

CIRCULAR DATED 3 OCTOBER 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by IEV Holdings Limited (the “Company”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular with the Notice of Extraordinary General Meeting (“EGM”) (as defined herein) and the attached Proxy Form (as defined herein) to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this Circular with the Notice of EGM and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

Your attention is drawn to the section entitled “Risks Associated with the New Business” of this Circular, which you should review carefully.

This Circular has been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “Sponsor”). This Circular 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 Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr. Ong Hwee Li (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



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

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (A) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LADY PARADISE (M) SDN. BHD.**
- (B) THE PROPOSED DIVERSIFICATION INTO THE HEALTHCARE, POSTPARTUM CARE AND WELLNESS BUSINESS**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	16 October 2019 at 10:30 a.m.
Date and time of Extraordinary General Meeting	:	18 October 2019 at 10:30 a.m.
Place of Extraordinary General Meeting	:	Kingfisher Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663

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DEFINITIONS

The following definitions apply throughout in this Circular except where the context otherwise requires:-

- “2019 AGM”** : The annual general meeting of the Company held on 29 April 2019
- “Act” or “Companies Act”** : Companies Act (Chapter 50) of Singapore, as amended, varied or supplemented from time to time
- “AIMS”** : Asset Integrity Management Sector
- “Announcement”** : The Company’s announcement dated 16 September 2019 relating to the Proposed Acquisition and the Proposed Diversification
- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board” or “Board of Directors”** : The board of Directors of the Company as at the date of this Circular
- “Buyer”** : HealthPro Pte. Ltd.
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 3 October 2019
- “Company”** : IEV Holdings Limited
- “Conflicted Individual”** : Any Director or key management personnel and/or his Associates who have an interest in a potential transaction opportunity in respect of the New Business
- “Consideration”** : The aggregate consideration for the Proposed Acquisition, being Malaysian Ringgit Three Million and Five Hundred Thousand (MYR 3,500,000)

DEFINITIONS

“Consideration Shares”	:	The 46,161,962 new ordinary shares in the capital of the Company to be issued to the Sellers as part of the consideration for the Proposed Acquisition.
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. Notwithstanding, the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
“CPF”	:	The Central Provident Fund
“Dato’ Low”	:	Dato’ Low Koon Poh
“Director”	:	A director of the Company as at the date of this Circular
“EBITDA”	:	Earnings before interest, taxes, depreciation and amortisation
“EGM”	:	The extraordinary general meeting of the Company, to be convened and held at Kingfisher Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Friday, 18 October 2019 at 10:30 a.m., the notice of which is set out on page N-1 to N-2 of this Circular (or any adjournment thereof)
“Existing Business”	:	The existing business of the Company in the Asset Integrity Management Sector
“FY2018”	:	Financial year ended 31 December 2018
“General Mandate”	:	The general share issue mandate granted by Shareholders at the 2019 AGM
“Group”	:	The Company and its subsidiaries, collectively, as at the date of this Circular
“HY2019”	:	Half year ended 30 June 2019
“Issue Price”	:	The price at which the Consideration Shares shall be issued, which shall be S\$0.025 per Consideration Share
“Latest Practicable Date”	:	24 September 2019, being the latest practicable date prior to the printing of this Circular
“LCY”	:	Liw Chai Yuk
“LPS”	:	Loss per Share
“LSL”	:	Lim Sew Lei
“Ms Loo”	:	Ms Loo Sow Kuen
“New Business”	:	The healthcare, postpartum care and wellness business

