



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

USE OF PROCEEDS FROM RIGHTS ISSUE

Unless otherwise defined, all capitalised terms herein shall bear the same meanings as in the Company's announcements released on 21 February 2020, 23 March 2020, 25 March 2020, 2 April 2020, 23 April 2020, 8 May 2020, 18 May 2020, 20 May 2020, 29 May 2020, 5 June 2020, 12 June 2020, 7 July 2020 and 4 November 2020 in relation to the Rights Issue (the "Earlier Announcements") and in the offer information statement dated 12 June 2020 (the "Offer Information Statement").

The board of directors (the "Board" or the "Directors") of AGV Group Limited (the "Company" and together with its subsidiaries, the "Group") refers to the Earlier Announcements and the Offer Information Statement.

The Board wishes to announce that as a result of the Movement Control Order implemented in Malaysia since March 2020, the Group's subsidiary, AGV Galvanizing (M) Sdn Bhd, was only able to commence operations on or around December 2020. In light of the aforesaid, the Board has determined that it is in the best interests of the Group to re-allocate S\$450,000 from working capital and the capital expenditure for the Group's operations in Malaysia to increase the general working capital of the Group's Singapore operations in order to support the increased sales activities of Singapore operations (the "Re-Allocation").

Accordingly, the Board wishes to provide an update on the utilisation of the net proceeds of the Rights Issue of S\$5,158,000 and as of the date of this announcement, the Group has fully utilised the net proceeds summarised as follows:

	Original allocation of net proceeds S\$'000	Original allocation of net proceeds as a percentage %	Revised allocation of net proceeds ⁽¹⁾ S\$'000	Revised allocation of net proceeds as a percentage %	Net proceeds utilised as at date of this announcement S\$'000	Net proceeds utilised as at the date of this announcement as a percentage %
Use of net proceeds						
<u>General working capital</u>						
- Administrative expenses						
- Manpower costs	2,138	41.9	2,638	51.1	2,638	51.1
- Continuing listing expenses						
- Trade and other payables						
<u>Working capital and capital expenditure for the Group's operations in Malaysia</u>						
- Manpower costs						
- Administrative expenses						
- Other operating expenses	2,970	58.1	2,520	48.9	2,520	48.9
- Capital expenditure (including purchase of new or upgrading existing machinery for zinc galvanizing purposes)						
Net Proceeds⁽²⁾	5,108	100.0	5,158	100.0	5,158	100.0

Notes:

- (1) The net proceeds for the general working capital for the Group's Singapore operations has now been increased to take into account the Re-Allocation and Goodwill Discount (as defined below).
- (2) The original net proceeds of S\$5,108,000 was based on estimated costs and expenses of S\$228,000 as set out in the Earlier Announcements and the Offer Information Statement. However, the Group received a one-time goodwill discount from the professionals engaged for the Rights Issue (the "**Goodwill Discount**") and the actual costs and expenses for the Rights Issue has been reduced to approximately S\$178,000. Accordingly, the net proceeds from the Rights Issue is S\$5,158,000 with the difference of S\$50,000 allocated to general working capital for the Group's Singapore operations.

For reasons as stated above, the utilisation of the net proceeds raised from the Rights Issue deviated from the intended use of net proceeds disclosed in the Offer Information Statement and the Earlier Announcements.

BY ORDER OF THE BOARD

Chua Wei Kee
Executive Chairman

5 January 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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