



IEV HOLDINGS LIMITED
(Company Registration Number 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

RESPONSE TO SGX QUERIES

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of IEV Holdings Limited. (the “**Company**”) has received the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in respect of its announcement dated 14 September 2020 (“**Announcement**”) relating to the proposed disposal of the entire issued and paid-up share capital of IEV Group Sdn Bhd (“**Proposed Disposal**”) and the proposed change of name of the Company from “IEV Holdings Limited” to “Medi Lifestyle Limited” (“**Proposed Change of Name**”), and wish to provide its response as follows:-

Unless otherwise defined, capitalized terms used herein shall bear the same meanings ascribed to them the Announcement.

2. SGX-ST'S QUERIES:

“We refer to the Company’s announcement yesterday on the proposed disposal of its core subsidiary, IEV Group Sdn. Bhd. (“IEV Group”) and Proposed Change of name (the “Proposed Disposal”).

- *The Group diversified and acquired business in the Healthcare Sector only in Oct 2019. The Engineering / AIMS business has been the core business of the Group (accounting for almost 100% of the Group’s revenue in FY2019).*
- *We further note in the Company’s FY2019 AR that “IEV has taken the decision to re-focus on its core innovative engineering competencies, the root of the Company, and commercialise a suite of disruptive technologies in the AIM Sector across upstream, midstream and downstream markets. Concurrently, IEV also targets the brownfield market segment and expands its offerings to customers of existing offshore and onshore facilities that include oil and gas platforms, ports and terminals, pipelines and plants.”*
- *The Group has also been winning contracts in its engineering business for the past few months.”*

Q1. Why and when did the Board decide on the sudden change in business direction, since the last AGM?

Reply by Company:

After the conclusion of the Company's last annual general meeting held on 24 June 2020 (“**AGM**”), the Company had attempted fund-raising exercises for the Group. This was also mentioned in the holding announcement made by the Company on 13 August 2020.

However, as disclosed in section 5.3 of the Announcement, investors who have expressed keenness to support the Company's Healthcare & Wellness Business were less enthusiastic about the Engineering Business.

Further, based on the cash flow requirements of the Engineering Business prepared by the management of the Group ("**Management**"), the working capital requirements for the Engineering Business has caused a strain on the current financial position of the Group. As disclosed in section 5.4 of the Announcement, the Board is of the view that instead of continuing to source for additional working capital to fund the Engineering Business, the best course of action to ease the strain caused by the financial requirements of the Engineering Business would be to undertake the Proposed Disposal.

Subsequent to the completion of a strategic review conducted by the Board, in view of the upcoming urgent working capital needs of the Engineering Business, the Board decided to proceed with the Proposed Disposal as it presents an opportunity to reinvest the proceeds from the Proposed Disposal into further developing the Healthcare & Wellness Business and capitalize on the increased investor interest.

Q2. Is the newly acquired Healthcare & Wellness Business still loss-making? Please provide the latest financials on the Healthcare & Wellness Business, including details of the 3 postpartum care centres.

Reply by Company:

The Healthcare & Wellness Business is presently still loss-making as the postpartum care centres in Malaysia and Singapore are still undergoing refurbishment and are not yet operating at full capacity due to unprecedented delays caused by the ongoing COVID-19 global pandemic. However, as countries slowly reopen their borders and the global economy starts opening up once again, the Board is optimistic of the prospects of the Healthcare & Wellness Business and is of the view that there is greater potential for maximizing Shareholder value as compared to the Engineering Business.

For the year-to-date 31 August 2020, the Healthcare and Wellness Business has recorded revenue of RM500 thousand and gross profit of RM229 thousand. The postpartum centre in Petaling Jaya, Malaysia in recent months is operating at near capacity with bookings for the rest of FY2020. Although the planned second postpartum centre in Petaling Jaya has been postponed to 2021 due to the Covid-19 pandemic situation, the Group is in advanced discussions to open new postpartum centers in the Klang Valley region.

The planned Singapore postpartum centre on Hendon Road has resumed renovation works. Sales and marketing campaigns for this centre is planned for in fourth quarter 2020 and its opening is planned for in first quarter 2021.

Q3. As the Group's Healthcare & Wellness Business consists of only 1 postpartum care centre in Malaysia and the other two centres are still under construction, what are the Board's considerations on the Proposed Disposal at this juncture?

Reply by Company:

Following the diversification of the Company's business into the healthcare and wellness industry, the Healthcare & Wellness Business is presently still in the start-up phase. However, as disclosed in sections 5.1 and 5.3 of the Announcement, the Board is of the view that it is an opportune time to divest all loss-making and/or under-performing entities held by the Group to cut its losses and ease the financial strain caused by the Engineering

Business. Due to the lack of interest in O&G engineering companies as well as the current global economic outlook, the Company has not been able to secure any interest from investors and financiers to support the Engineering Business. In view of the upcoming urgent working capital needs of the Target Group, the Board has decided to proceed with the Proposed Disposal with the Buyers, who were the only parties which have expressed an interest in acquiring the Engineering Business. The proceeds raised from the Proposed Disposal will be reinvested into further developing the Healthcare & Wellness Business, which the Board is of the view has further development potential for increased Shareholder value.

