



IEV HOLDINGS LIMITED

(Company Registration Number 201117734D)

(Incorporated in the Republic of Singapore on 26 July 2011)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF IEV GROUP SDN BHD AND PROPOSED CHANGE OF NAME

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**" or "**Directors**") of IEV Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 14 September 2020 entered into a conditional share sale and purchase agreement ("**SPA**") with Disruptech Holdings Sdn Bhd ("**Disruptech**"), Antara Consolidated Sdn. Bhd. ("**Antara**") and Muwori Pty Ltd ("**Muwori**") (collectively, the "**Buyers**" and each a "**Buyer**"). Pursuant to the terms of the SPA, the Company has agreed to sell to the Buyers and the Buyers have agreed to purchase from the Company, the entire issued and paid-up share capital of the Company's wholly-owned subsidiary, IEV Group Sdn. Bhd. ("**IEV Group**", and together with its subsidiaries and associated companies, the "**Target Group**"), for an aggregate consideration of S\$200,000 (the "**Proposed Disposal**"). If the Proposed Disposal is completed, the Target Group will cease to be part of the Group.
- 1.2 The Proposed Disposal constitutes:
- (a) a "discloseable transaction" under Chapter 10 of Section B: Rules of Catalist of the Listing Manual (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Please refer to section 6 of this announcement for further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules; and
 - (b) an "interested person transaction" as defined under Chapter 9 of the Catalist Rules. Please refer to section 7 of this announcement for further details on the Proposed Disposal as an interested person transaction.
- 1.3 The Proposed Disposal is subject to the approval of the shareholders of the Company ("**Shareholders**") who are deemed independent under the Catalist Rules in respect of the Proposed Disposal ("**Independent Shareholders**"). The Company intends to convene an extraordinary general meeting ("**EGM**") to seek the approval of the Independent Shareholders for the Proposed Disposal, and further information on, *inter alia*, the Proposed Disposal will be provided in a circular to be issued by the Company in due course.

2. INFORMATION ON THE TARGET GROUP

2.1 IEV Group

IEV Group was incorporated in Kuala Lumpur, Malaysia on 2 November 2004. IEV Group has an issued and paid up share capital of Malaysian Ringgit ("**RM**") 129,400,510 divided into 129,400,510 units of ordinary shares of RM1.00 each (the "**Sale Shares**").

IEV Group is the holding company for the Group's subsidiaries and associated companies that provide subsea engineering and oilfield services and products to customers in the oil, gas and marine industries ("**Engineering Business**"). If the Proposed Disposal is completed, the Engineering Business will cease to be part of the Group and the Group's sole business segment will be that of healthcare, postpartum care and wellness ("**Healthcare & Wellness Business**"), following the acquisition of Lady Paradise (M) Sdn Bhd as announced by the Company on 16 September 2019 and completed on 18 December 2019.

Please refer to the Company's circular to shareholders dated 3 October 2019 for further information on, *inter alia*, Lady Paradise (M) Sdn Bhd and the Healthcare & Wellness Business, a copy of which is available on the website of the SGX-ST at www.sgx.com.

2.2 Subsidiaries and associated companies of IEV Group

Details of each of IEV Group's subsidiaries and associated companies within the Engineering Business are as follows:

Company name	Principal business activity	Country of incorporation	Issued and paid-up share capital	Group's effective equity interest
IEV Manufacturing Sdn. Bhd.	Manufacturing, exporting, importing, supplying and wholesaling of marine growth products, corrosion control products and other subsea engineering and oilfield equipment to the oil, gas and marine industries	Malaysia	RM1,000,000 consisting of 1,000,000 ordinary shares	100%
IEV Engineering Sdn. Bhd.	Provision of marine growth control, corrosion control, subsea engineering and oilfield equipment and services to the oil and gas and marine industries in Malaysia	Malaysia	RM3,000,000 consisting of 3,000,000 ordinary shares	100%

