

CIRCULAR DATED 23 MARCH 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent professional adviser immediately.

If you have sold or transferred all your shares in the issued and paid-up share capital of AGV Group Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of EGM (as defined herein) and the enclosed Proxy Form to the purchaser or transferee, or to the bank, stockbroker, or agent through whom you effected the sale for onward transmission to the purchaser or the transferee. If you have sold or transferred all your Shares (as defined herein) which are held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular, the Notice of EGM and the accompanying Proxy Form to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular and the accompanying documents to be sent to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Hong Leong Finance Limited (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

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.

This Circular does not constitute an offer to sell or a solicitation of an offer to buy shares nor shall there be any sale of any shares in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under any securities of such jurisdiction. This Circular is issued to shareholders with the information pertaining to, and seeking shareholders’ approval for the resolutions to be proposed at the EGM. Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or transfer of the rights and the Rights Shares (as defined herein) into jurisdiction other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



AGV GROUP LIMITED

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 929,732,200 NEW ORDINARY SHARES (THE “RIGHTS SHARES”) IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.025 FOR EACH RIGHTS SHARE, ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE RECORD DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED RIGHTS ISSUE”); AND**
- (2) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE RELEVANT SHAREHOLDERS (AS DEFINED HEREIN) ARISING FROM THE ALLOTMENT AND ISSUE OF EXCESS RIGHTS SHARES (AS DEFINED HEREIN) PURSUANT TO THE PROPOSED RIGHTS ISSUE**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	4 April 2020 at 9 a.m.
Date and time of Extraordinary General Meeting	:	7 April 2020 at 9 a.m.
Place of Extraordinary General Meeting	:	Raffles Marina, Chart Room Level 2, 10 Tuas West Drive Singapore 638404

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

“Announcement”	:	The announcement released by the Company on 21 February 2020 in relation to the Proposed Rights Issue
“AGVM”	:	AGV Galvanizing (M) Sdn Bhd
“AGVS”	:	Asia Galvanizing (S) Pte Ltd
“ARE”	:	Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of the provisional allotments of Rights Shares of such Entitled Depositors under the Proposed Rights Issue
“ARS”	:	Application and acceptance form for Rights Shares to be issued to purchasers in respect of the provisional allotments of Rights Shares under the Proposed Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
“ATM”	:	Automated teller machine
“Board” or “Board of Directors”	:	The board of directors of the Company
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The Listing Manual of the SGX-ST Section B: Rules of Catalist, as may be amended, modified, or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“CFK Non-Undertaking Shares”	:	The 1,600,000 Shares held in a joint account between Chan Fook Meng and his wife, Christina Kho Cheng Teng, that are not subject to the Irrevocable Undertaking
“Circular”	:	This circular to Shareholders dated 23 March 2020 in relation to the Proposed Resolutions
“Closing Date”	:	The last time and date for acceptance and/or Excess Application and payment for, and renunciation and payment for (as may be applicable), the Rights Shares under the Proposed Rights Issue through CDP or the Share Registrar (as may be applicable); or the last time and date to be determined by the Directors for acceptance and/or Excess Application and payment for the Rights Shares under the Proposed Rights Issue through an electronic application (as may be applicable)

DEFINITIONS

“Code” or “Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Company”	:	AGV Group Limited
“Companies Act”	:	Companies Act (Cap. 50) of Singapore, as may be amended, modified, or supplemented from time to time
“Controlling Interest”	:	The interest of the Controlling Shareholder
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder; or (b) in fact exercises control over the Company
“Constitution”	:	The Constitution of the Company
“Director(s)”	:	The director(s) of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of the Company to be convened on 7 April 2020 (or any adjournment thereof), the notice of which is set out on page N-1 to N-4 of this Circular
“Enlarged Share Capital”	:	The issued and paid-up share capital of the Company immediately following the Proposed Rights Issue
“Entitled Depositors”	:	Shareholders with Shares entered against their names in the Depository Register, maintained by CDP, as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
“Entitled Shareholder”	:	Entitled Depositors and Entitled Scripholders

DEFINITIONS

“EPS”	:	Earnings per Share
“Excess Application”	:	Applications by Entitled Shareholders of Right Shares in excess of their provisional allotments of Rights Shares
“Excess Rights Shares”	:	The provisional allotment of Rights Shares which are not taken up by the Entitled Shareholders as at the close of the Proposed Rights Issue, and which may be applied for by the Entitled Shareholders, which are in excess of the number of Rights Shares provisionally allotted to such Entitled Shareholders
“Existing Share Capital”	:	The existing issued and paid-up share capital comprising 185,946,440 Shares as at the Latest Practicable Date
“Existing Share(s)”	:	Shares in the Company prior to the Proposed Rights Issue
“Foreign Purchasers”	:	Persons purchasing the provisional allotment of Rights Shares through the book entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore and who had not, at least three (3) Market Days prior to the Record Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
“Foreign Shareholders”	:	Shareholders whose registered addresses are outside Singapore as at the Record Date and who have not, at least three (3) Market Days prior to the Record Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents
“FY”	:	The financial year ended 30 September
“Group”	:	The Company and its subsidiaries, collectively
“Irrevocable Undertakings”	:	Has the meaning as ascribed to it in Section 2.9 of this Circular
“Issue Price”	:	S\$0.025 for each Rights Share
“Latest Practicable Date”	:	17 March 2020, being the latest practicable date prior to the printing of this Circular
“LKC Non-Undertaking Shares”	:	The 500,000 Shares acquired by Lim Kim Cheei subsequent to 21 February 2020 that are not subject to the Irrevocable Undertaking

DEFINITIONS

“Market Day(s)”	:	A day or days on which the SGX-ST is open for trading in securities
“MAS”	:	The Monetary Authority of Singapore
“Maximum Subscription Scenario”	:	Has the meaning as ascribed to it in Section 2.3 of this Circular
“Minimum Subscription Scenario”	:	Has the meaning as ascribed to it in Section 2.3 of this Circular
“Net Proceeds”	:	Net proceeds from the Proposed Rights Issue after deducting expenses for the Proposed Rights Issue
“Non-Undertaking Shares”	:	The LKC Non-Undertaking Shares and CFK Non-Undertaking Shares collectively.
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-4 of this Circular
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement to be issued by the Company and lodged with the SGX-ST acting as agent on behalf of MAS in connection with the Proposed Rights Issue and, where the context requires the ARE, the ARS or the PAL (as the case may be) and all other accompanying documents, including any supplementary or replacement documents, which may be issued by the Company in connection with the Proposed Rights Issue
“Ordinary Resolution 1”	:	The ordinary resolution relating to the Proposed Rights Issue and as set out in the Notice of EGM
“Ordinary Resolution 2”	:	The ordinary resolution relating to the Potential Transfer of Controlling Interest to Chua Wei Kee and as set out in the Notice of EGM
“Ordinary Resolution 3”	:	The ordinary resolution relating to the Potential Transfer of Controlling Interest to Ch’ng Ban Bee and as set out in the Notice of EGM
“Ordinary Resolution 4”	:	The ordinary resolution relating to the Potential Transfer of Controlling Interest to GRW Capital Limited and as set out in the Notice of EGM

DEFINITIONS

<i>“Participating Bank”</i>	:	A bank that will be participating in the Rights Issue by making available its ATMs to Entitled Depositors and persons purchasing the “nil-paid” Rights through the book-entry (scripless) settlement system, whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares and/or applications for Excess Rights Shares, and to be set out in the Offer Information Statement in due course
<i>“Potential Transfer of Controlling Interest”</i>	:	The potential transfer of controlling interest to each of the Relevant Shareholders arising from the allotment and issue of Excess Rights Shares to each of the Relevant Shareholders
<i>“Proposed Resolutions”</i>	:	Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4
<i>“Proposed Rights Issue”</i>	:	The proposed renounceable non-underwritten rights issue of up to 929,732,200 Rights Shares at the Issue Price, on the basis of five (5) Rights Shares for every one (1) Share, held by the Entitled Shareholders as at the Record Date under the rights issue, fractional entitlements to be disregarded
<i>“Provisional Allotment Letter” or “PAL”</i>	:	The provisional allotment letters to be issued to Entitled Scripholders setting out the provisional allotments of Rights Shares of such Entitled Scripholders under the Proposed Rights Issue
<i>“Record Date”</i>	:	The time and date to be determined by the Directors and announced by the Company in due course, at and on which the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Entitled Shareholders under the Proposed Rights Issue and, in the case of Entitled Depositors, at and on which date their provisional allotments of Rights Shares under the Proposed Rights Issue are determined
<i>“Register of Members”</i>	:	The register of members of the Company
<i>“Relevant Shareholders”</i>	:	Chua Wei Kee, Ch’ng Ban Bee and GRW Capital Limited
<i>“Rights Shares”</i>	:	Up to 929,732,200 new Shares to be allotted and issued by the Company and on the basis of five (5) Rights Shares for every one (1) Existing Share held as at the Record Date, and each a “Rights Share”
<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent

DEFINITIONS

“Securities and Futures Act”	:	Securities and Futures Act (Cap. 289) of Singapore, as may be amended, modified, or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Shares”	:	Ordinary shares in the capital of the Company, and each a “Share”
“Shareholders”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with Shares, and each a “Shareholder”
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Singapore”	:	The Republic of Singapore
“Sponsor”	:	Hong Leong Finance Limited
“Substantial Shareholder(s)”	:	A person (including a corporation) who holds (directly or indirectly) not less than five per cent (5%) of the total votes attached to all the voting Shares in the Company
“Theoretical Ex-Rights Price”	:	Has the meaning as ascribed to it in Section 2.2 of this Circular
“Undertaking Entitled Shares”	:	Has the meaning as ascribed to it in Section 2.9 of this Circular
“Undertaking Excess Shares”	:	Has the meaning as ascribed to it in Section 2.9 of this Circular
“Undertaking Shareholders”	:	Has the meaning as ascribed to it in Section 2.9 of this Circular
“Undertaking Shares”	:	Has the meaning as ascribed to it in Section 2.9 of this Circular
“Unit Share Market”	:	The unit share market of the SGX-ST, which allows the trading of single shares

DEFINITIONS

“S\$” and **“cents”** : Singapore dollars and cents respectively, the lawful currency of Singapore

“%” or **“per cent”** : Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** have the same meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act or any statutory modification thereof, as the case may be.

