



IEV HOLDINGS LIMITED

(Company Registration 201117734-D)

ANNOUNCEMENT

For Immediate Release

RESPONSE TO QUERY FROM SGX-ST ON IEV GROUP'S PLAN TO CONDUCT BUSINESS IN INDIA THROUGH IEV ENGINEERING (INDIA) PVT LTD

*Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning ascribed to them in the announcement dated 24 August 2018 (the "**Announcement**")*

Introduction

The board of directors ("**Directors**") of IEV Holdings Limited ("**Company**", and together with its subsidiaries, "**IEV**" or the "**Group**") would like to provide the following information in response to queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in respect of the Company's announcement dated 24 August 2018 on the proposed plan to conduct business in India through IEV Engineering (India) Private Limited ("**IEV India**").

Query 1 from SGX-ST

Was GTO responsible for IEV India's incorporation on 25 June 2018, or, did GTO acquire IEV India after its incorporation and if so, when?

Company's Response

Yes, GTO was responsible for the incorporation of IEV India on 25 June 2018 in anticipation of the signing of the SHA and SPA.

Query 2 from SGX-ST

With regard to Clause 3.1(a) of the Announcement whereby it was stated "*..if MGP installation work is done outside India, the participation of IEV India is subject to local labour laws and economic considerations based on location of installation work*", have IEV Malaysia and GTO identified potential target markets outside India?

Company's Response

The Company would like to clarify that the target market of IEV India is strictly India. With regard to Clause 3.1(a) of the Company's Announcement, the Company would like to clarify that it anticipates that a large portion of its future Marine Growth Control products ("**MGP**") business in India will be for the installation, inspection and maintenance of MGP on pre-existing offshore platforms in India waters.

The statement "if MGP installation work is done outside India" provides for situations that requires IEV India to provide installation, inspection and maintenance of MGP for new-built offshore platform

jackets that may be fabricated in (i) yards in India or (ii) yards outside of India mainly in countries such as Malaysia, Indonesia and Vietnam, which are then floated into India waters. In such instances, only if local labour laws and cost considerations permit, India-based employees may be mobilized for installation works in these countries. Otherwise, the Group will mobilise its employees of other subsidiaries from the aforementioned countries. The Group expects that only a minimal portion of the MGP business will be derived from newly-built offshore platforms.

Query 3 from SGX-ST

Could the Company clarify the following:

- a. Whether the Company intends to allow IEV India to share and/or tap on its extensive global network and existing (and ongoing) R&D innovations?
- b. Would there be a conflict of interest between the Company's Asset Integrity Management Sector ("**AIMS**") business and its AIMS shared investment vehicle with GTO (i.e. IEV India)?
- c. Is it the Company's intention to wholly transfer and/or wholly assign its AIMS sector business to IEV India, going forward?
- d. If so, is this intention of the Company captured in the SHA with GTO?

Company's Response

- a. As explained in the response to Query 2 above, IEV India's business territory is confined to India and it will not be tapping into the Group's global network. For existing and ongoing R&D innovations that has commercial potential in the India market, the intention is to use IEV India for that purpose and any technology licence/patent assigned to IEV India is restricted to just the India market.
- b. As mentioned in the response to Queries 2 and 3(a) above, IEV India's business territory is confined only to India.

Currently, the AIMS business conducted in India mainly deals with the commercialisation of the MGP, which contributed majority of the revenue in India for the financial year ended 31 December 2017 amounting to approximately RM1.6 million.

For the avoidance of doubt, the Company would like to clarify that there are 2 main aspects to the commercialisation of the MGP, being (i) the manufacturing and sales of the MGP; and (ii) the installation, inspection and maintenance of the MGP. In view that the technology used in the MGP are a proprietary of the Group, the manufacturing and sales of the MGP is retained by the Group whilst the installation, inspection and maintenance (or 'after sales' services) of such products for the India market will be undertaken by the shared investment vehicle with GTO.