DEFINITIONS

“Notice of EGM”	:	The notice of the EGM which is set out on page N-1 of this Circular
“NTL”	:	Net tangible liabilities
“Profit Guarantee”	:	The irrevocable and unconditional guarantee granted by the Sellers to the Buyer to make good any shortfall from the Profit Target for the Profit Target Period in whole and by way of cash payment to the Buyer
“Profit Target”	:	The EBITDA of the Target for the Profit Target Period being not less than Malaysian Ringgit Two Million One Hundred Thousand (MYR 2,100,000)
“Profit Target Period”	:	The three (3) consecutive financial years ending 31 December 2020, 31 December 2021 and 31 December 2022
“Proposed Acquisition”	:	The Group’s proposed acquisition of the entire issued and paid-up share capital of the Target
“Proposed Diversification”	:	The Company’s proposed diversification into the New Business
“Register of Members”	:	Register of members of the Company
“Sale Shares”	:	180,000 shares representing 100% of the entire issued and paid-up share capital of the Target
“Sellers”	:	LCY and LSL, and each a “Seller”
“SFA” or “Securities and Futures Act”	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, varied or supplemented from time to time
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Share Registrar”	:	The share registrar of the Company
“Shareholders”	:	Persons (not being Depositors) who are registered as the holders of the Shares in the Register of Members of the Company and Depositors, who have Shares entered against their names in the Depository Register, except that where the registered holder is CDP, the term “Shareholders”, where the context admits, mean the Depositors whose securities accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company, and each a “Share”
“Shortfall”	:	The difference between the cumulative EBITDA of the Target for the Profit Target Period and the Profit Target
“SPA”	:	The share sale and purchase agreement dated 16 September 2019 entered into between the Buyer and the Sellers
“Sponsor”	:	SAC Capital Private Limited
“SRS”	:	Supplementary Retirement Scheme
“Substantial Shareholder”	:	A person (including a corporation) who has an interest or interests in one or more voting Shares in the Company, and the votes attached to that Share, or those Shares, is not less than 5.0% of the total votes attached to all the voting Shares in the Company

DEFINITIONS

“Target”	:	Lady Paradise (M) Sdn. Bhd.
“Valuer”	:	Cushman & Wakefield VHS Pte Ltd, the independent valuer appointed by the Company to assess and determine the market value of the 100% equity interest in the capital of the Target
“Valuation Report”	:	The valuation report dated 2 October 2019 as prepared by the Valuer in relation to the Target, a summarised version of which is set out in Appendix A to this Circular. The entire Valuation Report is available for inspection by the Shareholders at the Company’s registered office

Currency, Units and Others

“%” or “percent”	:	Percentage or per centum
“MYR”	:	Malaysian Ringgit, the lawful currency of Malaysia
“S\$” or “SGD”	:	Singapore Dollars, the lawful currency of Singapore

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in section 81SF of the Securities and Futures Act (the **“SFA”**).

The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Companies Act.

The terms **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts listed and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

IEV HOLDINGS LIMITED

(Company Registration Number: 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

Directors

Tan Sri Dato' Hari N. Govindasamy (*Non-Independent and Non-Executive Chairman*)
Mr. Christopher Nghia Do (*President and Chief Executive Officer*)
Mr. Low Koon Poh (*Executive Director*)
Mr. Ng Weng Sui, Harry (*Lead Independent Director*)
Ms. Joanne Rose Bruce (*Independent Director*)
Mr. Kesavan Nair (*Independent Director*)
Ms. Ng Yau Kuen, Carmen (*Independent Director*)

Registered Office:

80 Robinson Road
#02-00
Singapore 068898

Date: 3 October 2019

To: The Shareholders of the Company

Dear Sir/Madam

- (A) **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LADY PARADISE (M) SDN. BHD.**
- (B) **THE PROPOSED DIVERSIFICATION INTO THE HEALTHCARE, POSTPARTUM CARE AND WELLNESS BUSINESS**

1. INTRODUCTION

The Directors are convening an Extraordinary General Meeting of the Company (“**EGM**”) to be held at 10:30 a.m. on 18 October 2019 at Kingfisher Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 to seek the Shareholders’ approval for the proposed acquisition of the entire issued and paid-up share capital of Lady Paradise (M) Sdn. Bhd. (the “**Target**”) (the “**Proposed Acquisition**”), as well as the proposed diversification of the Group’s business (the “**Proposed Diversification**”) to include the healthcare, postpartum care and wellness business (the “**New Business**”).

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Acquisition and the Proposed Diversification to ensure that Shareholders will be in a position to make an informed decision in respect of the above proposals at the EGM.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made in this Circular.

SHAREHOLDERS SHOULD NOTE THAT RESOLUTION 1 RELATING TO THE PROPOSED ACQUISITION IS CONTINGENT ON THE PASSING OF RESOLUTION 2 IN RESPECT OF THE PROPOSED DIVERSIFICATION. IN THE EVENT THAT RESOLUTION 2 IS NOT APPROVED BY SHAREHOLDERS, NONE OF THE RESOLUTIONS 1 AND 2 WILL BE PASSED.