The expressions **“subsidiary”** or **“related corporations”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations where applicable.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Securities and Futures Act, the Catalist Rules, or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act, the Catalist Rules, or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to a date and/or time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to **“we”**, **“us”** and **“our”** in this Circular is a reference to the Group or any member of the Group as the context requires.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “**seek**”, “**expect**”, “**anticipate**”, “**estimate**”, “**believe**”, “**intend**”, “**project**”, “**plan**”, “**strategy**”, “**forecast**” and similar expressions or future or conditional verbs such as “**will**”, “**if**”, “**would**”, “**should**”, “**could**”, “**may**” and “**might**”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

LETTER TO SHAREHOLDERS

AGV GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201536566H)

BOARD OF DIRECTORS

Chua Wei Kee	<i>(Executive Chairman)</i>
Ang Nam Wah Albert	<i>(Executive Director)</i>
Chong Kwang Shih	<i>(Lead Independent Director)</i>
Choong Yoon Fatt	<i>(Independent Director)</i>
Wee Meng Seng Aloysius	<i>(Independent Director)</i>

REGISTERED OFFICE:

22 Benoi Road
Singapore 629892

23 March 2020

To: The Shareholders of AGV Group Limited

Dear Sir/Madam

THE PROPOSED RIGHTS ISSUE

1. INTRODUCTION

1.1 Proposed Rights Issue and Potential Transfer of Controlling Interest

On 21 February 2020, the Company released the Announcement which provided therein that the Proposed Rights Issue is subject to, *inter alia*:

- (i) the issue and allotment of the Rights Shares at the issue price of S\$0.025 per Rights Share, having been approved by Shareholders at the EGM;
- (ii) the Potential Transfer of Controlling Interest being approved by Shareholders at the EGM;
- (iii) the approval-in-principle from the Sponsor and/or the SGX-ST (as the case may be) being obtained for the listing and quotation of the Rights Shares on the Catalist and, if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Company, and such approval-in-principle not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Proposed Rights Issue; and
- (iv) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) in respect of the Proposed Rights Issue with the SGX-ST, acting as an agent on behalf of the MAS.

LETTER TO SHAREHOLDERS

1.2 Extraordinary General Meeting

In connection thereto, the Board is convening the EGM to be held on 7 April 2020 at 9 a.m. at Raffles Marina, Chart Room, Level 2, 10 Tuas West Drive, Singapore 638404 to seek Shareholders' approval in relation to:

- (a) the Proposed Rights Issue as the number of Rights Shares to be issued exceeds the Share Issue Mandate ("**Ordinary Resolution 1**");
- (b) the Potential Transfer of Controlling Interest to Chua Wei Kee ("**Ordinary Resolution 2**");
- (c) the Potential Transfer of Controlling Interest to Ch'ng Ban Bee ("**Ordinary Resolution 3**");
- (d) the Potential Transfer of Controlling Interest to GRW Capital Limited ("**Ordinary Resolution 4**");

(collectively, the "**Proposed Resolutions**").

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Resolutions and to seek Shareholders' approval for the Proposed Resolutions set out in the Notice of EGM. The Notice of EGM is set out on pages N-1 to N-4 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any statements made or reports contained or opinions expressed in this Circular. This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.

1.3 Conditionality

Shareholders should note that:

- (i) the passing of each of Ordinary Resolutions 2, 3 and 4 at the EGM is conditional on the passing of Ordinary Resolution 1 at the EGM. This means that if Ordinary Resolution 1 is not passed, each of Ordinary Resolutions 2, 3 and 4 will not be passed;
- (ii) the passing of Ordinary Resolution 1 is not conditional upon the passing of Ordinary Resolutions 2, 3 and 4 and the Company may still elect to proceed with the Proposed Rights Issue, if such resolution is approved, even if Ordinary Resolutions 2, 3 and/or 4 are not approved, subject to the Company's compliance with Rule 803 of the Catalist Rules; and
- (iii) the passing of each of Ordinary Resolutions 2, 3 and 4 are not inter-conditional. This means that if either of Ordinary Resolutions 2 and/or 3 are not passed, GRW Capital Limited may still subscribe for such amount beyond 15% of the Enlarged Share Capital, if such resolution is approved, and vice versa.

LETTER TO SHAREHOLDERS

2. THE PROPOSED RIGHTS ISSUE

2.1. Introduction

The Company announced the Proposed Rights Issue on 21 February 2020. In the Announcement, it was stated that the Proposed Rights Issue was subject to, amongst others, the approval of Shareholders, which will be sought at the EGM. The Proposed Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.

2.2. Principal Terms of the Proposed Rights Issue

Principal Terms of the Issue

Description

Size	Up to 929,732,200 Rights Shares to be issued. Further details have been set out in Section 2.3 of this Circular.
Price	The Issue Price for each Right Share is S\$0.025, payable in full upon acceptance and application.
Discount (specifying benchmarks and periods)	The Issue Price represents a discount of: (i) approximately 7.4% to the closing market price of S\$0.027 for trades done on the SGX-ST on 21 February 2020, (being the last trading day on which the Shares were transacted on the SGX-ST prior to the release of the Announcement); and (ii) approximately 1.2% to the theoretical ex-rights price of S\$0.0253 per Share (the “ Theoretical Ex-Rights Price ”). The Theoretical Ex-Rights Price per Share is calculated based on the closing market price of S\$0.027 per Share on the SGX-ST on 21 February 2020, being the last trading day of the Shares on the SGX-ST prior to the Announcement.
Allotment Ratio	The Proposed Rights Issue will be made on a renounceable basis to Entitled Shareholders on the basis of five (5) Rights Shares, for every one (1) Existing Share as at the Book Closure Date, fractional entitlements to be disregarded.
Use of Proceeds	The use of proceeds arising from the allotment and issuance of all the Rights Shares has been set out in Section 2.8.

LETTER TO SHAREHOLDERS

Purpose of Issue	<p>The Proposed Rights Issue has been proposed by the Company as part of its ongoing and prudent balance sheet management to enhance its cash position, enlarge its capital base and further enhance the financial flexibility of the Group. Further to this, the Proposed Rights Issue will allow the Company to pursue its growth strategy of developing and expanding its business in the region in the event that there are any merger and acquisition targets identified.</p> <p>In addition, the Proposed Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.</p> <p>The Company also intends to use part of the Net Proceeds as working capital for purposes including, the continuing listing expenses of the Group.</p>
Status of the Rights Shares	<p>The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then Existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.</p> <p>For the purpose herein, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.</p>
Eligibility to participate in the Proposed Rights Issue	<p>Please refer to Section 2.6 of this Circular.</p>
Listing of the Rights Shares	<p>An application will be made to the SGX-ST by the Sponsor on behalf of the Company for the listing of and quotation for the Rights Shares. The Company will make the necessary announcement on SGXNET upon the receipt of the listing and quotation notice by the SGX-ST.</p> <p>The issue of the listing and quotation notice by the SGX-ST is not an indication of the merits of the Proposed Rights Issue, the Rights Shares, the Company, its Subsidiaries and their securities.</p>

LETTER TO SHAREHOLDERS

Acceptances, Excess Applications and Payment Procedures

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or in the case of Entitled Depositors trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares and will be eligible to apply for Excess Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

Entitled Depositors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares may only do so through CDP or by way of an electronic application (as may be applicable).

Provisional allotments of Rights Shares which are not taken up for any reason shall be aggregated and used to satisfy Excess Applications for Rights Shares (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company.

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders for rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will also not make any allotment or issuance of any Excess Rights Shares that will result in a transfer of Controlling Interest in the Company unless otherwise approved by the Shareholders at a general meeting.

The Rights Shares are payable in full upon acceptance of the provisional allotments of the Rights Shares and/or application for the Excess Rights Shares.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

The procedures for acceptance, payment and Excess Application by Entitled Depositors, and the procedures for acceptance, payment, splitting, renunciation and Excess Application by Entitled Scripholders will be set out in the Offer Information Statement and its accompanying documents to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the approval of Shareholders for the Proposed Resolutions at the EGM.

LETTER TO SHAREHOLDERS

Trading of the Rights Shares	Upon the listing of and quotation for the Rights Shares on the SGX-ST, the Rights Shares will be traded on Catalist under the book-entry (scripless) settlement system.
Odd Lots	<p>For the purposes of trading on the Catalist, each board lot of Shares will comprise 100 Shares. Following the Rights Issue, Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots on Catalist are able to trade odd lots of Shares in board lots of one (1) Share on the SGX-ST's Unit Share Market.</p> <p>The Unit Share Market is a ready market for trading of odd lots of Shares with a minimum size of one (1) Share. Shareholders should note that the market for trading of such odd lots of Shares may be illiquid. There is no assurance that Shareholders who hold odd lots of Shares will be able to acquire such number of Shares required to make up a board lot, or to dispose of their odd lots (whether in part or in whole) on the SGX-ST's Unit Share Market.</p>
Scaling Provisions	Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for his/her/its pro-rata Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him/her/it (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up, whether partly or in full, their Rights Shares entitlements fully, or to avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Catalist Rules, unless prior approval of Shareholders is obtained in a general meeting.
Governing Law	Laws of the Republic of Singapore

2.3. Size of the Proposed Rights Issue

As at the Latest Practicable Date, the Company has an existing issued and paid-up share capital comprising 185,946,440 Shares (the "**Existing Share Capital**"). For illustrative purposes only, based on the Existing Share Capital and:

- (i) assuming all the Entitled Shareholders subscribe for their pro-rata entitlements of Right Shares, the Company will issue up to 929,732,200 Rights Shares (the "**Maximum Subscription Scenario**") and the Enlarged Share Capital of the Company in the Maximum Subscription Scenario will be 1,115,678,640 Shares (excluding treasury shares); and

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- (ii) assuming:
 - (a) only the Undertaking Shareholders subscribes and pays for (or procures subscription and payment for) in full at the Issue Price, by way of acceptance, their provisional allotment of an aggregate of 167,677,000 Rights Shares and 252,029,317 Excess Rights Shares under the Rights Issue pursuant to the Irrevocable Undertakings; and
 - (b) none of the other Entitled Shareholders or purchasers of the “nil-paid” rights during the “nil-paid” rights trading period subscribe and pay for any Rights Shares,

the Company will issue up to 419,706,317 Rights Shares (the “**Minimum Subscription Scenario**”) and the resultant Enlarged Share Capital of the Company in the Minimum Subscription Scenario will be 605,652,757 Shares (excluding treasury shares).

