



IEV HOLDINGS LIMITED

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

(Company Registration Number 201117734-D)

PROPOSED DISPOSAL OF 95% SHAREHOLDING INTEREST IN PT. IEV GAS

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of IEV Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, IEV Energy Sdn. Bhd. (“**IEV Energy**”) had entered into a conditional sale and purchase agreement dated 15 October 2018 (the “**CSPA**”) in respect of the proposed disposal of 630,910 ordinary shares, representing 95% of the total issued and paid-up share capital of PT. IEV Gas (“**IEV Gas**”) to PT. Digas Energi Semesta (the “**Purchaser**”) for a total consideration of IDR7,480,000,000 (approximately SGD677,554 and MYR2,043,777 based on the exchange rates of SGD1:IDR11,039.71 and MYR1:IDR3,659.89 respectively as at 12 October 2018), and on the terms and subject to the conditions set out in the CSPA (the “**Proposed Transaction**”).

2. INFORMATION ON IEV GAS

IEV Gas is a company incorporated in Indonesia on 5 December 2006 and is an indirect subsidiary of the Company. It has an issued and paid-up share capital of IDR66,412,000,000 comprising 664,120 ordinary shares. The Company, through its indirect wholly-owned subsidiary, IEV Energy Sdn Bhd, holds 630,910 ordinary shares representing 95% of the total issued share capital of IEV Gas (the “**Sale Shares**”). As at the date of this announcement, the shares of IEV Gas are held by the following shareholders in the following proportions:

IEV Gas Shareholders	Number of IEV Gas Shares	Percentage of IEV Gas Shares
IEV Energy Sdn Bhd*	630,910	95%
Achwan Widiyanto	33,210	5%
Total	664,120	100%

* IEV Energy Sdn Bhd is a wholly-owned subsidiary of IEV Group Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company.

IEV Gas is primarily engaged in the business of sale and delivery of compressed natural gas (“**CNG**”) in Indonesia.

Based on the audited financial statements of IEV Gas for the financial year ended 31 December (“**FY**”) 2017, the net asset value and net tangible asset value attributable to IEV Gas amounted to approximately MYR879,000 and MYR876,000 respectively. The net loss attributable to IEV Gas for FY2017 was MYR12,167,280.

Based on the latest unaudited management accounts of IEV Gas for the half year ended 30 June (“**HY**”) 2018, the net liability value attributable to IEV Gas amounted to approximately MYR440,000. The net loss attributable to IEV Gas for HY2018 was MYR1,285,594.

3. INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company duly established and existing under the laws of the Republic of Indonesia since 12 October 2018 and was incorporated for the purposes of being the corporate vehicle to be used for the Proposed Transaction. The Purchase has an issued and paid-up share capital of IDR250,000,000 comprising 2,500 shares.

The shareholdings of the Purchaser are as follows:

Name	No. Shares	Value of Shares (IDR'000,000)	Percentage
Achwan Widiyanto	1,800	180	72.0%
Atang Susanto	700	70	28.0%
Total	2,500	250	100.0%

Mr Achwan Widiyanto (“**Mr Achwan**”) is the director of the Purchaser while Mr Atang Susanto (“**Mr Atang**”) is the commissioner of the Purchaser.

Mr Achwan currently holds the remaining 5.0% of the total issued and paid-up capital of IEV Gas and is a director of IEV Gas.

Save as disclosed, there are no other relationships between the Purchaser and its shareholders with the Company and its Directors, controlling shareholders or substantial shareholders and their respective associates.

4. RATIONALE FOR THE PROPOSED TRANSACTION

4.1 Exit from loss-making business segment

Due to lower world energy prices and a challenging mobile natural gas business landscape in Indonesia, the Group’s Mobile Natural Gas Sector (“**MNGS**”) have been reporting losses since the financial year ended 31 December 2015. The Proposed Transaction would allow the Company to dispose of its loss-making subsidiary and eventually exit from the mobile natural gas business in Indonesia.

Loss Before Tax	FY2015 MYR'000	FY2016 MYR'000	FY2017 MYR'000
IEV Gas	(5,448)	(2,809)	(9,164)
Others*	(1,768)	(1,526)	(582)
MNGS	(7,216)	(4,335)	(9,746)

Notes:

*Under ‘Others’, losses before tax from Gas Malaysia Sdn. Bhd. (“**Gas Malaysia**”) and IEV Energy were recorded. Gas Malaysia was an associate company of the Group until it disposed of its 25% interest as announced on 3 November 2017. IEV Energy is not in operations but had incurred administrative losses being the vehicle holding the Group’s interest in its MNGS companies.

