Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with 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 Placement Shares.

2.2. Upon completion of the Proposed Placement, the issued and paid-up share capital of the Company will increase to 1,198,017,030 ordinary shares (the "**Enlarged Share Capital**"). The Placement Shares represent approximately 20.04% 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 Placement Shares, the Placement Shares will represent approximately 16.69% of the Company's Enlarged Share Capital.

Issue Price

2.3. The Issue Price represents a discount of approximately 4.0% to the volume weighted average price of S$0.0075 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 7 October 2021 (being the last full market day on which the Shares were traded prior to the date of signing of the Placement Agreements). The Issue Price was agreed upon following arm's length negotiations between the Placees and the Company, taking into account, among others, the prevailing market price of the Shares.

Share Lending Arrangement

2.4. Pursuant to the Share Lending Agreement, the Company shall, after the receipt of the LQN, issue and allot such number of the Placement Shares equivalent to the number of Loan Shares in fact borrowed from the Lender, to the Lender as repayment of the Loan, upon the terms and subject to the conditions of the Share Lending Agreement.

2.5. The Loan may be terminated by the Company at any time upon giving not less than one (1) business day's notice in writing of the termination to the Lender. The Loan, if not terminated earlier by the Company as aforesaid, shall automatically terminate on the earlier of:

(a) the date of receipt of the LQN from the SGX-ST approving the dealing in, listing of and quotation for the Placement Shares on the Catalist of the SGX-ST (the "**SGX Approval**"); or

(b) the date falling 60 days after the submission of the application by the Company's Sponsor to the SGX-ST for the SGX Approval or such other date as may be agreed between the parties to the Share Lending Agreement.

2.6. Upon the termination of the Loan as set out in paragraph 2.5, the Company shall:

(a) in the event of termination under paragraph 2.5(a) above (where SGX Approval has been granted), allot and issue such number of the Placement Shares equivalent in amount to the number of Loan Shares in fact delivered to the Company in accordance with the terms of the Share Lending Agreement (the "**Equivalent Shares**") to CDP for the account of the Lender (or the Depository Agent notified by the Lender to the Borrower), instruct CDP to credit the Equivalent Shares into the Direct Account of the Lender (or the securities account of the Depository Agent notified by the Lender to the Borrower), and despatch to CDP the share certificate(s) in respect of the Equivalent Shares and all other documents required by CDP for such purpose, not later than the date falling seven (7) business days after the date of the termination or such other date as may be agreed between the parties to the Share Lending Agreement; or

(b) in the event of termination by written notice by the Company or under paragraph 2.5(b) above (where SGX Approval has not been granted), convert the proceeds from the Proposed Placement (i.e. S$1,440,000) (the "**Gross Placement Proceeds**"), or such amount of the Gross Placement Proceeds based on such number of Loan Shares in fact delivered to the Company in accordance with the terms of the Share Lending Agreement, into amounts owing by the Company to the Lender, not later than the date falling seven (7) business days after the date of the termination or such other date as may be agreed between the parties to the Share Lending Agreement,

as full and final settlement of the Loan (or any part thereof).

Completion of the Proposed Placement

2.7. Pursuant to the Placement Agreements, the date of completion of the subscription of the Placement Shares by the relevant Placee (the "**Placement Completion**") shall be the date notified in writing by the Company to the relevant Placee as the date of Completion, being a date no later than the fifth (5th) Business Day after the satisfaction of the last of the conditions set out in paragraph 2.8, or such other date as may be agreed between the parties to such Placement Agreement, but shall not be later than the Long-Stop Date (as defined below) (the "**Placement Completion Date**"). Subject to the terms and conditions of such Placement Agreement, the Placement Completion shall take place on the Placement Completion Date, upon which the following events shall occur:

(a) the relevant Placee shall effect payment in Singapore dollars for the placement consideration (as set out in such Placement Agreement) to the Company by way of a cashier's order or banker's draft drawn on a bank licensed in Singapore and made out in favour of the Company or by telegraphic transfer to such bank account designated in writing by the Company or in such other manner as may be agreed in writing between the parties to such Placement Agreement. Payment of the placement consideration shall be deemed to have been made to the Company only after the Company confirms receipt of such payment;