2.4. No Underwriting

The Company and the Directors have decided to proceed with the Proposed Rights Issue on a non-underwritten basis as the Company and the Directors believe that the Issue Price is sufficiently attractive.

Further, the Directors are of the opinion that there is no minimum amount which be raised from the Proposed Rights Issue. In the event that the Company is unable to raise sufficient funds, the Company will source for alternative sources of funding, including but not limited to bank borrowings and Shareholders’ loans.

In view of the above and the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.

2.5. Approvals of the Proposed Rights Issue

The Proposed Rights Issue is subject to, *inter alia*, the following:

- (i) the Proposed Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM;
- (ii) the Potential Transfer of Controlling Interest being approved by Shareholders at the EGM;
- (iii) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Catalist and such approval is granted subject to conditions, such conditions being reasonably acceptable to and fulfilled by the Company, and such approval not having been withdrawn or revoked on or prior to the completion of the offer of the Rights Shares under the Proposed Rights Issue;
- (iv) the Company has submitted an application to SGX-ST, through the Sponsor, for the dealing in, listing of and quotation for the Rights Shares on Catalist. An appropriate announcement will be made in due course when the Company receives the listing and quotation notice for the dealing in, listing of and quotation for the Rights Shares on the Catalist; and

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- (v) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) in respect of the Proposed Rights Issue with the SGX-ST, acting as an agent on behalf of the MAS and despatched to Shareholders in due course.

As set out in Section 1.3 of the Circular, Shareholders should note that the passing of Ordinary Resolutions 2, 3 and 4 in relation to the Potential Transfer of Controlling Interest to each of the Relevant Shareholders at the EGM is conditional on the passing of Ordinary Resolution 1 in relation to the Proposed Rights Issue at the EGM. This means that if Ordinary Resolution 1 is not passed, Ordinary Resolutions 2, 3 and 4 will not be passed. The passing of Ordinary Resolution 1 is not conditional upon the passing of the Ordinary Resolutions 2, 3 and/or 4 and the Company may still elect to proceed with the Proposed Rights Issue if such resolution is approved, even if Ordinary Resolutions 2, 3 and/or 4 is not approved, subject to the Company's compliance with Rule 803 of the Catalist Rules.

The Sponsor, for and on behalf of the Company, will submit an additional listing confirmation to the SGX-ST for permission for the listing and quotation of the Rights Shares on the Catalist. Accordingly, an appropriate announcement will be made in due course to notify the Shareholders when the listing and quotation notice is obtained.

2.6. Eligibility of Shareholders to participate in the Proposed Rights Issue

2.6.1. Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Proposed Rights Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and its accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statements and the AREs may obtain them from the CDP during the period up to the Proposed Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Proposed Rights Issue on the basis of their shareholdings as at the Record Date. Entitled Shareholders are at liberty to accept, decline, renounce (in full or in part), or, in the case of Entitled Depositors only, trade their provisional allotments of Right Shares on the Catalist during the provisional allotment trading period prescribed by the Catalist in full or in part, and will be eligible to apply for Excess Rights Shares under the Proposed Rights Issue.

Entitled Depositors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares, may only do so through CDP or by way of an electronic application through an ATM of a participating bank. For the avoidance of doubt, only Entitled Shareholders (and not purchasers of the provisional allotment of Rights Shares traded on the SGX-ST during the provisional allotment trading period or the renounees of Entitled Shareholders) shall be entitled to apply for additional Rights Shares. Full details of the Proposed Rights Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

For Entitled Shareholders who hold Shares through finance companies or Depository Agents, acceptances of the Rights Shares provisionally allotted to them and (if applicable) Excess Applications must be done through these intermediaries. Any acceptance and/or Excess Applications by such Entitled Shareholders directly to CDP or through the ATMs will be rejected.

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All dealings in and transactions of the provisional allotments of the Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, if any, to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the Catalist.

Entitled Depositors should note that all correspondences, notices, and documents will be sent to their last registered Singapore mailing addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) Market Days before the Record Date. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in address must reach Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least three (3) Market Days before the Record Date.

Entitled Scripholders (where applicable) are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP before the Record Date so that their Securities Accounts may be credited by CDP with their Shares and their provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Rights Shares on the twelfth (12th) Market Day or such number of Market Days as may be required and determined by CDP, from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

The procedures for, and the terms and conditions applicable to, acceptances, splitting, renunciation and/or sales of the provisional allotments of Rights Shares and for Excess Applications, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

2.6.2. Foreign Shareholders

The Offer Information Statement and its accompanying documents will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore, the Proposed Rights Issue is only made in Singapore, and the Offer Information Statement and its accompanying documents have not been and will not be despatched to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three (3) Market Days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”).

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Accordingly, Foreign Shareholders will not be entitled to participate in the Proposed Rights Issue. No provisional allotments of Rights Shares will be made to Foreign Shareholders and no purported acceptance of the provisional allotments of Rights Shares or Excess Applications by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents relating to the Proposed Rights Issue will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore. It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside Singapore who wishes to take up their provisional allotment of Rights Shares and (if applicable), apply for Excess Rights Shares under the Proposed Rights Issue to satisfy himself as to the full observance of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes in such territories. The comments set out in this section are intended as a general guide only and any Foreign Shareholder who is in doubt as to his position should consult his professional advisers without delay. Foreign Purchasers who wish to accept the provisional allotments of Rights Shares credited by CDP to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renouncee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares renounced to him.

The Company reserves the right to reject any acceptances of the provisional allotments of the Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore, or (c) purports to exclude any deemed representation or warranty.

Shareholders (not being Depositors) who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Proposed Rights Issue should provide such an address in Singapore not later than three (3) Market Days before the Record Date by notifying the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Depositors whose registered addresses with CDP are not in Singapore and who wish to be eligible to participate in the Proposed Rights Issue should provide an address in Singapore for the service of notices and documents not later than three (3) Market Days before the Record Date by notifying CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

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The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Record Date and sent to them **at their own risk by ordinary post**. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager (where applicable), the Share Registrar or CDP or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP, or the Share Registrar or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be used to satisfy Excess Applications for Rights Shares or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP, or the Share Registrar or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in those territories.

2.7. Rationale

The Proposed Rights Issue has been proposed by the Company as part of its ongoing and prudent balance sheet management to enhance its cash position, enlarge its capital base and further enhance the financial flexibility of the Group. Further to this, the Proposed Rights Issue will allow the Company to pursue its growth strategy of developing and expanding its business in the region in the event that there are any merger and acquisition targets identified.

In addition, the Proposed Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

The Company also intends to use part of the Net Proceeds as working capital for purposes including, the continuing listing expenses of the Group.

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2.8. Use of Proceeds

The net proceeds arising from the allotment and issuance of all the Rights Shares (the “**Net Proceeds**”), after deducting estimated costs and expenses of S\$228,000 relating to the Rights Issue under both the Maximum Subscription Scenario and Minimum Subscription Scenario, shall be utilized in accordance with the following proportions:

Use of Net Proceeds	Minimum Subscription Scenario		Maximum Subscription Scenario	
	Allocation of the Net Proceeds (S\$)	Approximate Allocation of the Net Proceeds (%)	Allocation of the Net Proceeds (S\$)	Approximate Allocation of the Net Proceeds (%)
General working capital ⁽¹⁾	1,072,000	30	6,765,305	35.1
Working capital and capital expenditure for the Group's operations in Malaysia ⁽²⁾	2,500,000	70	2,500,000	13.0
Merger and acquisition opportunities	–	–	10,000,000	51.9
Approximate Net Proceeds arising from the Proposed Rights Issue	3,572,000 ⁽³⁾	100	19,265,305 ⁽⁴⁾	100

Notes:

- (1) General working capital includes the administrative expenses, manpower costs, continuing listing expenses such as professional fees of the Group and such other trade and other payables.
- (2) Working capital includes manpower costs, administrative expenses and other operating expenses for the Group's operations in Malaysia. Capital expenditure includes the purchase of new, or upgrading of existing, machinery for zinc galvanizing purposes in the Group's operations in Malaysia.
- (3) The approximate Net Proceeds arising from the Minimum Subscription Scenario of the Proposed Rights Issue will be the total subscription monies payable by the Undertaking Shareholders less the debts of S\$6,692,658 due and owing by the Company to Chua Wei Kee and Ch'ng Ban Bee to be set off against, for their Undertaking Shares.
- (4) The approximate Net Proceeds arising from the Maximum Subscription Scenario of the Proposed Rights Issue will be the total subscription monies payable by the Undertaking Shareholders less the debts of S\$3,750,000 due and owing by the Company to Chua Wei Kee and Ch'ng Ban Bee to be set off against, for their Undertaking Shares.

The above allocations are based on the Maximum Subscription Scenario and Minimum Subscription Scenario only. In the event the Net Proceeds fall in between the Maximum Subscription Scenario and Minimum Subscription Scenario, the Company will make the necessary announcements on the allocations when the final Net Proceeds have been determined.

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Pending the deployment of the Net Proceeds for the uses identified above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group.

The Company undertakes that it will comply with Rules 704(30) and 1204(22) of the Catalist Rules. Accordingly, the Company will make periodic announcements on the utilisation of such proceeds from the Proposed Rights Issue as and when the funds from the Proposed Rights Issue are materially disbursed and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the Catalist Rules and in the Company's annual report(s). Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of proceeds for working capital in the announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation.

There is no minimum amount to be raised from the Proposed Rights Issue, as in the event that it is unable to raise sufficient funds, the Company will source for alternative sources of funding, including but not limited to bank borrowings and Shareholders' loans.

2.9. Irrevocable Undertakings

The Board had on 21 February 2020 received irrevocable undertakings from the following shareholders as an indication of their support for the Rights Issue and to demonstrate their commitment to and confidence in the prospects of the Group (the "**Undertaking Shareholders**"):

- (a) Chua Wei Kee;
- (b) Ch'ng Ban Bee;
- (c) Lim Kim Cheei;
- (d) Chan Fook Meng;
- (e) GRW Capital Limited,

(collectively, the "**Irrevocable Undertakings**").

