IEV HOLDINGS LIMITED

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

(Company Registration Number 201117734-D)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), 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's Independent Auditor, Deloitte & Touche LLP (the "**Auditor**") has included a Material Uncertainty Related to Going Concern section in their report (the "Independent Auditor's Report") on the audited financial statements of the Group and Company for the financial year ended 31 December 2019 ("**FY2019**")(the "**Audited Financial Statements**"). The opinion of the Auditor is not modified in respect of this matter.

The Independent Auditor's Report is annexed to this announcement for information purposes. The Independent Auditor's Report and the Audited Financial Statements will form part of the Company's Annual Report for FY2019 (the "**2019 Annual Report**") which will be released to the shareholders of the Company (the "**Shareholders**") in due course. Shareholders are advised to read the Independent Auditor's Report and the 2019 Annual Report in their entirety.

Material Uncertainty Related to Going Concern

The following is an extract of Note 1 to the Audited Financial Statements pertaining to the subject of this announcement:

Note 1

"As at 31 December 2019, the Group's current liabilities exceed its current assets by RM13.8 million and the Company is in a net current assets position of RM190,590 (2018: the Group's and the Company's current liabilities exceed their current assets by RM11.9 million and RM1.7 million respectively). The Group recorded a net loss for the year from continuing operations of RM10.1 million (2018: RM8.8 million) and a net operating cash outflow of RM3.5 million (2018: net operating cash outflow of RM6.4 million) for the year ended 31 December 2019.

In January 2020, the Company issued new shares to new investors totalling SGD3.8 million (RM11.5 million).

To support the financial statements having been prepared on a going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a 15-months consolidated cash flow forecast from 1 January 2020 ("Cash Flow Forecast"). In preparing the Cash Flow Forecast, management has taken the following into consideration:

(i) the forecasted cash flows from Asset Integrity Management ("AIM") sector comprised on-going projects which have commenced in 2019, new projects that have been secured as at date of this report and new projects expected to be secured in the coming months, and these represent 7%, 31% and 62% of the projected gross margins included in the Cash Flow Forecast respectively; management has considered the probability of achieving its budget profitability of its projects, and the estimated timing of the projects being awarded and/or delivered in the coming months;

(ii) new capital to be raised via private share placements of SGD8.5 million (approximately RM25.9 million) from July 2020 onwards to finance the capital outlays set out in (iii) below and for the Group's working capital purposes; and

(iii) the Group expects to spend on capital outlays of approximately RM16.8 million which are required for the renovation of two new confinement centres, of which approximately RM4.8 million is contractually committed; the centres are expected to commence operations in September 2020 and May 2021 respectively. After considering the impact arising from the Covid-19 virus outbreak, management expects that on-going renovation work at the new confinement centre in Singapore will be completed by September 2020 and they expect to commence renovation at a new confinement centre in Malaysia in January 2021.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its AIM sector and the ability to raise new capital via private share placements primarily to finance the Group's capital expenditure for its new healthcare business. The directors and management are confident that the Cash Flow Forecast is achievable and will allow the Group to fulfil its obligations as and when they arise. In the event that the Group is unable to generate its forecasted cash flows from the AIM sector or raise new capital for the Group, the Group may have insufficient cash to fulfil its obligations.

In addition, with the Covid-19 virus outbreak, the current global economic environment has been impacted which may lead to delay in projects commencement, progress of projects tender as well as the Group's plan in the commencement of the Healthcare sector operations in 2020. On 18 April 2020, the Group received conditional approval from the Government of Malaysia to resume operations at its factory premises for the manufacturing of marine growth control products. The Group is closely monitoring the developments of the situation and its impact to businesses. In preparing the Cash Flow Forecast, management has taken into consideration the potential impact arising from the Covid-19 virus outbreak.

The events or conditions set out above indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

If the going concern assumption is no longer appropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. Such adjustments have not been made to these financial statements."