(b) the Company shall make payment of monies amounting to 5.0% of the Gross Placement Proceeds to SC Heng & Lau, being the fee payable to SC Heng & Lau for introducing the Placees to the Company (the "**Introducer Fee**"); and

(c) subject to compliance by the relevant Placee with paragraph 2.7(a), the Company shall instruct The Central Depository (Pte) Limited ("**CDP**") to credit the Loan Shares into the Direct Account of the relevant Placee (or the securities account of the Depository Agent notified by the relevant Placee to the Company), and despatch to CDP the share certificate(s) in respect of the Loan Shares and all other documents required by CDP for such purpose.

For the purposes of this paragraph:

"**Business Day**" means a day on which the SGX-ST is open for trading in securities;

"**Direct Account**" means the account maintained with CDP by an account holder (as defined under Section 81SF of the Securities and Futures Act (Cap. 289)); and

"**Depository Agent**" means an entity registered as a depository agent with CDP and which (i) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between CDP and the depository agent, (ii) deposits book entry securities (as defined in the Companies Act (Cap. 50)) with CDP on behalf of sub-account holders and (iii) establishes a securities account in its name with CDP, for the purpose of maintaining sub-accounts for its own account and for the account of others.

Conditions Precedent

2.8. Completion of the Proposed Placement under the Placement Agreements is conditional upon, *inter alia*, the fulfillment of the following conditions precedent on or before 6 January 2022 (the "**Long-Stop Date**"):

(a) the Share Lending Agreement having been duly executed by the parties thereto, being in full force and effect and not having been breached and the Loan not having been terminated;

(b) the Company obtaining such approval(s) from its Board of Directors in connection with the Placement Agreements and the transactions contemplated therein as may be necessary;

(c) the entry into and completion of the Proposed Placement and the transactions contemplated by the Share Lending Agreement not being in contravention of the Catalist Listing Manual, the Securities and Futures Act and such other applicable laws and regulations;

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

(e) completion of the necessary "know your customers" checks being carried out on the Placees to the satisfaction of the Company and the Company's Sponsor;

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

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

(i) liquidation or bankruptcy of any party to the Placement Agreements;

(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.

Exemption from Prospectus Requirement

2.9. The Placement Shares will be issued 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.

3. USE OF PLACEMENT PROCEEDS AND RATIONALE

3.1. The net proceeds from the Proposed Placement (after deducting estimated expenses, including but not limited to the professional fees in relation to this Proposed Placement) of approximately S$1,315,000 will be utilized by the Group in the following manner:

Use of net proceeds	**Allocation of net proceeds S$'000**	**Allocation of net proceeds as a percentage %**
General Working Capital - Administrative expenses - Manpower costs - Continuing listing expenses	815	62.0

Use of net proceeds	Allocation of net proceeds S$'000	Allocation of net proceeds as a percentage %
- Trade and other payables		
Repayment of Bank Borrowing	500	38.0
Net Proceeds	1,315	100.0

3.2. The Company is undertaking the Proposed Placement in order to improve its cashflow and strengthen the Company's financial position.

3.3. Pending deployment of the proceeds from the Proposed 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.

3.4. The Company will make periodic announcements as and when net proceeds from the Proposed 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. The Company will also provide a status report on the use of such proceeds in the Company's annual report.

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

(a) present banking facilities and the working capital available to the Group is sufficient to meet its present requirements and the Company is undertaking the Proposed Placement in order to strengthen the Company's financial position; and

(b) the Group's present bank facilities and net proceeds from the Proposed Placement, and the working capital available to the Group is sufficient to meet its present requirements.

3.6. The Directors wish to further add that they are of the view that the Group is able to continue as a going concern on the following bases:

(a) the Group's ability to generate sufficient cash flows from its operations; and

(b) continued financial support from the Lender and the Group's institutional lenders.

4. DETAILS REGARDING THE PLACEES

The information set out in this paragraph 4 was provided by the Placees, which has been extracted and reproduced herein.