The Undertaking Shareholders hold the following interests in the Shares of the Company:

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾⁽²⁾	Number of Shares	Shareholding (%) ⁽¹⁾⁽²⁾
Chua Wei Kee	15,000,000	8.07%	–	–
Ch'ng Ban Bee	15,000,000	8.07%	–	–
Lim Kim Cheei ⁽³⁾	–	–	1,500,000	0.81%
Chan Fook Meng ⁽⁴⁾	–	–	3,635,400	1.96%
GRW Capital Limited	500,000	0.27%	–	–

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Notes:

- (1) Calculated based on 185,946,440 Shares, being the total number of Shares issued by the Company as at the Latest Practicable Date.
- (2) Rounded to the nearest two decimal places.
- (3) Lim Kim Cheei is deemed to be interested in the 1,000,000 Shares held through OCBC Securities Private Ltd. Lim Kim Cheei had subsequently, after 21 February 2020, acquired 500,000 Shares which are held also through OCBC Securities Private Ltd (the “**LKC Non-Undertaking Shares**”).
- (4) Chan Fook Meng is deemed to be interested in the 1,600,000 Shares held in a joint account with his wife, Christina Kho Cheng Teng, through Phillip Securities Pte Ltd (the “**CFK Non-Undertaking Shares**”). Chan Fook Meng currently has 970,000 Shares held through Phillip Securities Pte. Ltd. and has provided instructions for the transfer of 1,065,400 Shares currently held directly in his own securities account to be held through Phillip Securities Pte. Ltd. Chan Fook Meng has informed the Company that such transfer will take effect on or around 23 March 2020.

As part of the respective Irrevocable Undertakings, the Undertaking Shareholders will, each respectively:

- (a) subscribe and pay for, and/or procure the subscription of and payment for, their respective *pro rata* entitlement of:
 - (i) 75,000,000 Rights Shares for Chua Wei Kee;
 - (ii) 75,000,000 Rights Shares for Ch'ng Ban Bee;
 - (iii) 5,000,000 Rights Shares for Lim Kim Cheei;
 - (iv) 10,177,000 Rights Shares for Chan Fook Meng; and
 - (v) 2,500,000 Rights Shares for GRW Capital Limited,

(collectively, the “**Undertaking Entitled Shares**”), provided that they will not be placed in a position of incurring a mandatory general offer obligation under Rule 14 of the Code due to other Shareholders not taking up their Rights Shares entitlement fully. The Non-Undertaking Shares that each of Chan Fook Meng and Lim Kim Cheei is deemed interested in did not form part of the basis on which each of them is undertaking to subscribe and apply for each of their Undertaking Entitled Shares;

- (b) subscribe and pay for, and/or procure the subscription of and payment for, the Excess Rights Shares of:
 - (i) 125,170,920 Rights Shares for Chua Wei Kee;
 - (ii) 26,706,317 Rights Shares for Ch'ng Ban Bee;
 - (iii) 27,000,000 Rights Shares for Lim Kim Cheei;
 - (iv) 9,823,000 Rights Shares for Chan Fook Meng; and
 - (v) 97,500,000 Rights Shares for GRW Capital Limited,

(collectively, the “**Undertaking Excess Shares**” and together with the Undertaking Entitled Shares, the “**Undertaking Shares**”), provided that they will not be placed in a position of incurring a mandatory general offer obligation under Rule 14 of the Code due to other Shareholders not taking up their Rights Shares entitlement fully; and

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- (c) ensure that their registered shareholdings in the Company as at the Record Date shall not be less than:
 - (i) 15,000,000 Shares for Chua Wei Kee;
 - (ii) 15,000,000 Shares for Ch'ng Ban Bee;
 - (iii) 1,000,000 Shares for Lim Kim Cheei;
 - (iv) 2,035,400 Shares for Chan Fook Meng; and
 - (v) 500,000 Shares for GRW Capital Limited.

The obligations set out in the Irrevocable Undertakings are subject to and conditional upon, amongst others, the following:

- (a) receipt of the approval in-principle granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST and such approval not being withdrawn or revoked as at the completion of the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (b) the Proposed Rights Issue, including the allotment and issue of the Rights Shares, being approved by the Shareholders at the EGM to be convened;
- (c) the approval of Shareholders for the potential transfer of controlling interests in the Company to each of the Relevant Shareholders arising from the allotment and issue of Undertaking Excess Shares being obtained at the EGM to be convened;
- (d) lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in respect of the Rights Issue with the SGX-ST, acting as an agent on behalf of the MAS.

The Irrevocable Undertakings shall lapse and shall cease to have any effect upon the Rights Issue being withdrawn, lapsed or closed.

2.10. Confirmation of Financial Resources

As the subscription monies for the Undertaking Shares payable by the Undertaking Shareholders will be fully offset against debts of up to S\$6,692,658 due and owing by the Company to Chua Wei Kee and Ch'ng Ban Bee, and advances made by Lim Kim Cheei, Chan Fook Meng and GRW Capital Limited, the Undertaking Shareholders will not be required to provide any letter of confirmation of financial resources.

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2.11. Illustration of shareholding interests of the Undertaking Shareholders pursuant to the Maximum Subscription Scenario and the Minimum Subscription Scenario

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾
Maximum Subscription Scenario⁽²⁾				
Chua Wei Kee	90,000,000	8.07%	–	–
Ch'ng Ban Bee	90,000,000	8.07%	–	–
Lim Kim Cheei ⁽³⁾	–	–	9,000,000 ⁽⁴⁾	0.81%
Chan Fook Meng ⁽⁵⁾	–	–	21,812,400 ⁽⁶⁾	1.96%
GRW Capital Limited	3,000,000	0.27%	–	–
Minimum Subscription Scenario⁽⁷⁾				
Chua Wei Kee	181,000,000	29.89% ⁽⁸⁾	–	–
Ch'ng Ban Bee	116,706,317	19.27%	–	–
Lim Kim Cheei ⁽³⁾	–	–	33,500,000 ⁽⁹⁾	5.53%
Chan Fook Meng ⁽⁵⁾	–	–	23,635,400 ⁽¹⁰⁾	3.90%
GRW Capital Limited	100,500,000	16.59%	–	–

Notes:

- (1) Rounded to the nearest two decimal places.
- (2) Calculated on the assumption that all the Rights Shares to be issued pursuant to the Rights Issue are fully subscribed for, 929,732,200 Rights Shares will be issued pursuant to the Rights Issue, the issued and paid-up share capital of the Company will thus increase to 1,115,678,640 Shares.
- (3) Lim Kim Cheei is deemed to be interested in the 1,000,000 Shares held through OCBC Securities Private Ltd. Lim Kim Cheei had subsequently, after 21 February 2020, acquired 500,000 Shares which are also held through OCBC Securities Private Ltd.
- (4) Assuming that Lim Kim Cheei subscribes for his *pro rata* rights entitlement for his entire shareholdings of 1,500,000 Shares as at the Latest Practicable Date held through OCBC Securities Private Ltd.
- (5) Chan Fook Meng is deemed to be interested in the 1,600,000 Shares held in a joint account with his wife, Christina Kho Cheng Teng, through Phillip Securities Pte Ltd. Chan Fook Meng currently has 970,000 Shares held through Phillip Securities Pte. Ltd. and has provided instructions for the transfer of 1,065,400 Shares currently held directly in his own securities account to be held through Phillip Securities Pte. Ltd. Chan Fook Meng has informed the Company that such transfer will take effect on or around the date of this Circular.
- (6) Assuming that Chan Fook Meng and/or his wife, Christina Kho Cheng Teng subscribes for their *pro rata* rights entitlement for the 1,600,000 Shares held in a joint account through Phillip Securities Pte Ltd.
- (7) Assuming:
 - (a) only the Undertaking Shareholders subscribes and pays for (or procures subscription and payment for) in full at the Issue Price, by way of acceptance, their provisional allotment of an aggregate of 167,677,000 Rights Shares and 252,029,317 excess Rights Shares under the Rights Issue pursuant to the Irrevocable Undertakings; and
 - (b) none of the other Entitled Shareholders or purchasers of the “nil-paid” rights during the “nil-paid” rights trading period subscribe and pay for any Rights Shares,

the Company will issue up to 419,706,317 Rights Shares and the resultant Enlarged Share Capital of the Company in the Minimum Subscription Scenario will be 605,652,757 Shares (excluding treasury shares).
- (8) Under the Irrevocable Undertakings, the Rights Shares entitlement of Chua Wei Kee is 75,000,000 Rights Shares and he has applied for 125,170,920 excess Rights Shares. However, issuing such number of Rights Shares to Chua Wei Kee will result in Chua Wei Kee incurring an obligation under Rule 14 of the Code to make a mandatory general offer for all the Shares of the Company in a Minimum Scenario. Accordingly, in such scenario, Chua Wei Kee's application to subscribe for Rights Shares and excess Rights Shares will be scaled down from an aggregate of 200,170,920 Rights Shares to an aggregate of 166,000,000 Rights Shares, resulting in Chua Wei Kee holding 181,000,000 Shares, representing 29.89% of the Enlarged Share Capital following the completion of the Rights Issue.

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- (9) Assuming that Lim Kim Cheei does not subscribe for his *pro rata* rights entitlement for his entire shareholdings of 1,500,000 Shares as at the Latest Practicable Date held through OCBC Securities Private Ltd.
- (10) Assuming that Chan Fook Meng and/or his wife, Christina Kho Cheng Teng does not subscribe for their *pro rata* rights entitlement for the 1,600,000 Shares held in a joint account through Phillip Securities Pte Ltd.

As set out above, based on the terms of the Proposed Rights Issue and the Irrevocable Undertakings, a controlling interest in the Company may be transferred to Chua Wei Kee, Ch'ng Ban Bee and GRW Capital Limited arising from the allotment and issue of the Undertaking Excess Shares. Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without the prior approval of shareholders in general meeting. Accordingly, the Irrevocable Undertakings are conditional upon the approval of Shareholders for the potential transfer of controlling interests in the Company to each of Chua Wei Kee, Ch'ng Ban Bee and GRW Capital Limited arising from the allotment and issue of the Undertaking Excess Shares being obtained at the EGM to be convened.

2.12. Opinion of Directors

For the purposes of Rule 814(1)(f) of the Catalist Rules, the Directors are of the opinion that after taking into consideration the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are of the opinion, after taking into consideration the purpose for the Proposed Rights Issue as set out in Section 2.2, that the Proposed Rights Issue is in the interest of the Company.