2. THE PROPOSED ACQUISITION

2.1. Background

On 16 September 2019 the Company announced that the Company’s wholly owned subsidiary, HealthPro Pte. Ltd. (“**Buyer**”) had entered into a sale and purchase agreement (“**SPA**”) with Lim Sew Lei (“**LSL**”) and Liw Chai Yuk (“**LCY**”) (each a “**Seller**” and collectively, the “**Sellers**”) relating to the proposed acquisition of the entire issued share capital (“**Sale Shares**”) of the Target from the Sellers (the “**Announcement**”).

LETTER TO SHAREHOLDERS

A copy of the Announcement can be found on the website of the SGX-ST at www.sgx.com.

Upon completion of the Proposed Acquisition, the Target will become a wholly-owned subsidiary of the Buyer.

In connection therewith, the Company also announced its intention to diversify into the healthcare, postpartum care and wellness business (as elaborated in Section 3 below).

2.2. Information on the Target and the Sellers

The Target was incorporated in Kuala Lumpur, Malaysia on 2 July 2003. The Target has an issued and paid up share capital of Malaysian Ringgit (“MYR”) 180,000 divided into 180,000 units of ordinary shares of MYR 1.00 each.

LSL and LCY are unrelated individuals holding 3.0% and 97.0% of the total issued and paid-up share capital of the Target respectively. None of the Sellers are related to the Group, the Directors, the Company’s Substantial Shareholders and/or their respective associates.

The Target currently operates a postpartum centre in Malaysia and is principally engaged in the business of providing pre and post-natal care services and consultancy, including but not limited to dietary programs, confinement nannies, baby day care, traditional post-natal massage, pre and post-natal classes and baby care products.

Based on the audited financial statements of the Target for the financial year ended 31 December 2018 (“FY2018”), the Target recorded a net profit of MYR 71,779 for FY2018 and net liability of MYR 75,324 as at 31 December 2018. Based on management accounts for the six months ended 30 June 2019 (“HY2019”), the Target recorded a net profit of MYR 7,735 and net liability of MYR 67,589 as at 30 June 2019.

For the purposes of the Proposed Acquisition, the Company had conducted a financial due diligence of the Target. Taking into consideration the results of the financial due diligence exercise which proposed adjustments amounting to MYR 124,372 to the net profit of the Target to include, *inter alia*, rental expenses, the Target will record an adjusted net loss of MYR 116,637 for HY2019 and net liability of MYR 191,961 as at 30 June 2019.

2.3. Principal Terms of the Proposed Acquisition

2.3.1. Consideration and Valuation

- (a) The aggregate consideration for the Sale Shares is Malaysian Ringgit Three Million and Five Hundred Thousand (MYR 3,500,000) (the “**Consideration**”) (equivalent to approximately S\$1,154,049 based on an exchange rate of SGD 1 : MYR 3.0328 as at 13 September 2019). The Consideration shall be satisfied by the issuance and allotment of an aggregate of 46,162,962 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) at S\$0.025 per Consideration Share (the “**Issue Price**”) to the Sellers, in accordance with their respective shareholdings in the Target, on completion of the Proposed Acquisition.
- (b) The Consideration was arrived at after arm’s length negotiations between the Buyer and the Sellers and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the latest available valuation on the Target (as further described under paragraph 2.3.1(c) below, and the Profit Guarantee (as defined in paragraph 2.3.5 below).
- (c) In connection with the Proposed Acquisition, the Group has 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. Based on the valuation report dated 2 October 2019 (“**Valuation Report**”), the market value of the 100% equity interest in the capital of the Target, based on International Valuation Standards, is in the region of MYR 3.1 million to MYR 3.5 million as at 31 May 2019. The valuation is based primarily on the income approach with reference made to market approach and cost approach. Please refer to a summarised version of the Valuation Report as set out in Appendix A to this Circular for further information.

