

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

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**RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (SGX-ST) ON 31 JULY 2023 WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT ON 13 JULY 2023 ON ITS ANNOUNCEMENT IN RELATION TO FY2023 ANNUAL REPORT ("FY2023")**

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The Board of Directors ("**Board**") of AMOS Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to provide the following additional information in response to the queries raised by the SGX-ST on 31 July 2023 with respect to the Company's announcement on 13 July 2023 on its announcement in relation to the Company's FY2023 Annual Report:

**Query 1**

1. It is disclosed on page 87 of the FY2023 Annual Report that "The Group discovered that it had technically breached a specific bank loan covenant as at 31 March 2023, and therefore, in accordance with the accounting requirements, the corresponding S\$10.4 million loan facility has been classified as current in the financial statements as of 31 March 2023, even though management does not believe that the commercial bank will seek to recall the loan before its final maturity date of November 2029. Securities for the loan include legal mortgage over the Group's and Company's property, plant and equipment (Note 4) and a corporate guarantee by the Company."

(a) Please provide more information about the bank loan covenant that was breached and the financial impact of the breach on the Company.

(b) Please disclose when the Company was made aware of the breach of the specific bank loan covenant and explain any delay in the announcement of the breach, where applicable.

(c) Please provide the Company's basis for its assessment that "management does not believe that the commercial bank will seek to recall the loan before its final maturity date of November 2029".

**Response**

- (a) Please provide more information about the bank loan covenant that was breached and the financial impact of the breach on the Company.
- i. AMOS International (S) Pte Ltd ("AIS"), a wholly owned subsidiary of AMOS Group Ltd ("AGL" or the "Company"), has a S\$19,218,369 line of credit with the commercial bank of which AIS has utilized S\$15,619,294 for the purpose of borrowings and trade facilities. The bank covenants require that the Corporate Guarantor, which is AGL, to maintain a minimum Net Tangible Assets (NTA) of S\$100,000,000. The NTA in AGL as at 31-Mar-23 was S\$86,829,260.
- ii. There is no financial impact on the Company from this technical breach and the bank has indicated a willingness to accommodate this technical breach as the loan is well secured. AMOS has been current on all loan interest and principal repayments to this bank on the above loan. The loan represents less than 18% of the NTA and there are ample Assets to meet the future bank loan repayment schedule.
- iii. The commercial bank issued two letters to AGL dated 29-Dec-22 and 26-Jul-23 stating that the commercial bank will accommodate the above breach. Therefore, the loan should be classified as S\$3,848,129 Current Liabilities, and S\$10,388,798 as Non-Current Liabilities.

- (b) Please disclose when the Company was made aware of the breach of the specific bank loan covenant and explain any delay in the announcement of the breach, where applicable.
- i. The Company and the bank were aware of the financial statements following routine monitoring of the account, and the bank verbally indicated a willingness to accommodate the technical covenant breach. The Company received a letter on 29-Dec-22 from the commercial bank noting that following their review of the account there was a technical breach of this covenant but that they would accommodate the breach. There was no expiry date for the accommodation by the commercial bank.
  - ii. At a final review of the Audit in July 2023 the Company's auditor requested a renewed covenant breach waiver letter from the bank. Such a letter could not be procured in the short period of time and without the past year audit report, and so the Auditor out of an abundance of caution insisted on classifying the entire loan as a current liability. Therefore, the full amount of the bank loan was classified as current liability in accordance with the Auditors' instructions.
  - iii. Upon request by the Company, the bank issued a renewed waiver letter after performing a credit review based on the audited financial statements of FY2023 which were only available after the Auditor finalized the report.
- (c) Please provide the Company's basis for its assessment that "management does not believe that the commercial bank will seek to recall the loan before its final maturity date of November 2029.

Following the 29-Dec-22 letter, the commercial bank again issued another letter dated 26-Jul-23 following another review of the account informing the Company the technical breach would be accommodated.

## **Query 2**

2. Given the Group's significant liabilities of \$57,826,522 and cash and bank balance of only \$7,277,921 and noting that the Company incurred losses of \$11,767,142 in FY2023, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of \$33,020,888, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

## **Response**

- (i) whether the Company's current assets are adequate to meet the Company's short-term liabilities of \$33,020,888, including its bases of assessment
- a) The Company's current assets are adequate to meet the Company's short-term liabilities. The covenant breach letters from the commercial bank dated 29-Dec-22 and 26-Jul-23 reduces the level of Current Liabilities of the Company by S\$10,388,798. This eventually increases Net Current Assets of the Company to S\$36,400,680.
  - (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.
- b) The Company's current assets are adequate to meet the Company's short-term liabilities.

- c) Debt repayment plans are based on the loan agreements, and the Company has been compliant on fulfilling its loan obligations and will continue to follow the existing loan agreement terms and conditions.
- d) The Company is executing plans to improve profits and cashflow.

### **Query 3**

- 3. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person, and there were no explanations provided for in your FY2023 annual report on how it is consistent with the intent of Principle 3 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

### **Response**

As disclosed in the Corporate Governance report of the Company's Annual Report 2023, the Company is still in the process of identifying the best possible CEO candidate for AMOS business transformation. In the interim, Mr. Kyle Arnold Shaw Jr. is the Chairman of the Board and the acting CEO. Mr. Shaw has the requisite skills and experience to discharge the CEO responsibilities. Mr. Shaw receives an annual salary of S\$50,000 for performing the role of acting CEO.

With the establishment of various Board Committees who have power and authority to perform key functions and put in place internal controls for effective oversight of the Group's business and more than half of the Board and all Board Committees comprise Independent Directors, which added greater element of independence to Board and Board Committees' decision to prevent an uneven concentration of power and authority in a single individual, the Board is of the view that these enable the Board to exercise objective decision-making in the interests of the Group. In addition, AMOS has a professional management team who manage daily activities across Asia, the Middle East, and the UK.

### **By Order of the Board**

Kyle Arnold Shaw Jr  
Executive Chairman  
7 August 2023