In determining the discount as set out in Section 2.2, the Directors had taken into consideration, amongst others, the last traded price of the Shares as at 21 February 2020 and the show of support for the Company received from the Undertaking Shareholders pursuant to the Irrevocable Undertakings received by the Company.

2.13. Previous Equity Fund Raising

The Company has not undertaken any equity fund raising in the past 12 months.

2.14. Record Date

The Record Date, subject to, *inter alia*, the approval of Shareholders for the Proposed Rights Issue being obtained at the EGM, for the purpose of determining the Shareholders' entitlements under the Proposed Rights Issue will be announced at a later date.

2.15. Offer Information Statement

The final terms and conditions of the Proposed Rights Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as agent on behalf of the MAS and will be despatched to the Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Proposed Rights Issue and Potential Transfer of Controlling Interest being obtained at the EGM. Acceptances and applications under the Proposed Rights Issue can only be made in the manner as prescribed in the Offer Information Statement.

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3. FINANCIAL EFFECTS OF THE PROPOSED RIGHTS ISSUE

The *pro forma* financial effects of the Proposed Rights Issue are purely for illustration purposes only and do not purport to be indicative or a projection or an estimate of the future results and financial positions of the Company and/or the Group immediately following the completion of the Proposed Rights Issue.

The financial effects have been prepared based on the last audited consolidated financial statements of the Group for FY2019.

For the purposes of Section 3 of the Circular, the *pro forma* financial effects of the Proposed Rights Issue on the Group are set out below, assuming two (2) scenarios:

- (a) the Minimum Subscription Scenario; and
- (b) the Maximum Subscription Scenario.

The analysis below further assumes:

- (i) for the purposes of computing the financial effects of the Proposed Rights Issue on the NTA per Share and gearing of the Group, the Proposed Rights Issue is assumed to have been completed on 30 September 2019; and
- (ii) for the purposes of computing the financial effects of the Proposed Rights Issue on the EPS of the Group, the Proposed Rights Issue is assumed to have been completed on 1 October 2018.

3.1. Share Capital

Assuming that the Proposed Rights Issue was completed on 30 September 2019, the financial effects of the Proposed Rights Issue on the share capital of the Group as of 30 September 2019 is as follows:

	Minimum Subscription Scenario		Maximum Subscription Scenario	
	No. of Shares ('000)	Share Capital (\$'000)	No. of Shares ('000)	Share Capital (\$'000)
Existing Share Capital as at 30 September 2019	185,946	14,587	185,946	14,587
Add: Rights Shares to be issued	419,706	10,493	929,732	23,243
Enlarged Share Capital	605,652	25,080	1,115,678	37,830

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3.2. NTA per Share

Assuming that the Proposed Rights Issue was completed on 30 September 2019, the financial effects of the Proposed Rights Issue on the NTA per Share of the Group as of 30 September 2019 is as follows:

	Minimum Subscription Scenario	Maximum Subscription Scenario
NTL as at 30 September 2019 (S\$'000)	(9,492)	(9,492)
Add: Adjustments for net proceeds from Rights Issue (S\$'000)	3,572	19,265
Add: Set off against debts (S\$'000)	6,693 ⁽¹⁾	3,750 ⁽²⁾
Adjusted NTA after the Rights Issue (S\$'000)	773	13,523
Number of Shares before the Rights Issue ('000)	185,946	185,946
(NTL)/NTA per Share before the Rights Issue (cents)	(0.051)	(0.051)
Number of Shares after the Rights Issue ('000)	605,652	1,115,678
Adjusted NTA per Share after the Rights Issue (cents)	0.001	0.012

Notes:

- (1) The approximate Net Proceeds arising from the Minimum Subscription Scenario of the Proposed Rights Issue will be the total subscription monies payable by the Undertaking Shareholders less the debts of S\$6,692,658 due and owing by the Company to Chua Wei Kee and Ch'ng Ban Bee to be set off against, for their Undertaking Shares.
- (2) The approximate Net Proceeds arising from the Maximum Subscription Scenario of the Proposed Rights Issue will be the total subscription monies payable by the Undertaking Shareholders less the debts of S\$3,750,000 due and owing by the Company to Chua Wei Kee and Ch'ng Ban Bee to be set off against, for their Undertaking Shares.

3.3. EPS

Assuming that the Proposed Rights Issue was completed on 1 October 2018, the financial effects of the Proposed Rights Issue on the EPS of the Group as of 30 September 2019 is as follows:

	Minimum Subscription Scenario	Maximum Subscription Scenario
FY2019		
Net loss attributable to Shareholders (S\$'000)	(6,793)	(6,793)
Number of Shares before the Rights Issue ('000)	185,946	185,946
LPS before the Rights Issue (cents)	(0.037)	(0.037)
Number of Shares after the Rights Issue ('000)	605,652	1,115,678
Adjusted LPS after the Rights Issue (cents)	(0.011)	(0.006)

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3.4. Gearing

Assuming that the Proposed Rights Issue was completed on 30 September 2019, the financial effects of the Proposed Rights Issue on the gearing of the Group as of 30 September 2019 is as follows:

	Minimum Subscription Scenario As at 30 September 2019	Maximum Subscription Scenario As at 30 September 2019
Before the Rights Issue		
Total borrowings before the Rights Issue (S\$'000)	12,519	12,519
Shareholders' equity before the Rights Issue (S\$'000)	(9,492)	(9,492)
Gearing before the Rights Issue (times)	(1.32)	(1.32)
After the Rights Issue		
Total borrowings after the Rights Issue (S\$'000)	12,519	12,519
Add: Net Proceeds from Rights Issue (S\$'000)	3,572	19,265
Add: Set off against debts (S\$'000)	6,693 ⁽¹⁾	3,750 ⁽²⁾
Shareholders' equity after the Rights Issue (S\$'000)	773	13,523
Gearing after the Rights Issue (times)	16.2	0.93

Notes:

- (1) The approximate Net Proceeds arising from the Minimum Subscription Scenario of the Proposed Rights Issue will be the total subscription monies payable by the Undertaking Shareholders less the debts of S\$6,692,658 due and owing by the Company to Chua Wei Kee and Ch'ng Ban Bee to be set off against, for their Undertaking Shares.
- (2) The approximate Net Proceeds arising from the Maximum Subscription Scenario of the Proposed Rights Issue will be the total subscription monies payable by the Undertaking Shareholders less the debts of S\$3,750,000 due and owing by the Company to Chua Wei Kee and Ch'ng Ban Bee to be set off against, for their Undertaking Shares.

4. FINANCIAL INFORMATION OF THE GROUP

Selected audited consolidated financial information of the Group for FY2017, FY2018 and FY2019 are set out below. Such selected financial information include the Group's income statement, statement of financial position, statement of cash flow and the working capital position as well as a review thereof, and should be read together with the annual reports, the consolidated audited accounts and consolidated financial statements of the Group for the relevant periods and the related notes thereto, which are available on the website of the SGX-ST at www.sgx.com. Figures presented herewith are subject to rounding.

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4.1. Consolidated Income Statements

The summary of the audited consolidated income statements of the Group for FY2017, FY2018, FY2019 are set out below:

Group	FY2017 S\$'000 (Audited)	FY2018 S\$'000 (Audited)	FY2019 S\$'000 (Audited)
Revenue	18,009	8,155	6,498
Other item of income			
Other income	435	468	784
Items of expense			
Consumables used	(9,424)	(6,366)	(3,260)
Cost of consumables sold Employee benefits expense	(44)	–	–
Employee benefits expense Employee benefits expense	(5,991)	(4,864)	(2,905)
Operating lease expense Employee benefits expense	(643)	(643)	(500)
Other expense	(5,179)	(7,244)	(4,706)
Finance cost	(325)	(1,616)	(1,828)
Share of results of associate	(180)	–	–
Depreciation expense	(1,296)	(1,759)	(1,756)
Loss before income tax	(4,638)	(13,869)	(7,673)
Income tax (expense)/credit	350	503	(731)
LOSS FOR THE YEAR	(4,288)	(13,366)	(8,404)
Loss attributable to:			
Owners of the group	(4,089)	(11,764)	(6,793)
Non-controlling interests	(199)	(1,602)	(1,611)
	(4,288)	(13,366)	(8,404)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit and loss			
Realisation of translation reserves upon deemed disposal of investment in associates	14	–	–
Exchange difference on translating foreign operation	32	(222)	2
Other comprehensive income/(loss) for the years	46	(222)	2
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(4,242)	(13,588)	(8,402)
Total comprehensive loss attributable to:			
Owners of the group	(3,962)	(11,854)	(6,792)
Non-controlling interests	(280)	(1,734)	(1,610)
	(4,242)	(13,588)	(8,402)
Basic and diluted loss per share (cents)	(3.25)	(9.34)	(3.88)

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A review of the operations, business, and financial performances of the Group are set out below.

FY2019 vs FY2018

The revenue of S\$6.4 million in FY2019 decreased by 20% from FY2018 over the corresponding period was predominately attributed to the prolonged stoppage in operations of AGV Galvanizing (M) Sdn Bhd (“AGVM”).

Other income increased from approximately S\$0.5 million in FY2018 to S\$0.8 million in FY2019. The increase was mainly due to other gain arising from modification of trade and other payables under SFRS(I) 9.

Total expenses for FY2019 decreased by S\$7.5 million to S\$14.9 million and this was primarily due to the following factors:

- (i) Cost of consumables dropped to approximately S\$3.3 million in FY2019 from S\$6.4 million in FY2018 mainly due to the decline in average zinc price from US\$3,500 to US\$2,500 during the FY2019.
- (ii) Employee benefits expense, comprising directors’ remuneration and staff-related expenses decreased by approximately S\$2.0 million or 40% from S\$4.9 million in FY2018 to S\$2.9 million in FY2019. The decrease was mainly due to cost cutting initiatives put in place by management to turn around the business.
- (iii) General administration and production costs decreased from approximately S\$7.2 million in FY2018 to S\$4.7 million in FY2019, a reduction of S\$2.5 million mainly due to an impairment of goodwill of S\$4.3 million in prior year. It was offset by the write-off of a zinc galvanizing kettle and furnace system in the Group’s Malaysia operations of \$1.0 million, purchase price allocation adjustments in property, plant and equipment of \$0.1 million and inventory in Malaysia of S\$0.2 million.