IEV Energy Sdn. Bhd. ⁽¹⁾	Dormant	Malaysia	RM13,859,000 consisting of 13,525,000 ordinary shares	100%
IEV (Malaysia) Sdn. Bhd. ⁽²⁾	Provision of marine growth control, subsea engineering and oilfield equipment to the onshore, offshore and marine industries in Malaysia	Malaysia	RM500,000 consisting of 500,000 ordinary shares	49%
IEV Technologies Pte. Ltd. ⁽³⁾	Dormant	Singapore	S\$100 consisting of 100 ordinary shares	100%
IEV International Limited	Provision of marine growth control, corrosion control, subsea engineering and oilfield equipment and services to the onshore, offshore and marine industries in the global market	Hong Kong	HK\$1,046,894.70 consisting of 3,489,649 ordinary shares	100%
PT IEV Indonesia	Provision of marine growth control, corrosion control, subsea engineering and oilfield gas equipment to oil and marine industries in Indonesia	Indonesia	RP2,068,400,000 consisting of 20,684 ordinary shares	95%

Notes:

- (1) IEV Energy Sdn. Bhd. has been dormant since 1 January 2019.
- (2) IEV (Malaysia) Sdn. Bhd. is an associate company of the Group. The balance 51% shareholding in IEV (Malaysia) Sdn. Bhd. is held by Rozia Hanis Bte Tun Hussein (who has no management role in IEV Group) and Juzer Bin Nomanbhoy (currently the Managing Director and Vice President of IEV Group). For the avoidance of doubt, Rozia Hanis Bte Tun Hussein and Juzer Bin Nomanbhoy are unrelated to the Company's Directors, controlling shareholders and their associates.
- (3) IEV Technologies Pte. Ltd. has been dormant since its incorporation date of 26 July 2017.

2.3 Financial information relating to the Target Group

Based on the unaudited financial statements of the Target Group for the full year ended 31 December 2019 ("FY2019") and the unaudited management accounts of the Target Group for

the half year ended 30 June 2020 ("**HY2020**"):

- (a) the net liability value and net tangible liability value ("**NTL**") of the Target Group were as follows:
 - (i) approximately RM1,881,801 (approximately S\$619,747) and RM1,914,494 (approximately S\$630,514) respectively, for FY2019; and
 - (ii) approximately RM1,616,756 (approximately S\$532,458) and RM1,625,323 (approximately S\$535,280) respectively, for HY2020; and
- (b) the net loss after tax of the Target Group for FY2019 was approximately RM4,830,417 (approximately S\$1,590,837) and the net profit after tax for HY2020 was approximately RM74,510 (approximately S\$24,539).

2.4 In connection with the Proposed Disposal, the Group had engaged Cushman & Wakefield VHS Pte Ltd (the "**Valuer**") as an independent valuer to assess and determine the market value of the 100% equity interest in the capital of the Target Group. Based on a preliminary valuation conducted by the Valuer, the indicative value of the 100% equity interest in the capital of the Target Group is between RM500,000 to RM1,000,000 as at 31 March 2020. The valuation is based primarily on the income approach with reference made to the market approach.

The final valuation report of the Valuer will be disclosed in the circular to shareholders to be issued by the Company in respect of the EGM in due course.

3. INFORMATION ON THE BUYERS

3.1 Disruptech

Disruptech is a company incorporated in Malaysia on 16 October 2019. As at the date of this announcement, Disruptech has an issued and paid-up share capital of RM1,295,915 consisting of 1,295,915 ordinary shares. The principal business of Disruptech is that of investment holding.

As at the date of this announcement, Mr. Christopher Nghia Do, the President and Chief Executive Officer of the Company, holds sixty-six per cent. (66%) total issued share capital of Disruptech, while his brother, Mr. Khiem Trong Do holds the remainder thirty-four (34%) of Disruptech's shares. Accordingly, Disruptech is an associate of Mr. Christopher Nghia Do.

3.2 Antara

Antara is a company incorporated in Malaysia on 25 February 1991. As at the date of this announcement, Antara has an issued and paid-up share capital of RM500,000 consisting of 500,000 ordinary shares of RM1.00 each. The principal business of Antara is that of investment holding.

The shareholding structure of Antara is as follows:

Shareholder	Percentage shareholding interest
Puan Sri Datin' Vimala A/P J. Govindasamy	30%
Kunaseelan A/L J. Govindasamy	19%
Arvind A/L Hari Narayanan	51%

Puan Sri Datin' Vimala A/P J Govindasamy is the spouse of Tan Sri Dato' Hari Narayanan

Govindasamy ("**Tan Sri Dato' Hari**"), the Non-Independent Non-Executive Chairman of the Company. Kunaseelan A/L J Govindasamy is the brother of Puan Sri Datin' Vimala A/P J Govindasamy, and Arvind A/L Hari Narayanan is the son of Tan Sri Dato' Hari. Accordingly, Antara is an associate of Tan Sri Dato' Hari.

