



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

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**ANNOUNCEMENT**  
For Immediate Release

**RESPONSE TO QUERY FROM THE SGX-ST ON THE PROPOSED  
DISPOSAL OF 95% SHAREHOLDING INTEREST IN PT IEV GAS**

*Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning ascribed to them in the announcements dated 16 October 2018 and 18 October 2018.*

**Introduction**

The board of directors (“**Board or Directors**”) of IEV Holdings Limited (the “**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 16 October 2018 on the proposed disposal of 95% shareholding interest in PT. IEV Gas (“**IEV Gas**”) (the “**Proposed Transaction**”). A clarification and corrigendum announcement in relation to the Proposed Transaction was subsequently released on 18 October 2018.

**Query 1 from SGX-ST**

Noted that IEV GAS has a net asset value of MYR879,000 as at 31 December 2017 but a net liability value of MYR440,000 as at 30 June 2018. Please elaborate what contributed to this relatively large swing over the half year period?

**Company’s Response**

The swing from net asset value to net liability value was mainly due to the net loss attributable to IEV Gas incurred for HY2018 of MYR1,285,594 and foreign exchange translations differences due to depreciation of Indonesia Rupiah, bring the functional currency of IEV Gas against the Group’s reporting currency of Malaysia Ringgit.

**Query 2 from SGX-ST**

IEV Gas has a net liability value of MYR440,000 as at 30 June 2018. Based on the Appraisal Report, the liquidation value was IDR16,091,100,000 as at 28 September 2018. Is the liquidation value based on total assets or net assets? Please explain why the two values differ significantly.

**Company’s Response**

The net liability value refers to shareholders equity (being the total assets less total liabilities of IEV Gas) as at 30 June 2018 whereas the liquidation value refers only to non-current property, plant and equipment assets.

### **Query 3 from SGX-ST**

Under Para 6 of the announcement on Loss on Disposal, please elaborate what is the inter-company payables and how is this amount attributable to the loss on disposal?

### **Company's Response**

The inter-company net payables of MYR5,252,092 include advances and loans from the Group that have been extended to IEV Gas. Upon the disposal of IEV Gas, the Group would not be able to claim the said inter-company net payable from IEV Gas.

### **Query 4 from SGX-ST**

Noted from the Company's annual report for FY2017 that the MNGS sector is the key revenue contributor of the Group (MYR32.5m) as compared to the engineering sector (MYR6.6m). Given the Group's intention to exit the MNGS business and to focus on the engineering business, what is the Board's plan for the Group's business direction given that the Group will be losing its main revenue stream? Does the Board envisage the remaining business to be viable?

### **Company's Response**

The engineering sector had always been the key gross profit and gross profit margin contributor to the Group due to its suite of asset integrity management solutions, and especially its proprietary marine growth control products.

The table below shows the gross profits and gross profit margins of MNGS and Engineering Business for HY2018 and FY2017.

| <b>Gross Profit (MYR)</b>        | <b>HY2018</b> | <b>FY2017</b> |
|----------------------------------|---------------|---------------|
| MNGS                             | 118,000       | (127,000)     |
| Engineering                      | 968,000       | 4,928,000     |
| Total from continuing operations | 1,086,000     | 4,801,000     |

| <b>Gross Profit Margin</b>       | <b>HY2018</b> | <b>FY2017</b> |
|----------------------------------|---------------|---------------|
| MNGS                             | 1.0%          | (0.4%)        |
| Engineering                      | 60.2%         | 74.5%         |
| Total from continuing operations | 7.8%          | 12.3%         |

Despite losing the Group's revenue from MNGS, the Group's current business strategy is to turn around the Group by disposing of all its loss-making businesses and associated liabilities, and to focus on its core engineering business. The Group believes the engineering business is improving in line with the recovery of oil prices and based on current business activities, the Group is expecting that revenue and profits from the engineering sector will recover in the coming quarters.

### **Query 5 from SGX-ST**

What is the potential contractual liability that the Company took into consideration in arriving at the Purchase Price under paragraph 5.1.2(g)?

### **Company's Response**

The procurement of feed gas by IEV Gas from the supplier is on a real-time daily basis into IEV Gas' mother station. Currently, approximately 40% of daily gas sales are derived from third-party CNG distributors ("**Third-party Distributors**") who tap into the CNG from IEV Gas' mother station on an irregular basis while the remaining gas sales are derived from contracts entered into by IEV Gas and third parties for IEV Gas to supply CNG. As the Third-party Distributors have the option of sourcing their CNG from alternate sources instead of IEV Gas' mother station, the daily gas sales figure fluctuates and as a result, the quantum of potential contractual liability cannot be quantified accurately. To clarify, while the contractual liability arising from the inability to meet

the minimum gas offtake was one of the factors considered, it was not directly applied to the computation of the Purchase Price as the contractual liability could not be accurately quantified.

#### **Query 6 from SGX-ST**

With reference to paragraph 4.4(b), has IEV Gas considered extending the lease?

#### **Company's Response**

Extending the lease is dependent the following factors:-

- a. The landlord who is considering using the leased land for other purposes
- b. The uncertainty of whether IEV Gas's current feed gas supplier can continue to trade and supply natural gas to IEV Gas given the change in Oil and Gas regulations mandating gas distribution can only be undertaken by state-owned entities
- c. Access to cost effective supply of natural gas which may mean relocating to another location even if (a) and (b) above is favourable to IEV.

#### **Query 7 from SGX-ST**

What are the potential contingent and contractual liabilities referred to at paragraph 5.1.2(i)?

#### **Company's Response**

Contingent and contractual liabilities include:

- a. Minimum gas offtake contractual liability to IEV's feed gas supplier
- b. VAT dispute with tax authorities with contingent liability of IDR11,300,000,000
- c. Employee severance payments of IDR6,520,000,000 if IEV Gas decides to lay-off staff

#### **Query 8 from SGX-ST**

With reference to paragraph 5.1.3(a), what is the status of the litigation between PT IPP and IEV Gas? Was this disclosed previously? What is the amount in dispute?

#### **Company's Response**

IEV Gas has submitted a leave of appeal to the Supreme Court of Indonesia in July 2017 and there has been no further updates since.

The litigation proceeding was first disclosed in an announcement dated 26 August 2015 and a status update was disclosed under Note 35 of the Company's annual report for the financial year ended 31 December 2015. No subsequent updates were made as the process to go through the various courts is procedural in nature and no final judgement has been made by the Indonesian Court. IEV Gas is claiming damages and related costs of IDR25.2 billion.

#### **By the order of the Board**

Christopher Do  
President and CEO  
23 October 2018

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#### **MEDIA CONTACT**

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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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