The decrease also due to the impairment of a wastewater treatment plant of S\$0.12 million, expected credit losses on trade receivables of S\$0.2 million and increase of professional fees and consultation expenses from approximately S\$0.6 million in FY2018 to S\$0.9 million in FY2019 due to the negotiations and preparations of the conditional loan agreement with the institutional lenders and corporate actions taken by the Company during the year.

Overall, compared to the corresponding period, the Group reported a lower loss before tax for FY2019 from S\$13.9 million to S\$7.7 million.

FY2018 vs FY2017

The decrease in revenues of 55% over the corresponding period was predominately attributed to:

- (i) Increase in zinc prices by up to 44% over the previous year, had resulted in a significant increase in the unit cost of production as a major component of the Group’s consumables used is zinc, but the Group was unable to pass on the incremental costs to its customers successfully; and

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- (ii) Structural damage to the zinc kettle requiring repair works and subsequent replacement of the kettle had resulted in slower production work rate and caused production work disruptions. This resulted in overall lower production levels which in turn affected the revenue generated during the financial year.

Total expenses for FY2018 decreased by S\$0.6 million to S\$22.5 million and this was primarily due to the following factors:

- (i) Consumables used dropped to S\$6.4 million in FY2018 from S\$9.4 million in FY2017 due to the decline in the tonnage of hot dip galvanizing services provided by the Group.

However, notwithstanding the lower production for the year, the Group incurred a significantly higher than expected cost of consumables due to the irretrievable loss of zinc during the repair works and the removal of significant amount of zinc dross on subsequent replacement of the zinc kettle.

- (ii) Faced with a difficult business situation, the Group took steps to reduce costs. These efforts saw employee benefits expense, comprising directors' remuneration and staff-related expenses, being reduced from S\$6.0 million in FY2017 to S\$4.9 million in FY2018.

The decrease is offset by increase in other expenses and finance costs mainly arising from:

- (i) Other expenses increased from S\$5.2 million in FY2017 to S\$7.2 million in FY2018, due to the impairment of goodwill of S\$4.3 million in FY2018 which mitigated by the reduction of general administration costs in FY2018 via cost-cutting measure to turnaround the business.
- (ii) Finance costs increased from S\$0.3 million in FY2017 to S\$1.6 million in FY2018. This is due to the consolidation of AGVM, which added S\$0.5 million in finance cost to the Group. Another S\$0.6 million increase in finance cost was due to additional borrowings from private lenders and related parties.

Finance costs comprised interest payments for bank borrowings and finance leases for purchase of motor vehicles which was undertaken. Bank borrowings consist of machinery, property and term loans which was undertaken to finance the purchase of our property and machineries as well as for support of the Group's operations.

Overall, compared to the corresponding period, the Group reported a higher loss before tax for FY2018 from S\$4.6 million to S\$13.9 million.

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4.2. Statement of Financial Position

The audited consolidated balance sheets of the Group for FY2017, FY2018 and FY2019 are set out below:

Group	FY2017 S\$'000 (Audited)	FY2018 S\$'000 (Audited)	FY2019 S\$'000 (Audited)
Asset Non-current assets			
Property, plant and equipment	17,459	16,553	13,197
Goodwill	4,268	–	–
Deferred tax assets	570	988	378
Total non-current assets	22,297	17,541	13,575
Current assets			
Cash and bank balances	338	77	141
Pledged fixed deposit	272	338	338
Trade and other receivables	5,563	1,218	2,642
Tax recoverable	109	73	–
Inventories	2,890	949	2,276
Other assets	44	–	–
Prepayments	1,158	87	53
Total current assets	10,374	2,742	5,450
Total assets	32,671	20,283	19,025
EQUITY AND LIABILITIES			
Equity			
Share capital	13,453	13,453	14,587
Accumulated losses	(2,205)	(14,745)	(21,538)
Other reserve	(2,565)	(2,565)	(2,565)
Translation reserve	113	23	24
(Capital deficiency)/equity attributable to owners of the Company	8,796	(3,834)	(9,492)
Non-controlling interests	1,670	(1,238)	(2,848)
Total (capital deficiency)/equity	10,466	(5,072)	(12,340)

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Group	FY2017 S\$'000 (Audited)	FY2018 S\$'000 (Audited)	FY2019 S\$'000 (Audited)
Non-current liabilities			
Finance lease payables	873	412	360
Borrowings	1,434	1,115	9,320
Trade and other payables	–	–	13,262
Deferred tax liabilities	232	129	72
Total non-current liabilities	2,539	1,656	23,014
Current liabilities			
Trade and other payables	5,135	11,132	5,412
Provision for reinstatement cost	100	100	100
Finance lease payables	441	510	249
Borrowings	13,990	11,957	2,590
Total current liabilities	19,666	23,699	8,351
Total liabilities	22,205	25,355	31,365
Total equity and liabilities	32,671	20,283	19,025

A review of the financial positions of the Group are set out below.

FY2019 vs FY2018

Non-current assets decreased by S\$3.9 million from S\$17.5 million as at 30 September 2018 to S\$13.6 million as at 30 September 2019, mainly due to:

- (i) Decrease in property, plant and equipment by S\$3.4 million due to write-off of a zinc galvanizing kettle and furnace system in the Group's operations in Malaysia of S\$1.0 million, write-off of purchase price allocation adjustments in property, plant and equipment of S\$0.1 million, depreciation charges of S\$1.8 million as well as impairment of a wastewater treatment plant in Singapore and building of AGVM of S\$0.1 million and S\$0.4 million respectively.
- (ii) Decrease in deferred tax assets by S\$0.6 million due to the Group's continued loss in FY2019, leading to the reversal of deferred tax assets in FY2019.

Current assets increased by approximately S\$2.8 million from S\$2.7 million as at 30 September 2018 to S\$5.5 million as at 30 September 2019. This was due to:

- (i) The increase in trade and other receivables by S\$1.4 million, mainly due to resumption of full operation, with higher sales for FY2019.
- (ii) The increase in inventories by S\$1.3 million, mainly due to the Group keeping higher reserves of zinc on hand to meet its production need.

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Total liabilities increased by approximately S\$6.0 million from S\$25.0 million as at 30 September 2018 to S\$31.0 million as at 30 September 2019. This was due to the increase of trade and other payables and offset by the net decrease in total borrowings and finance leases of S\$1.5 million as follows:

- (i) The increase of trade and other payables of S\$7.5 million was due to the contribution of funds from investors of S\$5.8 million as general working capital.
- (ii) As a result of the conditional loan agreement entered into with the institutional lenders, the loan repayments have been extended and certain loans have been reclassified to become non-current liabilities. Due to the reclassification of borrowings, payables and finance leases from current to non-current, non-current borrowings increased by approximately S\$8.2 million from S\$1.1 million as at 30 September 2018 to S\$9.3 million as at 30 September 2019. Consequently, current borrowings decreased by approximately S\$9.4 million from S\$12.0 million as at 30 September 2018 to S\$2.6 million as at 30 September 2019.

FY2018 vs FY2017

Non-current assets decreased by S\$4.8 million from S\$22.3 million as at 30 September 2017 to S\$17.5 million as at 30 September 2018, mainly due to an impairment of goodwill of S\$4.3 million in FY2018.

Current assets decreased by S\$7.7 million from S\$10.4 million as at 30 September 2017 to S\$2.7 million as at 30 September 2018, mainly due to the structural damage to the zinc kettle and repair works causing intermittent disruption to the production line. This resulted in the decline in tonnage of hot dip galvanizing services, which in turn resulted in a decline in sales and trade receivables. Trade and other receivables decreased from S\$5.6 million to S\$1.2 million. The damage to the kettle, which caused zinc leakages, also resulted in inventories declining from S\$2.9 million to S\$0.9 million.

Total liabilities increased by S\$3.2 million from S\$22.2 million as at 30 September 2017 to S\$25.4 million as at 30 September 2018, mainly due to the increase of trade and other payables from S\$5.0 million in FY2017 to S\$11.0 million in FY2018 from funds contributed from the convertible loans from third parties of S\$2.5 million, loans from third parties of S\$0.7 million as general working capital and amount owing to directors of S\$2.0 million.

The increase was offset by loan repayment for finance lease payable, by S\$0.4 million and borrowings, by S\$2.4 million in FY2018.

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4.3. Statements of Cash Flow

The audited consolidated statements of cash flow for FY2017, FY2018 and FY2019 are set out below:

Group	FY2017 S\$'000 (Audited)	FY2018 S\$'000 (Audited)	FY2019 S\$'000 (Audited)
Operating activities			
Loss before income tax	(4,638)	(13,869)	(7,673)
Adjustments for:			
Depreciation expense	1,296	1,759	1,756
Interest expense	325	1,616	1,395
Inventories written off	–	–	226
Share of result of associate	180	–	–
Allowance for impairment of receivables	596	50	160
Bad debts written off	–	153	54
Day-1 gain on initial measurement of financial liabilities	–	–	(717)
Loss, net on extinguishment of original and recognition of new financial liabilities	–	–	433
Reversal of doubtful debts	–	(242)	(24)
Impairment of property, plant and equipment	126	–	1,599
Gain on disposal of property, plant and equipment	6	(10)	–
Written off of other assets	–	57	–
Interest income	(6)	(6)	–
Gain from deemed disposal on investment in associate	(349)	–	–
Impairment loss on goodwill	–	4,268	–
Unrealised currency translation loss/(gain)	194	(729)	8
Operating cash flows before movements in working capital	(2,270)	(6,953)	(2,783)
<i>Movements in working capital</i>			
Inventories	359	1,941	(1,553)
Other assets	(44)	(13)	–
Trade and other receivables	10,376	4,384	(1,614)
Prepayments	(1,053)	1,071	34
Trade and other payables	(8,946)	878	228
Cash (used in)/generated from operations	(1,578)	1,308	(5,688)
Income taxes (paid)/refund	(511)	65	(105)
Net Cash (used in)/generated from operating activities	(2,089)	1,373	(5,793)

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Group	FY2017 S\$'000 (Audited)	FY2018 S\$'000 (Audited)	FY2019 S\$'000 (Audited)
Investing activities			
Acquisition of property, plant and equipment	(213)	(395)	(6)
Acquisition of subsidiaries	(354)	–	–
Proceeds from disposal of property, plant and equipment	17	12	–
Net cash used in investing activities	(550)	(383)	(6)
Financing activities			
Acquisition of non-controlling interests	–	(1,950)	–
Increase in pledged deposit	(86)	(60)	–
Loan from directors	–	2,037	4,167
Proceeds from third parties	–	2,677	3,605
Proceeds from borrowings	4,472	2,040	–
Proceeds from issuance of ordinary shares	–	–	1,134
Repayment of borrowings	(3,512)	(5,514)	(2,527)
Repayment of finance lease obligations	(1,936)	(481)	(370)
Repayment of non-controlling shareholders	–	–	(146)
Net Cash generated from/(used in) financing activities	(1,062)	(1,251)	(5,863)
Net increase/(decrease) in cash and cash equivalents	(3,701)	(261)	64
Cash and cash equivalents at beginning of year	4,039	338	77
Cash and cash equivalents at end of year	338	77	141

A review of the cash flow position of the Group is set out below:

FY2019 vs FY2018

Net cash flows from operating activities for FY2019 decreased from a net inflow of S\$1.3 million in FY2018 to a net outflow of S\$5.8 million mainly due to the increase in trade receivables movement by S\$6.0 million. This is because of the structural damage to the zinc kettle in FY2018 and operations were subsequently resumed in full in FY2019.