3.3 Muwori

Muwori is a company incorporated in Australia on 16 March 2000. As at the date of this announcement, Muwori has an issued and paid-up share capital of AUD2.00 consisting of two (2) ordinary shares. The principal business of Muwori is that of investment holding.

As at the date of this announcement, Christine Munro, a shareholder of the Company holding 4.51% of the Company's issued and paid up share capital, holds fifty per cent. (50%) shareholding in Muwori, and Verne Alexander Munro, who is the spouse of Christine Munro, holds the remaining fifty per cent. (50%) of Muwori's shares.

Christine Munro and Verne Alexander Munro are unrelated to the Company's Directors, controlling shareholders of their associates.

4. **PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

The salient terms of the Proposed Disposal are as set out below.

4.1 Sale Shares

Under the SPA, the Company shall sell the Sale Shares, and the Buyers shall purchase the Sale Shares in such manner and in such proportions as set out against each Buyer's name in the table below:

Buyer	Number of Sale Shares	Percentage of Share Capital of the Target	Proportion of Aggregate Consideration payable on Completion (S\$)
Disruptech	58,230,229	45%	90,000
Antara	58,230,229	45%	90,000
Muwori	12,940,052	10%	20,000
TOTAL	129,400,510	100%	200,000

The Sale Shares are sold free from all encumbrances and together with all rights and advantages attaching to them, including dividend and voting rights, as at completion of the Proposed Disposal, on an "as is where is" basis.

4.2 Aggregate Consideration

The aggregate consideration for the Proposed Disposal is Singapore Dollars Two Hundred Thousand (S\$200,000) (approximately RM607,280 at an exchange rate of S\$1 : RM3.0364), which will be fully satisfied by way of cash ("**Aggregate Consideration**").

The Aggregate Consideration was arrived at after arm's length negotiations on a willing-buyer willing-seller basis, taking into account the (i) net liability position of the Target Group as at 30 June 2020 amounting to RM1,616,756 (approximately S\$532,458); (ii) the cash flow

requirements to continue running the Target Group which is further elaborated upon in paragraph 5.4 below; (iii) the need to reduce the overall operating costs and improve the cash flow of the Group; and (iv) the preliminary valuation indicated by the Valuer.

4.3 Conditions Precedent

The Proposed Disposal is conditional upon, *inter alia*, the following:

- (a) the approvals of the respective boards of directors of the Company (excluding any director interested in the transaction(s) contemplated under the SPA), IEV Group and each of the Buyers for the sale and purchase of the Sale Shares;
- (b) the approval of the Independent Shareholders in respect of the Proposed Disposal and the Proposed Change of Name (as defined below) being obtained at the EGM;
- (c) the appointment of an independent financial adviser ("**IFA**") to the independent directors of the Company and an opinion from the IFA that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders;
- (d) the written approval of Ambank (M) Berhad to discharge the corporate guarantee executed by the Company on 3 April 2012 (the "**Corporate Guarantee**") in respect of certain loan facilities obtained by IEV Group from Ambank (M) Berhad;
- (e) each director of the Target providing an indemnity ("**Indemnity**") in agreed form in favour of the Company (please refer to section 4.5 of this announcement for further information on the Indemnity); and
- (f) all indebtedness, including any and all accrued interest, owing to the Company by any member of the Target Group have been fully repaid and discharged before closing (with appropriate waivers for future claims, to the extent applicable),

(collectively, the "**Disposal Conditions**").

4.4 Longstop Date

If any of the Disposal Conditions (save for those compliance with which has been waived or varied in accordance with the terms of the SPA) have not been satisfied by the date falling one hundred and twenty (120) calendar days from the date of the SPA or such other date as may be agreed in writing by the parties, the SPA will lapse and no party will have any claim against the other parties under the SPA, save for any claim arising from antecedent breaches of the SPA.

4.5 Proposed Change of Name

The SPA provides that conditional upon completion of the Proposed Disposal, the Company will change its name to "Medi Lifestyle Limited" (the "**Proposed Change of Name**"). The Target Group will continue to have the right to use the name "IEV" as this name has been associated with the Engineering Business for a substantial period of time.