<u>Board's Comments</u>

The Directors are of the view that it is appropriate for the Audited Financial Statements of the Group and Company to be prepared and presented on a going concern basis, having regard to the following:

(i) a subscription of 76,000,000 new ordinary shares in the Company at an issue price of S$0.05 per ordinary share that was concluded in January 2020, raising gross proceeds of S$3.8 million (approximately RM11.5 million);

(ii) The Group is actively exploring potential additional corporate fund-raising exercises which will be announced in due course when there are any significant developments;

(iii) Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources, including from estimated earnings for the financial year ending 31 December 2020, to satisfy its working capital requirements and to meet its obligations as and when they fall due;

Further, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

Shareholders and potential investors are reminded to exercise caution while dealing in the shares of the Company. In the event that shareholders and other investors are in doubt when dealing in the share of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other profession advisers.

By order of the Board

Christopher Do
President and CEO
11 May 2020

MEDIA CONTACT
For media queries, please contact;

IEV Holdings Limited
Corporate Communications Department
Tel: +603 79319921
Vicneswary Veeran (Mobile +6 012 6959226, Email: vicneswary@iev-group.com)

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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 ("**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. Ong Hwee Li, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

INDEPENDENT AUDITOR'S REPORT

To the members of IEV Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IEV Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 146.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 December 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the accompanying financial statements, which indicates that as at 31 December 2019, the Group's current liabilities exceed its current assets by RM13.8 million. The Group reported a net loss from continuing operations of RM10.1 million and a net operating cash outflow of RM3.5 million for the year ended 31 December 2019.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its Asset Integrity Management sector and the ability to raise new capital via private share placements primarily to finance the Group's capital expenditure for its new healthcare business. These events or conditions, along with other matters disclosed in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the members of IEV Holdings Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	Our audit performed and responses thereon
Acquisition of Lady Paradise (M) Sdn. Bhd. and impairment review of goodwill arising On 17 December 2019, the Group completed the acquisition of 100% interest in Lady Paradise (M) Sdn. Bhd. ("Lady Paradise"), in relation to the Group's intention to diversify its business into the healthcare, postpartum care and wellness business ("Healthcare business"). The audit of the accounting for this acquisition is determined to be a key audit matter as this is a significant transaction during the year which requires significant management judgements and estimations in determining the fair value of the assets acquired and liabilities assumed, and any separately identifiable intangible assets on acquisition during the purchase price allocation exercise performed by management and the external valuers engaged by the Group. The Group recognised a goodwill of RM7,434,454, arising from the acquisition. Due to the significance of the Group's recognised goodwill and the inherent uncertainty of forecasting and discounting future cash flows, this is deemed to be a significant area of estimation uncertainty. For the purpose of goodwill impairment assessment, the testing is performed at the level of cash generating unit ("CGU") identified by the management as the Healthcare business. The recoverable amount of the CGU was determined by management based on value-in-use calculations using cash flow projections. In carrying out the impairment assessment, significant management judgement was used to appropriately identify the CGU and to determine the key assumptions including operating margins, terminal growth rates and discount rates, underlying the cash flow projections. Management has determined that an impairment of RM1,301,926 is required on the goodwill as at 31 December 2019.	Our audit approach included procedures as follows: ● We have obtained and read the sales and purchase agreement and the circular issued to shareholders in relation to this acquisition to obtain an understanding of the transactions and the key terms, including assessing the valuation of the purchase consideration at acquisition completion date and traced share issuance to the share register; ● We obtained the 3rd party purchase price allocation report and involved our internal specialist in reviewing the valuation methodology used by management and the external valuation expert in the fair valuation of acquired assets and assumed liabilities; ● We tested the identification and fair valuation of the acquired assets and assumed liabilities by corroborating this identification based on our understanding with management and the understanding of the business of Lady Paradise; ● We have also assessed the competence and relevant experience of the expert engaged by management; and ● We assessed whether the appropriate accounting treatment has been applied to record the acquisition.