LETTER TO SHAREHOLDERS

2.3.2. Consideration Shares

- (a) The Consideration Shares shall be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or any distributions, the record date of which falls before the date of Completion.
- (b) The Issue Price of S\$0.025 represents a premium of 13.6% to the volume weighted average price of S\$0.022 for trades done on the Shares on the SGX-ST for the full market day on 13 September 2019 (being the last market day preceding the date of the SPA).
- (c) The number of Consideration Shares to be issued to the Sellers on Completion represents approximately 12.63% of the existing issued and paid-up share capital of the Company of 365,512,632 Shares (excluding treasury shares) and 11.21% of the enlarged issued and paid-up share capital of the Company of 411,674,594 Shares (excluding treasury shares) following Completion.
- (d) The Consideration Shares will be allotted and issued to the Sellers pursuant to the general share issue mandate ("**General Mandate**") granted by Shareholders at the annual general meeting of the Company held on 29 April 2019 ("**2019 AGM**"). The General Mandate authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2019 AGM, of which the aggregate number of new Shares of the Company to be issued other than on a pro-rata basis to all existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). As at the date of the 2019 AGM, the Company had 285,512,632 Shares in issue (excluding 200,000 treasury shares).

As at the date of the Announcement, no Shares have been issued by the Company since the 2019 AGM under the General Mandate. The maximum number of Shares that may be issued other than on a pro-rata basis pursuant to the General Mandate is 142,756,316. Accordingly, the proposed allotment and issue of the Consideration Shares falls within the limit of the General Mandate.

- (e) The Company will be making an application to the SGX-ST, through its sponsor, SAC Capital Private Limited ("**Sponsor**"), for the listing and quotation of the Consideration Shares on the Catalist.

2.3.3. Conditions Precedent

Completion is conditional upon certain conditions being satisfied or waived (as the case may be), including but not limited to the following:

- (a) the results of legal, financial and commercial due diligence investigations in respect of the Target being satisfactory to the Buyer (in its sole discretion);
- (b) the approval of the Shareholders having been obtained for the Proposed Acquisition and the Proposed Diversification;
- (c) the listing and quotation notice having been obtained from the SGX-ST by the Company for the listing and quotation of the Consideration Shares on the Catalist of the SGX-ST; and
- (d) no event having occurred after the date of the SPA which has or is likely to result in a material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Target.

2.3.4. Longstop Date

If all of the conditions precedent under the SPA (save for those which compliance with has been waived in accordance with the terms of the SPA) have not been fulfilled on or before 5:00 p.m. on 31 December 2019, the SPA shall lapse and no party shall have any claim against any other party under it, save for any claim arising from antecedent breaches of the SPA.

LETTER TO SHAREHOLDERS

2.3.5. Profit Guarantee

Pursuant to the SPA, the Sellers have irrevocably and unconditionally guaranteed to the Buyer that the cumulative audited earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) of the Target for the period of three (3) consecutive financial years ending 31 December 2020, 31 December 2021 and 31 December 2022 (the “**Profit Target Period**”) shall not be less than Malaysian Ringgit Two Million One Hundred Thousand (MYR 2,100,000) (the “**Profit Target**”).

In the event that the Profit Target is not achieved, the Sellers irrevocably undertake that they shall within fourteen (14) days of demand by the Buyer make good the shortfall with respect to the Profit Target (the “**Shortfall**”) in whole and by way of cash payment (the “**Profit Guarantee**”).

2.4. Disclosure under Rule 1013(1) of the Catalyst Rules

In respect of the Profit Guarantee, the Company provides the following information in accordance with Rule 1013(1) of the Catalyst Rules:

(a) Rule 1013(1)(a) – Views of the Directors in accepting the Profit Guarantee and the factors taken into consideration and basis for such a view

The Board is of the view that the Profit Guarantee is reasonable and helps to safeguard the interests of the Company and the Shareholders, having taken into account, *inter alia*, the following factors:

- (i) the track record of the Target and the potential of the business of the Target; and
- (ii) the terms and rationale of the Proposed Acquisition, the mechanisms for recovery of the Shortfall by the Company in the event that the Profit Guarantee is not satisfied (as set out below).