Net cash flow from investing activities for FY2019 decreased from a net outflow of S\$400,000 in FY2018 to a net inflow of S\$6,000 mainly due to decrease in acquisition of property, plant and equipment from S\$400,000 in FY2018 to S\$6,000 in FY2019.

Net cash flow from financing activities from FY2019 increased from a net outflow of S\$1.3 million to a net inflow of S\$5.7 million mainly due to increase in proceeds from third parties and issuance of ordinary shares by S\$0.9 million and S\$1.1 million respectively, increase in loan from directors by S\$2.1 million and the decrease in loan repayment by S\$3.0 million.

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FY2018 vs FY2017

In FY2018, net cash generated from operations amounted to S\$1.4 million. Net cash used in investing activities amounted to S\$0.4 million mainly to replace the zinc kettle. Net cash used in financing activities amounted to S\$1.3 million. As a result, the net cash and cash equivalent balance was S\$0.1 million as at year end.

4.4. Working Capital

The working capital of the Group for FY2017, FY2018, FY2019 is set out below:

Group	FY2017 S\$'000 (Audited)	FY2018 S\$'000 (Audited)	FY2019 S\$'000 (Audited)
Current Assets	10,374	2,742	5,450
Current Liabilities	19,666	23,699	8,351
Net Current Assets/(Liabilities)	(9,292)	(20,957)	(2,901)

Review of Working Capital

FY2019 vs FY2018

The decrease in net deficit in working capital of S\$18.1 million from S\$21.0 million in FY2018 to S\$2.9 million in FY2019, was mainly due to the loan repayments having been extended and certain loans having been reclassified to become non-current liabilities. Due to the reclassification of borrowings, payables and finance leases from current to non-current, non-current borrowings increased by approximately S\$8.2 million from S\$1.1 million as at 30 September 2018 to S\$9.3 million as at 30 September 2019. Consequently, current borrowings decreased by approximately S\$9.4 million from S\$12.0 million as at 30 September 2018 to S\$2.6 million as at 30 September 2019.

FY2018 vs FY2017

The increase in net deficit in working capital of S\$11.7 million from S\$9.3 million in FY2017 to S\$21.0 million in FY2018, was mainly due to increase in convertible loans from third parties of S\$2.5 million, loans from third parties of S\$0.7 million as general working capital and amount owing to directors of S\$2.0 million in FY2018.

5. THE POTENTIAL TRANSFER OF CONTROLLING INTEREST

5.1. Information on the Relevant Shareholders

Chua Wei Kee

Chua Wei Kee is a substantial shareholder and the Executive Chairman of the Group.

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Ch'ng Ban Bee

Ch'ng Ban Bee is a substantial shareholder of the Group through a placement that had completed in December 2018. He is an individual investor who is currently involved in the civil engineering and construction industry in Malaysia.

GRW Capital Limited

GRW Capital Limited is a company incorporated in Labuan, Malaysia, engaged in the business of investing in listed entities. The director of GRW Capital Limited is Alvin Poh Hsien Yang, a businessman in Malaysia.

5.2. Potential Transfer of Controlling Shareholder

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a Controlling Interest without prior approval of shareholders in general meeting.

As at the Latest Practicable Date, the Relevant Shareholders hold the following interests in the Shares of the Company:

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾⁽²⁾	Number of Shares	Shareholding (%) ⁽¹⁾⁽²⁾
Chua Wei Kee	15,000,000	8.07%	–	–
Ch'ng Ban Bee	15,000,000	8.07%	–	–
GRW Capital Limited	500,000	0.27%	–	–

Notes:

(1) Calculated based on 185,946,440 Shares, being the total number of Shares issued by the Company as at the Latest Practicable Date.

(2) Rounded to the nearest two decimal places.

For illustrative purposes only, based on the terms of the Proposed Rights Issue and the Irrevocable Undertakings, the Relevant Shareholders will hold the following interests in the Shares of the Company after the Proposed Rights Issue:

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾
Maximum Subscription Scenario⁽²⁾				
Chua Wei Kee	90,000,000	8.07%	–	–
Ch'ng Ban Bee	90,000,000	8.07%	–	–
GRW Capital Limited	3,000,000	0.27%	–	–
Minimum Subscription Scenario⁽³⁾				
Chua Wei Kee	181,000,000	29.89% ⁽⁴⁾	–	–
Ch'ng Ban Bee	116,706,317	19.27%	–	–
GRW Capital Limited	100,500,000	16.59%	–	–

LETTER TO SHAREHOLDERS

Notes:

- (1) Rounded to the nearest two decimal places.
- (2) Calculated on the assumption that all the Rights Shares to be issued pursuant to the Rights Issue are fully subscribed for, 929,732,200 Rights Shares will be issued pursuant to the Rights Issue, the issued and paid-up share capital of the Company will thus increase to 1,115,678,640 Shares.
- (3) Assuming:
 - (a) only the Undertaking Shareholders subscribes and pays for (or procures subscription and payment for) in full at the Issue Price, by way of acceptance, their provisional allotment of an aggregate of 167,677,000 Rights Shares and 252,029,317 excess Rights Shares under the Rights Issue pursuant to the Irrevocable Undertakings; and
 - (b) none of the other Entitled Shareholders or purchasers of the “nil-paid” rights during the “nil-paid” rights trading period subscribe and pay for any Rights Shares,the Company will issue up to 419,706,317 Rights Shares and the resultant Enlarged Share Capital of the Company in the Minimum Subscription Scenario will be 605,652,757 Shares (excluding treasury shares).
- (4) Under the Irrevocable Undertakings, the Rights Shares entitlement of Chua Wei Kee is 75,000,000 Rights Shares and he has applied for 125,170,920 excess Rights Shares. However, issuing such number of Rights Shares to Chua Wei Kee will result in Chua Wei Kee incurring an obligation under Rule 14 of the Code to make a mandatory general offer for all the Shares of the Company in a Minimum Subscription Scenario. Accordingly, in such scenario, Chua Wei Kee’s application to subscribe for Rights Shares and excess Rights Shares will be scaled down from an aggregate of 200,170,920 Rights Shares to an aggregate of 166,000,000 Rights Shares, resulting in Chua Wei Kee holding 181,000,000 Shares, representing 29.89% of the Enlarged Share Capital following the completion of the Rights Issue.

The Relevant Shareholders may therefore each potentially acquire a controlling interest in the Company, each becoming a Controlling Shareholder if the Relevant Shareholder’s interest increases to more than 15.0% of the Enlarged Share Capital of the Company immediately upon completion of the Proposed Rights Issue, depending on the level of subscription for the Proposed Rights Issue. Accordingly, Shareholders’ approval is being sought for the Potential Transfer of Controlling Interest to each of the Relevant Shareholders arising from the allotment and issue of Excess Rights Shares at the EGM.

In the event that Ordinary Resolutions 2, 3 and 4, being the ordinary resolutions to approve the Potential Transfers of Controlling Interest, are not approved at the EGM, the Company will, if necessary, scale down the Relevant Shareholders’ applications for entitlement of Rights Shares or Excess Rights Shares, as the case may be, such that the number of Rights Shares allotted and issued to each of the Relevant Shareholders will not result in the Relevant Shareholders holding more than 15.0% of the Enlarged Share Capital of the Company after the Proposed Rights Issue.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation or arbitration proceedings to which the Group is a party to or which is pending or known to be contemplated that may have or would have had in the last 12 months immediately preceding the date of this Circular, a material effect on the Group’s financial position or profitability.

LETTER TO SHAREHOLDERS

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, save for the disclosures made below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group during the two (2) years preceding the Latest Practicable Date:

- (i) the sale and purchase agreement dated 23 May 2018 entered into between Asia Galvanizing (S) Pte Ltd, a subsidiary of the Company, (“**AGVS**”) and Lew Soy Huay, to dispose of AGV (Xiamen) Ecotechnology Co., Ltd;
- (ii) the placement agreement dated 26 October 2018 entered into by the Company with each of Chua Wei Kee, Ch’ng Ban Bee, Wong Kwan Shing and Chan Kai Cheung for the issue and allotment of an aggregate of 60,000,000 placement shares at an aggregate placement price of S\$1,134,000; and
- (iii) the conditional loan agreement dated 4 March 2019 entered into between the Company, AGVS and their institutional lenders to amend and restate existing terms and conditions of the corresponding loans.

Save as disclosed in this Section, the Group has not entered into any material contracts (not being a contract entered into in the ordinary course of business) outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date.

8. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

- 8.1. Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders, the interests of the Directors and Substantial Shareholders in the Existing Share Capital of the Company as at the Latest Practicable Date, were as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾
Directors				
Albert Ang Nam Wah	–	–	23,106,440 ⁽²⁾	12.43
Chua Wei Kee	15,000,000	8.07	–	–
Substantial Shareholders (other than Directors)				
Asiagalv Capital LLP	23,106,440	12.43	–	–
James Ang Nam Heng	–	–	23,106,440 ⁽²⁾	12.43
Ch’ng Ban Bee	15,000,000	8.07	–	–
Ang Ghee Ann	11,000,000	5.92	–	–

Notes:

(1) Calculated based on 185,946,440 Shares and excluding treasury shares.

(2) Albert Ang and James Ang are deemed interested in the 23,106,440 Shares held by Asiagalv Capital LLP, a limited liability partnership between Albert Ang and his brother, James Ang.