4.1. The Placees have agreed to subscribe for the Placement Shares in the following proportion:

(a) 50,000,000 Placement Shares by Ooi Thean Chye;

(b) 50,000,000 Placement Shares by Seah Jen Der;

(c) 50,000,000 Placement Shares by Lim Boon Chew; and

(d) 50,000,000 Placement Shares by Khor Wei Ban.

4.2. The details of the Placees are as follows:

(a) Ooi Thean Chye is an engineer involved in the plantation industry.

(b) Seah Jen Der is an accountant.

(c) Lim Boon Chew is a manager at an engineering services company.

(d) Khor Wei Ban is a sales director running a family business involved in trading of hardware and building materials.

4.3. The Placees are private investors who are subscribing for the Placement Shares for their own financial investment purposes. There is no placement agent appointed for the purpose of the Proposed Placement. The Placees are clients of SC Heng & Lau, a law firm established in Malaysia, and were introduced to the Company by SC Heng & Lau. A referral fee amounting to 5% of the Gross Placement Proceeds will be payable out of the Gross Placement Proceeds, by the Company to SC Heng & Lau.

4.4. The Placees 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. The Proposed Placement will also not result in any transfer of controlling interest in the Company.

4.5. The Placees 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 Placees will not be holding any of the Placement Shares on trust or as nominees for other persons.

5. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

5.1. Section 161 of the Companies Act 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.

5.2. The allotment and issue of the Placement Shares will be made pursuant to a specific mandate and the Company is seeking specific shareholder's approval for the allotment and issue of the Placement Shares in accordance with Rule 805(1) of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The financial effects of the Proposed Placement 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 Placement 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 Placement and the capitalization and conversion of debts into shares in the share capital of the Company as announced by the Company on 19 April 2021 (the "**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 Placement and Debt Capitalisation was completed on 1 October 2019; and

(c) that the expenses in connection with the Proposed Placement 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 Placement. No representation is made as to the actual financial position and/or results of the Company or Group following completion of the Proposed Placement.

6.1. **Share Capital**

	Before Proposed Placement	**After Proposed Placement**
Number of shares	998,017,030	1,198,017,030
Issued and paid-up share capital (S$'000)	33,143	34,583

6.2. **NTA per share**

	Before Proposed Placement	**After Proposed Placement**
NTA attributable to shareholders (S$'000)	6,797	8,237
Number of shares	998,017,030	1,198,017,030
NTA per share attributable to shareholders (Singapore cents)	0.68	0.69

6.3. **Earnings per share**

	Before Proposed Placement	**After Proposed Placement**
(Loss)/Net profit attributable to shareholders (S$'000)	(2,281)	(2,281)
Weighted average number of shares	628,603,514	828,603,514
(LPS)/EPS (Singapore cents)	(0.36)	(0.28)

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

7.1. Save for the Placement Shares (equivalent to the number of Loan Shares in fact borrowed from the Lender pursuant to the Share Lending Agreement) which will be issued and allotted to the Lender as repayment of the Loan, as set out in paragraph 2 of this announcement:

(a) the Placement Shares will not be issued to any person who is a Director or a substantial shareholder of the Company or any person who falls within the categories set out in Rule 812(1) of the Catalist Rules; and

(b) none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement, other than through their respective shareholdings (if any) in the Company.

8. CIRCULAR AND EXTRAORDINARY GENERAL MEETING

8.1. The Company will be seeking shareholders' approval for the Proposed Placement and for the proposed issue and allotment of the Placement Shares, at an EGM to be convened on a date to be announced later.

8.2. A circular to shareholders containing, *inter alia*, information on the Proposed Placement and the proposed issue and allotment of the Placement Shares, will be circulated to the shareholders in due course.

8.3. The Company will be seeking shareholders' approval for, among other matters, the proposed issue and allotment of 200,000,000 Placement Shares to the Lender during the EGM.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Placement Agreements and the Share Lending Agreement 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 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.

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 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

Chong Kwang Shih
Lead Independent Director
AGV Group Limited

8 October 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.

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