The Board is of the view that the Proposed Change of Name will be beneficial to the Company by more accurately reflecting the Group's business activities and direction following completion of the Proposed Disposal. The Proposed Change of Name will also allow the public and the

Company's business partners to better identify with the Company going forward based on the Healthcare and Wellness Business.

The name "Medi Lifestyle Limited" has been reserved with the Accounting and Corporate Regulatory Authority ("ACRA") on 3 September 2020 until 1 January 2021. Subject to the special resolution for the Proposed Change of Name being carried at the EGM, the Company will lodge the requisite Notice of Resolutions with ACRA relating to its change of name. Upon issue by ACRA of a notification on the change of name of the Company, the change of name shall become effective. The Company will issue an announcement to notify Shareholders upon the Company's new name coming into effect.

Shareholders should note that the change of the Company's name does not affect the legal status of the Company. Shareholders should take note that notwithstanding the change of the Company's name, the Company will not recall any existing share certificates bearing the current name of the Company, which continue to be *prima facie* evidence of legal title. No further action is required on the part of the Shareholders.

4.5 The Indemnity

In order to ensure that the Company has no residual liability arising out of the Engineering Business, Mr. Christopher Nghia Do and Tan Sri Dato' Hari have agreed to provide to the Company the Indemnity. Pursuant to the terms of the Indemnity, each of Mr. Christopher Nghia Do and Tan Sri Dato' Hari will jointly and severally keep the Company indemnified against any losses or liability arising, whether past, present or future, in respect of the Engineering Business.

5. RATIONALE FOR THE PROPOSED DISPOSAL

5.1 Exit from loss-making business segment

Since the initial public offering of the Company in 2011, the Engineering Business has been a core business of the Group. Following the onset of the global oil price crises which started in mid-2014, the Engineering Business reported losses since the financial year ("FY") ended 31 December 2016. Notwithstanding efforts undertaken by the management of the Company ("**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 asset integrity management services ("**AIMS**") which presented better gross margins for the Group, the Target Group continued to incur losses due to the prolonged downturn of the oil and gas industry and a structural shift in the global oil and gas ("**O&G**") business landscape (further elaborated under paragraph 5.2 below). Prospects of a turnaround remains dim due to the global economic slowdown and the Covid-19 global pandemic.

Loss Before Tax	FY2016 RM'000	FY2017 RM'000	FY2018 RM'000	FY2019 RM'000
Target Group	(1,467)	(5,870)	(33,703) ⁽¹⁾	(6,495)

Notes:

(1) Loss before tax for FY2018 includes waiver of inter-company loans totaling RM27.1 million from IEV Group to the Company.

Given the Target Group's continued losses and working capital needs, the Board undertook a strategic review of investment and divestment opportunities with a view to improve its financial

position, unlock shareholder value and at the same time streamline its activities and businesses. Accordingly, 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. The Proposed Disposal would allow the Company to dispose of its loss-making business segment and exit from the offshore engineering business cleanly.

5.2 Challenges to offshore oil & gas business landscape

With the advent of shale oil in North America, the United States of America is now a major alternate O&G producer to the Organization of the Petroleum Exporting Countries and Russia. By 2025, total US shale output (O&G) will overtake oil and gas production from Russia. Scenarios for average oil price of US\$80-100 per barrel and above are no longer realistic because of USA's now prominent role as a major oil producer to moderate any oil price spikes. There is now an on-going structural energy transition from fossil fuel to alternatives including renewable energy.

With moderating oil prices and flattening oil demand in the long term, the oil sector most affected will be offshore oil fields, in particular deep-water fields, which have relatively higher cost of production. This has a direct impact on the Engineering Business and the Board expects the environment for this business to be challenging in the future.

5.3 Lack of interest from third parties

Since the down-turn in the oil and gas industry, the Group had attempted fund-raising exercises for its Engineering Business. There was, however, a lack of interest from investors and financiers to support O&G engineering companies given the number of regional offshore engineering companies that have gone into bankruptcy. Regional financial institutions have suffered losses from such bankruptcies and have been reducing their exposure to the oil and gas industry including withdrawing banking facilities.

Investors who have expressed keenness to support the Company's Healthcare & Wellness Business were also less enthusiastic about the Engineering Business, given the uncertainty of the O&G industry. The Proposed Disposal will present the Company with an opportunity to reinvest the proceeds from the Proposed Disposal into further developing the Healthcare & Wellness Business and capitalise on the increased investor interest.