4.2 Challenges to MNGS business landscape

The performance of the Group's MNGS was worsened by the recent changes to the Indonesian Oil & Gas regulations (*Minister of Energy and Mineral Resources Regulation No. 4 of 2018 concerning Exploitation of Natural Gas in Downstream Oil and Gas Business Activities*), which was effective 25 January 2018. The Minister of Energy and Mineral Resources had issued a new regulation mandating that only state-owned entities are allowed to undertake the provision and distribution of natural gas, including CNG, through gas distribution networks to households. The current transition period which gas traders and CNG suppliers are allowed to continue to operate has created industry-wide restrictions and uncertainties in feed gas supply. With prevailing low energy prices coupled with heightened risks from a changed business landscape, the Group's mobile natural gas business is expected to continue to operate at a loss. The Board is of the view that there are little prospects for a business turnaround and had previously indicated its intention to exit from the mobile natural gas business in Indonesia and to focus on its core engineering business.

4.3 Lack of interest from third parties

In light of the Group's intention to exit the mobile natural gas business, the Company had sought for a valuation of the assets of IEV Gas which mainly comprised of prime movers, tube skids, gas compressors, pressure reduction units, diesel generation sets, containers and ancillary equipment. An independent appraisal was conducted by a certified public appraiser, Ruky, Safrudin & Rekan ("**Appraiser**") in accordance with the market approach, whereby the assets of IEV Gas were valued using transaction or offer data on comparable and similar assets based on a comparison and adjustment process. Based on the Property Appraisal Report dated 28 September 2018 ("**Appraisal Report**"), the Appraiser arrived at a market value⁽¹⁾ of IDR32,182,000,000 and a liquidation value⁽²⁾ of IDR16,091,100,000.

The Group had also mandated Hadromi and Partners to canvas the Indonesian market for any interested parties who were keen to acquire IEV Gas's assets. As several other Indonesian companies in the CNG business have also put their CNG equipment up for sale, there was limited interest in IEV Gas's assets even at the liquidation value based on the Appraisal Report. IEV Gas had received only one offer in respect of a single CNG equipment piece.

Notes:

- (1) "**Market value**" is the estimated amount for which the assets should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably and prudently without compulsion.
- (2) "**Liquidation value**" is the amount which may reasonably be received from the sale assets within the marketing period that do not meet all the criteria of a normal market transaction. Liquidation sale or in other terms, a forced sale involves a price which arises from deposition under extraordinary or atypical circumstances, usually reflecting an inappropriate mode of sale and sometimes reflecting an unwilling seller condition, and/or disposal under compulsion or duress.

4.4 Operational losses

Further, if IEV Gas continues to operate, it potentially faces the following issues:

- (a) IEV Gas has an existing feed gas supply contract whereby it has committed to procure a minimum offtake amount of gas from the supplier and there is a material risk that due to lower operating activities, IEV Gas may not meet that minimum gas offtake thereby facing a potential contractual liability to the feed gas supplier.
- (b) The lease agreement for the land on which the EJ-2 CNG compression mother station is situated is due to expire in July 2019 and the Company will need to incur cost to relocate the mother station should it continue to operate IEV Gas.
- (c) The lower business activities and poor operating margins of IEV Gas has resulted in a

- monthly working capital shortfall which would need to be funded by the Group.
- (d) IEV Gas is awaiting a decision from the Tax Court of Indonesia on its appeal in respect of a VAT dispute with the tax authorities. Whilst the Group is confident it has a good case to win the appeal, the potential VAT bill including penalties, less any tax collections to date by the tax authorities, could reach approximately IDR11,300,000,000.

IEV Gas is expected to continue to operate at a loss and will significantly drain the financial resources of the Group if the Group chooses to continue with the operations of IEV Gas. The Group has thus decided to stem the continuing losses by disposing of its entire equity interest in IEV Gas to the Purchaser. Should the disposal of PT IEV Gas eventuate, the Group will discontinue operations of the MNGS.

5. THE PROPOSED TRANSACTION

5.1 Overview

5.1.1 The CSPA

IEV Energy has agreed to dispose of all their Sale Shares to the Purchaser for a consideration of IDR7,480,000,000 (the “**Purchase Price**”).

