



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

---

**RESPONSE TO SGX-ST QUERIES ON THE COMPANY'S ANNOUNCEMENT DATED 8 JANUARY 2021 IN RELATION TO THE EMPHASIS OF MATTER BY INDEPENDENT AUDITORS OF THE COMPANY ON THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

*Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Company's announcement released on 08 January 2021 in relation to the Emphasis of Matter by Independent Auditors of the Company on the Audited Financial Statements for the year ended 30 September 2020 (the "Announcement"), unless otherwise defined.*

The Board of Directors (the "Board") of AGV Group Limited (the "Company" and together with its subsidiaries, the "Group") would like to respond to the queries from the Singapore Exchange Securities Trading Limited (the "SGX-ST") dated 11 January 2021 regarding the Company's Announcement. Please refer to the Announcement for further information on the same.

**Question 1**

**We note that the Board is of the opinion that the Group will be able to continue as a going concern as a result of the following:**

- (I) ability of the Group to generate sufficient cash flows from their operations;**
- (II) continued financial support from the Group's individual, corporate and institutional lenders, as well as vendors, as applicable;**
- (III) financial support from the chairman of the Group; and**
- (IV) potential new injections of capital.**

**1(a) Please elaborate on the financial support to be provided by the chairman of the Group, specifically whether it is sufficient to address the current liabilities of the Group of S\$1.048m, and any other future liabilities as and when they fall due.**

**Response**

The Chairman of the Group (the "Chairman") provided a letter of undertaking that he will provide financial support of S\$5.9 million in the form of working capital to the Group, as and when the Group requires for the next 12 months. Should the Group tap on this source of finance, the Chairman undertakes not to demand for repayment of the balances prior to 31 December 2021.

The S\$5.9 million is sufficient to address the current liabilities of the Group of S\$1.048 million as well as any other future liabilities as and when they fall due in the next 12 months.

The Directors are of the view that the Chairman, being a successful business owner holding a controlling stake in the JD group of companies, is a person who is able to meet the Group's cashflow needs if called upon.

**1(b) Please elaborate on the new injections of capital, and provide an indication of time frame for which the new injections would materialize.**

Response

The Group is in talks with various potential investors including existing shareholders. As at the date of this announcement, they have indicated their willingness to invest into the Group, subject to compliance with the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”) and macro-economic conditions. The Group is still in discussion with such parties. Once the terms of the investment have been firmed up and the investors are ready to undertake the investment, the necessary preparations will be made and the Company will make further announcement(s) as and when there are material developments, and in compliance with the Catalist Rules.

**Question 2**

**What is the Sponsor’s opinion on whether the Group is able to continue as a going concern. Pls provide justifications.**

Response

The Sponsor is of the view that the Group is able to continue as a going concern after taking into account the following:

- (i) The Board’s bases for its opinion that the Group is able to continue operating as a going concern and, in particular, the financial support of S\$5.9 million from the Chairman;
- (ii) The Company does not appear to fall under any of the circumstances set out in Rule 1303(3) of the Catalist Rules;
- (iii) The Group has an ongoing business increasing its revenue from S\$6.5 million in FY2019 to S\$10.3 million in FY2020, and narrowing its net loss from S\$8.4 million in FY2019 to S\$2.8 million in FY2020, notwithstanding that it was a challenging year for the construction industry (which the Group serves) because of the COVID-19 pandemic; and
- (iv) The Group has improved its financial position from a capital deficiency of S\$12.3 million as at 30 Sep 19 to S\$3.5 million as at 30 Sep 20, and that the Group is considering undertaking potential corporate actions to further improve its financial position.

**Question 3**

**Did the auditors review the cash flow forecast and assumptions adopted? What are the auditors’ views and justifications on the reasonableness of the assumptions, and as a result, the EOM on material uncertainty with regards to going concern?**

Response

The Auditors had reviewed the cash flow forecast and assumptions adopted by the Group. There were no disagreements raised by the Auditors over the reasonableness of the assumptions used by the Group in the cash flow forecasts. Notwithstanding that they concurred with the Group’s use of the going concern assumption in preparing its financial statements, the Auditors had concluded that a material uncertainty existed related to events and conditions that may cast significant doubt on the Group’s ability to continue as a going concern.

The Independent Auditors’ Report and the Audited Financial Statements will form part of the Company’s Annual Report for FY2020 (the “**2020 Annual Report**”), which will be released on SGXNET in due course. Shareholders are advised to read the Independent Auditors’ Report and the 2020 Annual Report in its entirety.

#### Question 4

Please provide the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.

#### Response

As set out in the Company's announcement on 8 January 2021, the Board is of the opinion that the Group will be able to continue as a going concern on the basis of the following:

- (i) ability of the Group to generate sufficient cash flows from their operations;
- (ii) continued financial support from the Group's individual, corporate and institutional lenders, as well as vendors, as applicable;
- (iii) financial support from the Chairman of the Group; and
- (iv) potential new injections of capital.

In addition to the above-mentioned,

- (a) As announced on 19 November 2020, the Group has entered into a sale and purchase agreement (the "SPA") in relation to the sale of its property in Malaysia, with estimated net proceeds of S\$3.679 million. Barring unforeseen circumstances, the SPA is expected to be completed by September 2021.
- (b) The Group is in talks with several creditors of the Group to have the debts owing to them capitalised into capital of the Company. As at the date of this announcement, several creditors have indicated their willingness to participate in such capitalisation, subject to compliance with the Catalist Rules and macro-economic conditions. In the event that such capitalisation exercise takes place, it will reduce the debt burden of the Group and alleviate the pressure on its cash flow and liquidity.

Once the terms of the debt capitalisation have been firmed up and the creditors are ready to undertake the same, the necessary preparations will be made and the Company will make further announcement(s) as and when there are material developments, and in compliance with the Catalist Rules. The Group expects to complete negotiations and enter into agreements on the same in the first half of this year.

- (c) The Board, having reviewed the Group's ability to generate cash flows for the next 12 months and taken into consideration the abovementioned, is of the opinion that the Group has adequate resources to meet its obligations as and when they fall due and operate as a going concern.

On the basis of the Board being of the view that the Group is able to continue as going concern, the Board is of the opinion that there is no requirement for the Company to call for a suspension of trading of the Company's shares pursuant to Listing Rule 1303(3).

### **Question 5**

**Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.**

### **Response**

The Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner, on the bases of the explanations set out above.

### **BY ORDER OF THE BOARD**

Chua Wei Kee  
Executive Chairman  
AGV Group Limited

12 January 2021

---

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*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.*