Subsequent to the strategic review conducted by the Board, the Company had sought out for third parties who were interested to take over the Engineering Business. However, as mentioned above, 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 for the Engineering Business from third parties. In view of the upcoming urgent working capital needs of the Target Group, the Board had 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.

5.4 Target Group in need of working capital

The AIMS requires fresh working capital but the Group has not able to source for additional working capital from public investors or financial institutions due to the lack of interest and support for O&G engineering companies as mentioned above. This has caused a strain on the current financial position of the Group. Upon the completion of an internal strategic review of the Group's business, 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 for the Group would be to undertake the Proposed Disposal of the Target Group, to ease the strain caused by the financial requirements of the AIMS. The Proposed Disposal will also allow the Group to consolidate its financial and capital resources to further develop the Healthcare & Wellness Business, which the Group is of the view has greater potential for maximizing Shareholder value.

5.5 Viability of remaining business

Upon completion of the Proposed Disposal, the Group plans to focus its efforts on developing the Healthcare & Wellness Business. The Directors are of the view that the Healthcare & Wellness Business have greater development potential compared to the Engineering Business which is dependent on the O&G industry that is currently experiencing a structural shift.

As noted in the Company's circular to Shareholders dated 3 October 2019, the rationale for the acquisition of Lady Paradise (M) Sdn Bhd was to diversify the Group's business into the healthcare, postpartum care and wellness sector, to provide new revenue streams to the Group. 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 confident about the prospects of the Healthcare & Wellness Business and considers the restructuring the core business of the Group focused around the Healthcare & Wellness Business to be in the best interests of the Shareholders.

6. THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE CATALIST RULES

6.1 Relative bases under Rule 1006 of the Catalist Rules

Based on the unaudited financial statements of the Group for HY2020 and the unaudited management accounts of the Target Group for HY2020], the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value	14.98% ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets disposed of, compared with Group's net profits	5.01% ⁽³⁾
(c)	Aggregate value of the consideration to be received, compared with the Company's market capitalisation ⁽⁴⁾	2.38% ⁽⁵⁾
(d)	The number of consideration shares issued by the Company, compared with the number of Shares (excluding treasury shares) previously in issue	N.A. ⁽⁶⁾
(e)	The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves	N.A. ⁽⁷⁾

Notes:

- (1) Computed based on the unaudited net asset value of the Group as at 30 June 2020 of RM10,795,244 and the unaudited net liability value of the Target Group as at 30 June 2020 of approximately RM1,616,756.
- (2) Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Computed based on the unaudited net loss before tax of the Group for HY2020 of approximately RM4,334,000 and the unaudited net profit before tax of the Target Group for HY2020 of approximately RM217,158.
- (4) The market capitalisation of the Company was determined by multiplying the total number of Shares, being 487,674,594 Shares (excluding treasury shares) by S\$0.029 (being the traded closing price of such Shares on 12 August 2020).
- (5) Computed based on the Aggregate Consideration of S\$200,000 that will be paid to the Company and an outstanding loan from Disruptech to the Target Group amounting to US\$100,000 (approximately S\$136,800), compared to the market capitalisation of the Company amounting to approximately S\$14,142,563.
- (6) This is not applicable as the Proposed Disposal does not involve issuance of consideration shares.
- (7) This is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed based on Rule 1006(a) and Rule 1006(b) of the Catalist Rules exceeds five per cent. (5%) but does not exceed fifty per cent. (50%), and the Proposed Disposal will result in a gain on disposal amounting to approximately RM6.9 million, the Proposed Disposal constitutes a "discloseable transaction" as defined under Chapter 10 of the Catalist Rules and does not require Shareholders' approval. However, in consideration of the fact that the Engineering Business has been a core business segment of the Company since it was listed in 2011 and the fact that the Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Catalist Rules, the Proposed Disposal is conditional upon the approval of the Independent Shareholders at the EGM.

6.2 Gain on Disposal

Based on (i) the Aggregate Consideration of S\$200,000 (approximately RM607,280 at an exchange rate of S\$1 : RM3.0364); (ii) the derecognition of the net liability value of the Target Group amounting to RM1,616,756; and (iii) the exchange reserve differences amounting to RM4,668,326, the gain on disposal arising from the Proposed Disposal is RM6,892,362. The reversal of exchange reserve differences was made in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-21 (48-48B), on the disposal of a foreign operation, currency translation differences relating to equity holders of the parent are reclassified to profit or loss.