5.1.2 Payment of Purchase Price

The Purchase Price was arrived at based on arm’s length negotiations and on a willing-buyer and willing-seller basis, taking into consideration the following:

- a. The liquidation value of the assets of IEV Gas based on the valuation study commissioned by the Company amounting to IDR16,091,100,000;
- b. The contingent liabilities of IEV Gas in relation to a VAT tax dispute with the tax authorities amounting to IDR11,300,000,000;
- c. Potential employment severance liabilities in the event employees of IEV Gas would have to be retrenched;
- d. Having conducted an invitation-to-bid tender to acquire IEV Gas during the financial year ended 2017, in which three (3) bids were received but sale and purchase terms could not be reached;
- e. The continuing operating losses of IEV Gas in view of prevailing low energy prices and the changed regulatory framework resulting in feed gas supply restriction and uncertainties and thus heightened risk profile for the CNG industry in Indonesia;
- f. The Indonesian market was canvassed for the potential sale of assets of IEV Gas to which scant buying interest was garnered;
- g. The lower business activities of IEV Gas resulting in potential contractual take-or-pay liabilities to the feed gas supplier;
- h. The lower business activities of IEV Gas resulting in working capital funding requirements in order to continue to operate the business of IEV Gas; and
- i. The willingness of the Purchaser to bear all potential contingent and contractual liabilities including employee severance packages.

The Purchase Price will however, only be paid after deducting employee severance payment of IDR6,520,000,000, resulting in a net price IDR960,000,000 or approximately S\$87,000 and MYR262,300 (“**Net Price**”). The employee severance package is to provide for potential streamlining of manpower by the Purchaser and has been computed as a function of IEV Gas’ employees’ last drawn salary and number of years of service. The Net Price will be paid in cash by the Purchaser to IEV Energy but held in trust by a law firm within 30 (thirty) business days from the signing of the CSPA. The funds will only be released to IEV Energy upon completion of the Proposed Transaction.

5.1.3 Post-Completion Conditions

- a. The management of the on-going litigation against PT Indonesia Pelita Pratama (“PT IPP”) by IEV Gas in relation to losses and damages suffered by IEV Gas arising from PT IPP unilaterally erecting a barrier closing the only accessible common road between the industrial area where IEV Gas’s mother station is located and the main exit road, will be the responsibility of the Purchaser.
- b. IEV Gas’s on-going VAT tax dispute with the Indonesia tax authority will be the responsibility of IEV Gas and IEV Energy need not provide any indemnity in this regard.

5.1.4 Transition Period Obligations

Mr Justin Yong, the Company’s Vice President (Operations and Commercial) will be appointed as Country Head Officer (“CHO”) to assist the new management team of IEV Gas for a period of no more than one month after the date of approval of shareholders of the Company for the Proposed Transaction.

5.1.5 Employee Severance

The severance payment for employees amounting to approximately IDR6,520,000,000 will be borne by the Purchaser to be paid at Purchaser’s discretion should the Purchaser decide to terminate certain employees.

5.1.6 Termination

If any of the conditions precedent set out in paragraph 5.2 below is not fulfilled by IEV Energy or is not waived by the Purchaser in 3 months after the date of the CSPA, then the parties shall use their best endeavors to extend in writing the period for fulfillment of the conditions precedent. The parties have agreed that the CSPA shall not be terminated by either party without prior written approval of the other, except if shareholder’s approval as required under the Catalist Rules is not obtained for the Proposed Transaction.

5.2 **Conditions Precedent**

Completion is conditional upon the satisfaction or waiver of, among others, the following conditions:

- (a) the shareholders of the Company having approved the disposal by IEV Energy of the Sale Shares;
- (b) IEV Energy having passed a written resolution of its shareholders for the sale and transfer of the Sale Shares;
- (c) IEV Gas shall have announced the Purchaser’s acquisition plan of the Sale Shares in 1 (one) Indonesian newspaper and in writing to its employees, at the latest 30 (thirty) days prior to IEV Gas’ general meeting of shareholders, as required by Article 127 of Indonesian Law No. 40 / 2007 on Limited Liability Company; and
- (d) All the shareholders of IEV Gas shall have executed a unanimous written resolution of shareholders approving the sale and transfer of the Sale Shares, as well as the amendment of the Articles of Association of IEV Gas in relation to the matters thereto.

5.3 **Completion**

Completion will occur on a date which falls within thirty (30) business days after all the Conditions Precedent have been fulfilled or waived by the Purchaser (where applicable).

6. USE OF PROCEEDS AND LOSS ON DISPOSAL

Based on the Net Price of approximately MYR262,300, the unaudited net liability value of IEV Gas as at 30 June 2018 of MYR440,000 and inter-company payables of MYR4,372,092, the loss on disposal arising from the Proposed Transaction is MYR4,549,792.

The estimated net proceeds from the Proposed Transaction is approximately, MYR115,000 or S\$38,000 after taking into account the professional fees and other costs incurred in relation to the Proposed Transaction (“**Net Proceeds**”). It is the present intention of the Board to utilise the entire Net Proceeds for general working capital purposes.