Saved as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Resolutions other than through their respective shareholdings in the Company.

LETTER TO SHAREHOLDERS

9. DIRECTORS' RECOMMENDATION

9.1. Proposed Rights Issue

The Directors, having considered, *inter alia*, the rationale and the terms for the Proposed Rights Issue, are of the opinion that the Proposed Rights Issue is in the best interest of the Shareholders and the Group. Accordingly, the Directors recommend that the Shareholders vote in favour of Ordinary Resolution 1 in relation the Proposed Rights Issue at the EGM.

9.2. Potential Transfer of Controlling Interest

The Directors, save for Chua Wei Kee, having considered, *inter alia*, the rationale and the terms for the Proposed Rights Issue, are of the opinion that the Potential Transfer of Controlling Interest is in the best interest of the Shareholders and the Group. Accordingly, the Directors, save for Chua Wei Kee, recommend that the Shareholders vote in favour of Ordinary Resolutions 2, 3 and 4 in relation to the Potential Transfer of Controlling Interest to each of the Relevant Shareholders at the EGM.

10. ABSTENTION FROM VOTING

Pursuant to the Potential Transfer of Controlling Interest, each of the Relevant Shareholders shall abstain, and shall procure each of their associates to abstain, from voting at the EGM on each of the resolutions approving the Potential Transfer of Controlling Interest in relation to each of the Relevant Shareholders respectively, and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of each of Ordinary Resolutions 2, 3 and 4 respectively unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolutions.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held at Raffles Marina, Chart Room, Level 2, 10 Tuas West Drive, Singapore 638404 on 7 April 2020 at 9 a.m. for the purpose of considering and if, thought fit, passing, with or without modifications, the Proposed Resolutions as set out in the Notice of EGM.

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, not less than 72 hours before the time fixed for the holding of the EGM. The completion and return of the Proxy Form by such Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy should he subsequently wish to do so.

Pursuant to Section 81SJ(4) of the Securities and Futures Act, a Depositor will not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears of the Depository Register maintained by the CDP at least 72 hours before the EGM.

LETTER TO SHAREHOLDERS

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular 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 Circular in its proper form and context.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 22 Benoi Road Singapore 629892 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Annual Report of the Company for FY2019, FY2018 and FY2017;
- (b) the Constitution of the Company; and
- (c) the Irrevocable Undertakings.

Yours faithfully
for and on behalf of the Board of Directors of
AGV GROUP LIMITED

Chua Wei Kee
Executive Chairman

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NOTICE OF THE EXTRAORDINARY GENERAL MEETING

AGV GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 201536566H)

All capitalised terms in the resolutions below and defined in the Circular dated 23 March 2020 to the shareholders of the Company (the “Circular”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of AGV Group Limited (the “Company”) will be held on 7 April 2020 at Raffles Marina, Chart Room, Level 2, 10 Tuas West Drive, Singapore 638404 at 9 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION 1 – THE PROPOSED RIGHTS ISSUE

Resolved that the proposed renounceable non-underwritten rights issue of up to 929,732,200 new ordinary shares in the issued and paid-up capital of the Company (the “Rights Shares”) at an issue price of S\$0.025 for each Rights Shares (the “Issue Price”), on the basis of five (5) Rights Shares for every one (1) existing ordinary shares in the issued share capital of the Company (the “Existing Shares”, and each an “Existing Share”), held by shareholders of the Company (the “Shareholders”) as at a time and date to be determined by the Directors, at and on which the register of members and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders (as defined herein) (the “Record Date”) under the proposed rights issue, fractional entitlements to be disregarded (the “Proposed Rights Issue”), be and is hereby approved, and the Directors be and hereby authorised to:

- (i) allot and issue up to 929,732,200 Right Shares at the Issue Price for each Right Shares;
- (ii) effect the Proposed Rights Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may, in their absolute discretion, deem fit:
 - (a) the provisional allotments of Rights Shares under the Proposed Rights Issue shall be made on a renounceable non-underwritten basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited (“CDP”) as at the Record Date (the “Entitled Shareholders”) with registered addresses in Singapore or who have, at least three (3) market days prior to the Record Date, provided to the CDP or the share registrar of the Company (the “Share Registrar”), as the case may be, addresses in Singapore for the service of notices and documents, on the basis of five (5) Rights Shares for every one (1) Existing Share;
 - (b) no provisional allotment of Rights Shares shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three (3) market days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (“Foreign Shareholders”);

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (c) the entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold “nil-paid” on SGX-ST and to pool and thereafter distribute the net proceeds thereof, if any (after deducting all expenses), proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Record Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (d) provisional allotments of Rights Shares not taken up or cannot be sold or are not sold on the SGX-ST for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Proposed Rights Issue, shall be used to satisfy applications for Excess Rights Shares or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
 - (e) the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then Existing Shares save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.
- (iii) take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Rights Issue (including fixing the Record Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Proposed Rights Issue.

ORDINARY RESOLUTION 2 – POTENTIAL TRANSFER OF CONTROLLING INTEREST TO CHUA WEI KEE

That contingent upon the passing of Ordinary Resolution 1 herein in this Notice of EGM:

- (i) approval be and is hereby given to the allotment and issuance by the Company of Rights Shares and/or Excess Rights Shares (if any) to Chua Wei Kee, on and subject to the terms of the Proposed Rights Issue, to the extent that such allotment and issuance by the Company of Rights Shares constitutes a transfer of Controlling Interest in the Company to Chua Wei Kee pursuant to Rule 803 of the Catalist Rules; and
- (ii) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (i) of this Resolution as he shall think fit and in the interests of the Company.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3 – POTENTIAL TRANSFER OF CONTROLLING INTEREST TO CH'NG BAN BEE

That contingent upon the passing of Ordinary Resolution 1 herein in this Notice of EGM:

- (i) approval be and is hereby given to the allotment and issuance by the Company of Rights Shares and/or Excess Rights Shares (if any) to Ch'ng Ban Bee, on and subject to the terms of the Proposed Rights Issue, to the extent that such allotment and issuance by the Company of Rights Shares constitutes a transfer of Controlling Interest in the Company to Ch'ng Ban Bee pursuant to Rule 803 of the Catalist Rules; and
- (ii) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (i) of this Resolution as he shall think fit and in the interests of the Company.

ORDINARY RESOLUTION 4 – POTENTIAL TRANSFER OF CONTROLLING INTEREST TO GRW CAPITAL LIMITED

That contingent upon the passing of Ordinary Resolution 1 herein in this Notice of EGM:

- (i) approval be and is hereby given to the allotment and issuance by the Company of Rights Shares and/or Excess Rights Shares (if any) to GRW Capital Limited, on and subject to the terms of the Proposed Rights Issue, to the extent that such allotment and issuance by the Company of Rights Shares constitutes a transfer of Controlling Interest in the Company to GRW Capital Limited pursuant to Rule 803 of the Catalist Rules; and
- (ii) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (i) of this Resolution as he shall think fit and in the interests of the Company.

BY ORDER OF THE BOARD

Chua Wei Kee
Executive Chairman

23 March 2020

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act (Cap. 50) of Singapore) entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (2) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act (Cap. 50) of Singapore) is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- (3) A proxy need not be a Member of the Company.
- (4) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument of proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (5) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, not less than 72 hours before the time appointed for holding the EGM.
- (6) A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the EGM unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore) 72 hours before the time fixed for the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, the Catalist Rules, regulations and/or guidelines (collectively, the "Purposes"),
- (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and
- (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Important Notice from the Company on COVID-19

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of spread of COVID-19. The Company reserves the right to take appropriate measures to minimise any risk to Shareholders and others attending the EGM, which may include conducting temperature checks and requiring the signing of health declaration forms (which may also be used for the purposes of contact tracing, if required). Shareholders and other attendees who are feeling unwell on the date of the EGM are advised not to attend the EGM. Shareholders and other attendees are also advised to arrive early at the EGM venue given that the above-mentioned measures may cause delay in the registration process.

PROXY FORM

AGV GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 201536566H)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act (Cap. 50) of Singapore may appoint more than two proxies to attend the EGM and vote.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR THEIR INFORMATION ONLY**.

I/We, _____ (Name),

NRIC/Passport Number* _____ of _____

_____ (Address)

being a member/members of **AGV GROUP LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

or failing *him/her, the Chairman of the Extraordinary General Meeting (the "EGM") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the EGM to be held at Raffles Marina, Chart Room, Level 2, 10 Tuas West Drive, Singapore 638404 on 7 April 2020, at 9 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

* Delete where applicable

	ORDINARY RESOLUTION	Number of votes	
		For**	Against**
1.	To approve the Proposed Rights Issue		
2.	To approve the Potential Transfer of Controlling Interest to Chua Wei Kee		
3.	To approve the Potential Transfer of Controlling Interest to Ch'ng Ban Bee		
4.	To approve the Potential Transfer of Controlling Interest to GRW Capital Limited		

** If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020.

Total Number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

PROXY FORM

Notes:

- (1) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), or any statutory modification thereof, as the (case may be), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- (3) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- (4) A member who is a relevant intermediary entitled to attend the EGM and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.
"Relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (5) The submission of an instrument or form appointing a proxy by a Shareholder of the Company does not preclude him from attending and voting in person at the EGM, if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
- (6) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than 72 hours before the time appointed for the EGM.
- (7) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer of the corporation. The dispensation of the use of common seal pursuant to Sections 41A, 41B and 41C of the Companies Act (Cap. 50) of Singapore effective from 31 March 2017 is applicable at the EGM.
- (8) Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (9) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore.
- (10) The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time set for the EGM, as certified by The Central Depository (Pte) Limited to the Company.
- (11) A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the EGM in order for him to be entitled to vote at the EGM.

Personal Data Privacy:

- By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak or vote at the EGM and/or any adjournment thereof, a shareholder of the Company:
- (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis of proxies and representatives appointed for the EGM (including adjournment thereof) and the preparation and compilation of the attendance lists, minute and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, Catalyst Rules, regulations and/or guidelines (collectively, the "**Purposes**");
 - (ii) warrants that where the shareholder discloses the personal data of his proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
 - (iii) agrees that the Shareholder shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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AFFIX
STAMP
HERE

**BOARDROOM CORPORATE &
ADVISORY SERVICES PTE LTD**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Fold this flap to seal