- Q4. In view of the Proposed Disposal being the major revenue contributor of the Group, and the Healthcare & Wellness Business being loss-making, what is the Board's assessment that the Proposed Disposal will not be a going concern issue for the Company and is in the interests of the minority shareholders of the Company?**

Reply by Company:

As disclosed in section 5.1 of the Announcement, the Engineering Business has reported losses since FY2016 following the onset of the global oil price crisis in mid-2014. Notwithstanding efforts undertaken by the Management and the Board to turnaround the Engineering Business including, *inter alia*, divesting and discontinuing of all loss-making subsidiaries and to refocus on providing AIMS, the Target Group has continued to incur losses due to the prolonged downturn of the O&G industry. Following a strategic review of investment and divestment opportunities by the Board, the Board is of the view that it is an opportune time to divest all loss-making and/or underperforming entities held by the Group, disposing of its loss-making business segment cleanly.

While the Healthcare & Wellness Business is presently loss-making, the Board is optimistic of the prospects of the Healthcare & Wellness Business once its existing postpartum care facilities are up and running at full operational capacity. The disposal of the Group's loss-making business segment will allow the Company to refocus its financial resources into expansion and development of the Healthcare & Wellness Business, which the Board is of the view will enhance Shareholder value over the long-term.

Taking into consideration the factors above, and based on a review of the cashflow projections of the Healthcare & Wellness Business prepared by the Management as well as the Group actively exploring fund-raising exercises which will be announced in due course when there are significant developments, the Board is of the view that the Company will be able to continue operating as a going-concern.

- Q5. With the disposal of the Engineering Business to the Company's President and Chief Executive Officer, will there be a change in the Company's Board of Directors and Management team (including Executive Officers) after the Proposed Disposal? Does the Company have the management with the right experience and expertise to run the postpartum business?**

Reply by Company:

As at the date of this announcement, there is no plan to change the composition of the Board. As disclosed in section 10 of the Announcement, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. As mentioned in the Circular dated 3 October 2019 in relation to the Proposed Diversification into the Healthcare & Wellness Business ("**Circular**"), Dato' Low Koon Poh ("**Dato' Low**"), the Executive Director of the Company is presently overseeing the Healthcare & Wellness Business on a strategic level. Dato' Low is currently assisted by Ms Loo Sow Kuen ("**Ms**

Loo”), who is in charge of running the daily operations of the postpartum centres. With approximately 20 years of experience working within the healthcare, postpartum and wellness industry, Ms Loo has extensive knowledge necessary for managing the postpartum business. It is the Board’s intention to appoint Ms Loo as a key executive officer of the Company in due course.

Further, as mentioned in the Circular, as the Healthcare & Wellness Business expands and the Board identifies new business opportunities and/or acquisition targets, the Group will, where necessary, employ new employees and engage key healthcare professionals with the relevant expertise and experience to manage, support and assist with the Healthcare & Wellness Business.

Q6. What are the Company's plans going forward after the Proposed Disposal? Is the Company only focusing on the postpartum care centre business? Please provide a timeline on the Company's plans.

Reply by Company:

As disclosed in the Circular, other than the provision of postpartum care, the Group intends to diversify into various other sub-segments of the healthcare, postpartum care and wellness services industry including, amongst others, the provision of aesthetics and wellness services such as spa, skincare and slimming services as well as the provision of physiology services. This will provide additional revenue streams for the Group, diversifying its business and income base for future growth. The Company is presently in discussions with various stakeholders for such potential acquisitions and/or collaborations and will make such further announcements as and when there are any material developments.

Q7. Please provide the Board's view and consideration on the viability of the postpartum business being the sole revenue contributor for the Company.

Reply by Company:

As disclosed in Section 5.5 of Announcement, the Board is of the view that the Healthcare & Wellness Business has greater development potential as compared to the Engineering Business as the O&G industry is currently experiencing a structural shift. Having regard to the management's plans in relation to the Healthcare & Wellness Business including, *inter alia*, the expansion and development of its existing postpartum care facilities as well as the acquisition of synergistic healthcare and wellness businesses to diversify the Group's product offerings, the Board is optimistic about the prospects of the Healthcare & Wellness Business and considers the restructuring of the core business of the Group focused around the Healthcare & Wellness Business to be in the best interests of the Shareholders.

By Order of the Board

Christopher Do
President & CEO
16 September 2020

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*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST 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. Ong Hwee Li, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.