

**AMOS GROUP LIMITED**  
**("Company")**  
(Company Registration No.: 201004068M)  
(Incorporated in the Republic of Singapore)

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**REALLOCATION OF THE USE OF PROCEEDS FROM THE SHARE PLACEMENT**

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In connection with the Debt Restructurings and further to the announcements made by the Company on 23 October 2017, 1 November 2017, 2 November 2017, 20 November 2017, 2 February 2018, 7 February 2018, 14 February 2018, 7 March 2018, 13 March 2018 and 27 February 2019 (collectively, the "**Announcements**"), the Board wishes to update shareholders of the Company on the reallocation of the use of the net proceeds of approximately S\$ 67.8 million (after deducting expenses of approximately S\$ 200,000) (the "**Net Proceeds**") from the Share Placement.

*Capitalised words which are not defined in this announcement shall have the same meanings ascribed to them in the Announcements.*

After considering the current financial position of the Group and the implementation of the new ERP System, the Board has re-allocated up to S\$ 29.36 million of the Net Proceeds, which was originally allocated for growing the existing business of the Group, to strengthening the financial position of the group by enlarging the Company's working capital and capital base ("**Re-allocation**").

One of the primary factors in assessing the Re-allocation of the Net Proceeds that was originally allocated for growing the existing business of the Group, was attributable to the fact that the Company had acquired Amos International Holdings Pte. Ltd. and its subsidiaries in October 2018 ("**Amos Acquisition**") through the issuance of consideration shares in the Company to the vendors of Amos International Holdings Pte. Ltd. The Amos Acquisition was made as part of a strategy of the Company to grow the existing business of the Group in pursuing potential strategic growth opportunities, including mergers and acquisitions and the original intention of the Group was to use part of the Net Proceeds allocated for the growing of the existing business of the Group (as illustrated in the 13 March 2018 Announcement) to fund the Amos Acquisition. However, given that the consideration for the Amos Acquisition was made by way of the issuance of consideration shares in the capital of the Company instead, this resulted in an excess of Net Proceeds being allocated for the growing of the existing business of the Group. Accordingly, after consideration of the foregoing, the current financial position of the Group and the implementation of the new ERP System, the Board is of the view that the Re-allocation would be in the best interests of the Company and its shareholders, as this will assist to strengthen the Group's financial position.

The status and Re-allocation of the use of the Net Proceeds as at the date of this announcement is as set out below.

Table showing utilisation of Net Proceeds

Use of Net Proceeds	Allocation of Net Proceeds as set out in the 13 March 2018 Announcement		Revised Allocation of the Net Proceeds	
	S\$'000	%	S\$'000	%
Repayment of loan	8,100	11.95	8,100	11.95
Strengthening the financial position of the Group by enlarging the Company's working capital and capital base <sup>(1)</sup>	20,340	30.00	54,700	80.68
Growing the existing business of the Group <sup>(2)</sup>	39,360	58.05	5,000	7.37
	67,800		67,800	

**Notes (as set out in the 13 March 2018 Announcement):**

- (1) For the purposes of financing (i) the purchase of new equipment, (ii) the recruitment and retention of new sales and engineering staff, to bring in new sales and to provide technical know-how and services and/or create value-added products needed for the new sales respectively, in order to reduce inventory, (iii) upgrades and resizing of the Group's existing facilities and/or offices in order to tailor to future business needs, and (iv) the procurement of additional SAP modules to enhance corporate management and accounting controls.
- (2) Including to (i) invest in marketing programs to enhance the Group's brand image in the marketplace and better position the Group for future business opportunities, (ii) pursue potential strategic growth opportunities (including alliances, mergers and acquisitions, joint ventures and investments as and when they may arise) and (iii) participate in tender bids with customers in the O&G and marine sectors.

The Company will continue to make periodic announcements on the utilisation of the Net Proceeds from the Share Placement as and when such proceeds are materially disbursed and will provide a status report on the use of the Net Proceeds in its annual report.

**By Order of the Board**

Kyle Arnold Shaw, Jr.  
Executive Chairman  
**AMOS GROUP LIMITED**

23 May 2019