Key Audit Matters (continued)

Key audit matter	Our audit performed and responses thereon
The Group has made disclosures on the above estimation uncertainty in Note 3, and further disclosures on the acquisition in Note 39 and impairment assessment of goodwill in Note 13 to the financial statements.	Our procedures in relation to management's impairment assessment of the goodwill are as follows: ● We have assessed management's identification of CGU based on our understanding of the Group's business and obtained an understanding of management's forecasts of the Healthcare business; ● We obtained the 3rd party valuation report and involved our internal specialist in reviewing the valuation methodology used by management and the external valuation expert in the determining the valuation of the CGU, including an assessment of the key assumptions used such as discount rate and terminal year growth rate; and ● We have also assessed the competence and relevant experience of the expert engaged by management. We have considered the adequacy and appropriateness of the disclosures relating to the acquisition and impairment assessment made in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information, included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the members of IEV Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the members of IEV Holdings Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Yang Chi Chih.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

6 May 2020

1 GENERAL

The Company (Registration No. 201117734D) is incorporated in Singapore with its principal place of business at Block A, Level 5, Menara PKNS, No. 17, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia and registered office at 80 Robinson Road #02-00, Singapore 068898.

The Company was admitted to the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 October 2011.

The principal activity of the Company is that of investment holding.

The principal activities of its subsidiaries and associate are disclosed in Notes 16 and 17 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019 were authorised for issue by the Board of Directors on 6 May 2020.

Material Uncertainty Related to Going Concern

As at 31 December 2019, the Group's current liabilities exceed its current assets by RM13.8 million and the Company is in a net current assets position of RM190,590 (2018: the Group's and the Company's current liabilities exceed their current assets by RM11.9 million and RM1.7 million respectively). The Group recorded a net loss for the year from continuing operations of RM10.1 million (2018: RM8.8 million) and a net operating cash outflow of RM3.5 million (2018: net operating cash outflow of RM6.4 million) for the year ended 31 December 2019.

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To support the financial statements having been prepared on a going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a 15-months consolidated cash flow forecast from 1 January 2020 ("Cash Flow Forecast"). In preparing the Cash Flow Forecast, management has taken the following into consideration:

(i) the forecasted cash flows from Asset Integrity Management ("AIM") sector comprised on-going projects which have commenced in 2019, new projects that have been secured as at date of this report and new projects expected to be secured in the coming months, and these represent 7%, 31% and 62% of the projected gross margins included in the Cash Flow Forecast respectively; management has considered the probability of achieving its budget profitability of its projects, and the estimated timing of the projects being awarded and/or delivered in the coming months;

(ii) new capital to be raised via private share placements of SGD8.5 million (approximately RM25.9 million) from July 2020 onwards to finance the capital outlays set out in (iii) below and for the Group's working capital purposes; and

(iii) the Group expects to spend on capital outlays of approximately RM16.8 million which are required for the renovation of two new confinement centres, of which approximately RM4.8 million is contractually committed; the centres are expected to commence operations in September 2020 and May 2021 respectively. After considering the impact arising from the Covid-19 virus outbreak, management expects that on-going renovation work at the new confinement centre in Singapore will be completed by September 2020 and they expect to commence renovation at a new confinement centre in Malaysia in January 2021.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its AIM sector and the ability to raise new capital via private share placements primarily to finance the Group's capital expenditure for its new healthcare business. The directors and management are confident that the Cash Flow Forecast is achievable and will allow the Group to fulfil its obligations as and when they arise. In the event that the Group is unable to generate its forecasted cash flows from the AIM sector or raise new capital for the Group, the Group may have insufficient cash to fulfil its obligations.

1 GENERAL (continued)

Material Uncertainty Related to Going Concern (continued)

In addition, with the Covid-19 virus outbreak, the current global economic environment has been impacted which may lead to delay in projects commencement, progress of projects tender as well as the Group's plan in the commencement of the Healthcare sector operations in 2020. On 18 April 2020, the Group received conditional approval from the Government of Malaysia to resume operations at its factory premises for the manufacturing of marine growth control products. The Group is closely monitoring the developments of the situation and its impact to businesses. In preparing the Cash Flow Forecast, management has taken into consideration the potential impact arising from the Covid-19 virus outbreak.

The events or conditions set out above indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

If the going concern assumption is no longer appropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. Such adjustments have not been made to these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value-in-use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.