With regards to products mentioned in Clauses 3(b) to (f) of the Announcement, the Company would like to clarify the following:

- (i) VTA is a third-party technology to which a licence will be obtained for the India market and assigned to IEV India.
- (ii) As announced previously on 30 September 2015, the Company's wholly-owned subsidiary, IEV International Limited had obtained an exclusive 5-year master license for the oxifree corrosion control technology ("**Oxifree**") which would allow the Group the exclusive rights to distribute, apply and maintain products utilising Oxifree in India. The Group will be applying to transfer this license from IEV International Limited to IEV India.
- (iii) Trizashield is still undergoing feasibility studies. Should the feasibility studies prove to be successful, the installation and maintenance of Trizashield in India will only be undertaken by IEV India and not any other entity of the Group. Similar to the MGC products, manufacturing and sales will be retained by the Group as Trizashield is a proprietary of the Group.

It is the intention of the Company to conduct its AIMS business in the India market through IEV India. Hence the title of the Announcement, "IEV Group to Conduct Business in India through IEV

Engineering (India) Pvt Ltd". There is no intention for IEV India to conduct business outside of India except for transactions where the final destination of a product or service is India. However, for products which involve technologies which are proprietary to the Group, the manufacturing and sales of such products will be retained by entities within the Group.

In addition, the Company would like to highlight Clause 3.2(g) of the Announcement, which states that both parties agree not to undertake any similar business in India except through IEV India. This is in line with Clause 6.6B of the SHA which states that each of the shareholders agree that it shall not whether on its own or jointly with any third party and will procure its affiliates to not carry-on in the territory any related business which includes, amongst others, business undertaken by IEV India and other related businesses.

There will thus be no conflict between the Company's AIMS global business and AIM's shared investment vehicle with GTO which is confined to the India market.

- c. No, as explained in the response to Queries 3(a) & 3(b) above. It is not the intention to transfer or wholly assign the AIMS sector business, global or India market, to IEV India. The global manufacture and sale of the Group's proprietary MGP and Trizashield products is retained by the Group whilst the installation and maintenance of such products for the India market will be undertaken by IEV India.
- d. The intention of the Company, as explained in 3(a) to 3(c) is indeed reflected in the SHA with GTO.

As noted on page 16 of the Company's financial results announcement for the half year ended 30 June 2018, the Group is aggressively marketing its advanced and innovative engineering solutions through its global distribution network. India is a vast and key market for IEV's AIMS sector but the Group has yet to establish a business presence there. Building such a presence from scratch will take substantial resources and time to which the Company unfortunately does not have in abundance. The Company has determined that it makes more strategic business sense to partner with an established local oil & gas player to identify the right opportunities in such a vast continental market and to open the appropriate doors for the Group. After conducting joint business development work with GTO in India for the last couple of years, the Company has decided that GTO is the right local business partner to establish a shared investment vehicle to develop its AIMS business in India.

Query 4 from SGX-ST

Finally, in respect of the Company's right under the SHA to appoint two (2) directors in IEV India:

- a. Who are the two (2) directors the Company intends to appoint, pursuant to Clause 3.2 (a) of the Announcement? Please state their respective backgrounds.
- b. What is the Company's understanding of Clause 6 of the Announcement?
- c. In the Company's view, are Clause 3.2(a) and Clause 6 of the Announcement contradictory? Please provide reason(s) for the Company's view(s).

Company's Response

- a. 1ST IEV India Director – Mr. Christopher Do, Director, IEV Holdings Ltd and Group President & CEO. Mr. Do will also be the CEO of IEV India.

2nd IEV India Director – Ms. Vickneswary (Vicky) Veeran, Deputy Vice President of Strategic Planning & Corporate Communications. With 15 years of service with IEV, Ms. Vicky, has extensive knowledge of the Group's history, business plans and technologies. She has established a cohesive working relationship with GTO and has good understanding of the India culture.

b. Clause 6 of the Announcement is with respect to appointment of directors on the board of the Company, being IEV Holdings Limited and was mentioned with respect to Rule 1010(12) of the Catalist Rules to provide "Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction." For the avoidance of doubt, no additional directors will be appointed on the Board of IEV Holdings Limited in connection with the SHA and SPA.

The appointment of directors mentioned in Clause 3.2(a) of the Announcement will only be for the board of IEV India, which is a subsidiary of IEV Holdings Limited.

c. These two clauses are not contradictory. Clause 3.2(a) deals with director appointment on the board of IEV India, whereas Clause 6 deals with director appointment on the board of IEV Holdings Ltd.

By the order of the Board

Christopher Do
President and CEO
5 September 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the 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.

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