6.3 Use of Proceeds

The estimated net proceeds from the Proposed Disposal is approximately RM288,000 (approximately S\$95,000 at an exchange rate of S\$1 : RM3.0364) after taking into account the professional fees and other costs of S\$105,000 incurred in relation to the Proposed Disposal ("**Net Proceeds**").

The Company intends to use the Net Proceeds for general working capital requirements of the Group.

Pending the deployment for the uses identified above, the Net Proceeds may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

7. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

7.1 Interested Person Transaction

(a) *Definition of interested person transactions under Chapter 9 of the Catalist Rules*

The Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Catalist Rules as:

- (i) Mr. Christopher Nghia Do, the President and Chief Executive Officer of the Group, is a sixty-six per cent. (66%) shareholder of Disruptech. Disruptech is therefore an "associate" of Mr. Christopher Nghia Do as defined under the Catalist Rules and an "interested person" under Rule 904(4)(b) of the Catalist Rules;
- (ii) the shareholders of Antara are immediate family members of Tan Sri Dato' Hari, the Non-Independent Non-Executive Chairman of the Company. As such, Antara is an "associate" of Tan Sri Dato' Hari as defined under the Catalist Rules and an "interested person" under Rule 904(4)(b) of the Catalist Rules;
- (iii) the Proposed Disposal is a transaction between the Company, an "entity at risk" under Rule 904(2)(a) of the Catalist Rules, and the interested persons as aforementioned.

(b) *Relevant thresholds for interested person transactions under Chapter 9 of the Catalist Rules*

The aggregate value of the Proposed Disposal is RM607,280, representing approximately 17.9% of the Group's latest audited net tangible assets as at 31 December 2019 of RM3,386,068.

Accordingly, under Rule 906(1) of the Catalist Rules, the approval of the Shareholders is required for the Proposed Disposal as an interested person transaction. Mr. Christopher Nghia Do, Tan Sri Dato' Hari, and their associates will abstain from voting on the resolutions approving the Proposed Disposal and will not accept appointments as proxies unless specific instructions as to voting are given. Although Christine Munro is not an interested person within the meaning of Chapter 9 of the Catalist Rules, given her interest in the Proposed Disposal through Muwori, Christine Munro and her associates will also abstain from voting on the resolutions approving the Proposed Disposal. Mr. Christopher Nghia Do and Tan Sri Dato' Hari have also abstained from voting on all board resolutions relating to the Proposed Disposal.

7.2 Independent Financial Adviser

Rule 921(4)(a) of the Catalist Rules provides that if Shareholder approval is required in respect of an interested person transaction, the circular to Shareholders must include an opinion in a separate letter from an independent financial adviser stating whether the relevant transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders.

The Company has appointed Xandar Capital Pte Ltd ("IFA") as the independent financial adviser to advise the Independent Directors on whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent

Shareholders. The opinion of the IFA on the Proposed Disposal will be set out in the circular to Shareholders to be issued in due course.

7.3 View of the Audit Committee

The audit committee of the Board ("**Audit Committee**") comprises Mr. Ng Weng Sui Harry (the Lead Independent Director), Tan Sri Dato' Hari (Non-Independent, Non-Executive Chairman), Mr. Kesavan Nair (Independent Director) and Tan Sri Ahmad Bin Mohd Don (Independent Director). The Chairman of the Audit Committee is Mr. Ng Weng Sui Harry. Save for Tan Sri Dato' Hari, the rest of the members of the Audit Committee do not have any interests in the Proposed Disposal and are accordingly deemed independent for the purposes of the Proposed Disposal as an interested person transaction.

The Audit Committee (excluding Tan Sri Dato' Hari) will form a view as to whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders after considering the opinion from the IFA to be obtained in due course. The view of the Audit Committee on the Proposed Disposal will be set out in the circular to Shareholders to be issued in due course.

7.4 Total value of interested person transactions for the financial year

Save for the Proposed Disposal, there are no other interested person transactions entered into for the current financial year ending 31 December 2020.

8. **FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

8.1 Bases and assumptions

The financial effects of the Proposed Disposal on (a) the consolidated net tangible assets ("**NTA**") per Share (as defined below); and (b) the consolidated earnings per Share ("**EPS**"); of the Group, have been prepared based on the audited consolidated financial statements of the Group for FY2019.