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

7.1 Bases and assumptions

The financial effects of the Proposed Transaction 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 FY2017. The *pro forma* financial effects of the Proposed Transaction are for illustration only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Proposed Transaction.

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

- (a) the financial effects of the Proposed Transaction on the NTA per Share of the Group are computed assuming that the Proposed Transaction had taken place on 31 December 2017;
- (b) the financial effects of the Proposed Transaction on the EPS of the Group are computed assuming that the Proposed Transaction had been completed on 1 January 2017;
- (c) the expenses in connection with the Proposed Transaction are disregarded for the purposes of calculating the financial effects as they are immaterial; and
- (d) MYR:IDR exchange rate of MYR1:IDR3,340.13 as at 31 December 2017.

7.2 NTA per Share

The illustrative financial effects of the Proposed Transaction on the NTA per Share of the Group as at 31 December 2017 are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA ⁽¹⁾ attributable to the owners of the Company (MYR)	5,309,508	759,716
Number of issued ordinary shares in the capital of the Company (“ Shares ”)	285,512,632	285,512,632
NTA per Share (Malaysian sen)	1.86	0.27

Note:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets (net of non-controlling interests).

7.3 EPS

The illustrative financial effects of the Proposed Transaction on the EPS of the Group for FY2017 are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Loss from continuing operations (MYR)	(19,541,199)	(24,090,991) ⁽¹⁾
Loss from discontinued operations (MYR)	(60,317,393)	(60,317,393)
Net loss attributable to owners of the Company for FY2017 (MYR)	(79,858,592)	(84,408,384)
Weighted average number of Shares ⁽²⁾	284,312,652	284,312,652
Loss per share (Malaysian sen)	(28.09)	(29.69)

Note:

(1) Loss on disposal of IEV Gas is estimated at MYR4,549,792.

(2) The weighted average number of ordinary shares has been adjusted for the financial year ended 2017 to take into effect the new issuance of share capital of 1,912,632 issued in August 2017.

8. RELATIVE BASES UNDER RULE 1006 OF THE CATALIST RULES

Based on the unaudited financial statements of the Group for the 6-month financial period ended 30 June ("HY") 2018 and the unaudited management accounts of IEV Gas for HY2018, the relative figures of the Proposed Transaction 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	52.91% ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets disposed of, compared with Group's net profits	20.13% ⁽³⁾
(c)	Aggregate value of the consideration to be received, compared with the Company's market capitalisation ⁽⁴⁾	0.71% ⁽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. ⁽⁵⁾
(e)	The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves	N.A. ⁽⁶⁾

Notes:

- (1) Computed based on the unaudited net liability value of the Group as at 30 June 2018 of MYR831,700 and the unaudited net liability value of IEV Gas as at 30 June 2018 of approximately MYR440,000.
- (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 HY2018 of approximately MYR6,385,000 and the unaudited net profit before tax of IEV Gas for HY2018 of approximately MYR1,286,000.
- (4) The market capitalisation of the Company was determined by multiplying the total number of Shares, being 285,512,632 Shares (excluding treasury shares) by S\$0.043 (being the volume-weighted average traded price of such Shares on 12 October 2018, being the last market day immediately preceding the date of the CSPA).
- (5) Computed based on the Net Price of approximately S\$87,000 that will be paid to IEV Energy and market capitalization of approximately S\$12,277,043.
- (6) This is not applicable as the Proposed Transaction 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 figure computed based on Rule 1006(b) of the Catalist Rules exceeds 50%, the Proposed Transaction constitutes a “major transaction” under Rule 1014 of the Catalist Rules. Accordingly, the Proposed Transaction is conditional upon the approval of Shareholders in an extraordinary general meeting (“**EGM**”) to be convened.

9. CIRCULAR TO SHAREHOLDERS AND EGM

The Company will convene the EGM to seek Shareholders’ approval for the Proposed Transaction. A circular containing, *inter alia*, the notice of EGM and details of the Proposed Transaction will be dispatched to Shareholders in due course.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, the controlling shareholders and substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Transaction (other than through their respective shareholding interests in the Company, if any).

11. DIRECTORS’ SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Transaction.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the CSPA and the Appraisal Report will be made available for inspection by Shareholders during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company’s registered office at 80 Robinson Road, #02-00, Singapore 068898, for a period of 3 months from the date of this announcement.

13. 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 Proposed Transaction, 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 this announcement in its proper form and context.

By Order of the Board
IEV HOLDINGS LIMITED

Christopher Nghia Do
President and Group Chief Executive Officer

16 October 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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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