The financial effects below were prepared based on the following assumptions:

- (a) the financial effects of the Proposed Disposal on the NTA per Share of the Group are computed assuming that the Proposed Disposal had taken place on 31 December 2019;
- (b) the financial effects of the Proposed Disposal on the EPS of the Group are computed assuming that the Proposed Disposal had been completed on 1 January 2019;
- (c) the expenses incurred in connection with the Proposed Disposal amount to S\$105,000 (approximately RM318,822 at an exchange rate of S\$1 : RM3.0364); and
- (d) S\$: RM exchange rate of S\$1 : RM3.036442 as at 31 December 2019.

8.2 NTA per Share

The illustrative financial effects of the Proposed Disposal on the NTA per Share of the Group as at 31 December 2019 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ attributable to the owners of the Company (RM)	3,386,068	5,610,104 ⁽³⁾
Number of issued ordinary shares in the capital of the Company ("Shares")	411,874,594 ⁽²⁾	411,874,594 ⁽²⁾
NTA per Share (Malaysian sen)	0.82	1.36

Note:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets (net of non-controlling interests).
- (2) This excludes 76,000,000 Shares issued pursuant to a share subscription exercise that was completed on 14 January 2020, which was subsequent to FY2019.
- (3) The NTA after the Proposed Disposal will increase by RM2,224,036 comprising: (i) the Aggregate Consideration of RM607,280 and (ii) the derecognition of the net liability value of the Target Group amounting to RM1,616,756. The reclassification of exchange reserve differences amounting to RM4,668,326 pursuant to SFRS(I) 1-21 (48-48B) to profit and loss and hence affecting the retained earnings will not have any impact on the NTA.

8.3 EPS

The illustrative financial effects of the Proposed Disposal on the EPS of the Group for FY2019 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net Profit (RM)	315,654 ⁽¹⁾	7,208,016 ⁽²⁾
Weighted average number of Shares ⁽³⁾	337,820,658	337,820,658
Earnings per share (Malaysian sen)	0.09	2.13

Notes:

- (1) Net profit comprised of loss from continuing operations amounting to RM10,109,492 which was offset by a gain from discontinued operations amounting to RM10,425,146.
- (2) The net profit after the disposal accounted for the gain arising from the Proposed Disposal amounting to RM6,892,362.
- (3) The weighted average number of ordinary shares has been adjusted for issuance of 80,000,000 Shares on 13 May 2019 pursuant to a share subscription exercise and 46,161,962 Shares pursuant to the completion of the acquisition of Lady Paradise (M) Sdn. Bhd. on 18 December 2019.

9. **INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As at the date hereof, save as disclosed herein, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective directorships and shareholdings in the Company, if any.

10. SERVICE CONTRACT

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. As such, no service agreements will be entered into in respect of the Proposed Disposal.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. CIRCULAR

A circular to the Shareholders setting out, *inter alia*, the terms of the Proposed Disposal, the Proposed Change of Name, the Valuation Report and the opinion and the recommendation of the IFA, together with the notice of EGM will be despatched to the Shareholders in due course.

13. ABSTENTION FROM VOTING

Mr. Christopher Nghia Do, the President and Chief Executive Officer of the Company and Tan Sri Dato' Hari, the Non-Independent Non-Executive Chairman of the Company, are deemed to be interested persons under Chapter 9 of the Catalist Rules. As such, Mr. Christopher Nghia Do and Tan Sri Dato' Hari have abstained from voting on all board resolutions relating to the Proposed Disposal. Mr. Christopher Nghia Do and Tan Sri Dato' Hari will abstain and will procure that their associates also abstain from voting on all resolutions approving the Proposed Disposal at the EGM.

Christine Munro, a shareholder of the Company has an interest in the Proposed Disposal through Muwori. Accordingly, Christine Munro will abstain and will procure that her associates also abstain from voting on all resolutions approving the Proposed Disposal at the EGM.

14. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at 80 Robinson Road #02-00 Singapore 068898, for a period of three (3) months from the date of this announcement.

15. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that as there is no assurance that any business activities or transactions mentioned in this announcement will materialise. People who are in doubt as to the action they should take should consult their stockbrokers, solicitors or other professional advisors.

By Order of the Board

Christopher Do
President & CEO
14 September 2020

MEDIA CONTACT

For media queries, please contact;

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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.