(b) Rule 1013(1)(b) – Principal assumptions including commercial bases and assumptions upon which the quantum of Profit Guarantee is based

The principal assumptions, including commercial bases upon which the quantum of the Profit Guarantee is based, would include, *inter alia*, the following:

- (i) the expansion plans of the Target;
- (ii) there will be no material changes in existing political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in Malaysia where the Target operates;
- (iii) there will be no material changes in the bases or rates of taxation or duties applicable to the Target in the jurisdiction of Malaysia;
- (iv) there will be no material loss of major customers, major suppliers, strategic partners which are essential for the operations of the Target;
- (v) there will be no interruption of the operations that will adversely affect the Target as a result of a shortage in supply of raw materials or any other circumstances such as natural disasters, or changes in the regulatory regime in Malaysia which are beyond management control;
- (vi) there will be no material changes in the borrowings of the Target and the prevailing interest rates; and
- (vii) there will be no material changes in the key personnel of the Target.

LETTER TO SHAREHOLDERS

- (c) Rule 1013(1)(c) and Rule 1013(1)(d) – Manner and amount of compensation to be paid by the Sellers and safeguards put in place in the event that the Profit Guarantee is not met

As noted above, the Shortfall will be made good by way of cash payment by the Sellers. As security for the due observance and performance of the Profit Guarantee, the Sellers have agreed under the SPA to execute a deed of security of such number of Consideration Shares equivalent to the Profit Target, determined based on the Issue Price, pursuant to which:

- (i) the Sellers shall undertake to make good the Shortfall, failing which they shall procure the sale of such portion of the Consideration Shares equivalent in value to the Shortfall, based on the prevailing market price of such Consideration Shares, and shall cause the proceeds of such sale to be paid to the Buyer;
- (ii) the Sellers shall appoint each of Buyer's directors severally to be their attorney and proxy, with full power of substitution and re-substitution, to carry out the sale of such portion of the Consideration Shares equivalent in value to the Shortfall as provided for in paragraph (i) above; and
- (iii) as security for the foregoing, the Sellers shall deposit with the Buyer the share certificates and undated share transfer forms in respect of such portion of the Consideration Shares equivalent in value to the Profit Target.

The Company will make the necessary announcements as required under Rule 1013(3) of the Catalist Rules in relation to whether the Profit Guarantee has been or has not been met, as well as on any material variation or amendment to the terms of the SPA.

2.5. Relative Figures under Rule 1006 of the Catalist Rules

Based on the latest announced consolidated financial statements of the Group for HY2019, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition are set out below.

Catalist Rule	Relative Figure
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as this is not a disposal.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with the Group's net profits	2.88% ⁽¹⁾
Rule 1006(c) – the aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	14.35% ⁽²⁾
Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	12.63% ⁽³⁾
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

- (1) Based on the unaudited financial statements of the Company for HY2019, the net loss of the Group was approximately MYR 4.043 million. Based on the management accounts of the Target for HY2019, including adjustments made subsequent to a financial due diligence exercise conducted by the Company, the net loss of the Target was approximately MYR 0.116 million.

LETTER TO SHAREHOLDERS

- (2) The Consideration of MYR 3,500,000 (equivalent to approximately S\$1,154,049 based on an exchange rate of SGD 1 : MYR 3.0328 as at 13 September 2019) is compared against the Company's market capitalisation of S\$8,041,278, which is computed based on 365,512,632 Shares (excluding treasury shares) in issue and the weighted average price of S\$0.022 on 13 September 2019, being the last market day preceding the date of the SPA.
- (3) The amount of 46,161,962 Consideration Shares is compared against 365,512,632 Shares (excluding treasury shares) currently in issue.

As the relative figures computed on the bases set out in Rule 1006(c) and Rule 1006(d) exceed 5% but do not exceed 75%, the Proposed Acquisition constitutes a disclosable transaction pursuant to Chapter 10 of the Catalist Rules. Notwithstanding that the Proposed Acquisition constitutes a disclosable transaction and is not subject to Shareholders' approval under the Catalist Rules, the Company will be seeking Shareholders' approval for the Proposed Acquisition given that this is the Group's first foray into a new business sector.

2.6. Financial Information and Financial Effects of the Proposed Acquisition

The *pro forma* financial effects of the Proposed Acquisition on the Group set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Acquisition. These illustrative financial effects have been prepared based on the audited consolidated financial statements of the Company for FY2018 and the audited financial statements of the Target for FY2018, based on the following bases and assumptions:

- (a) that the Proposed Acquisition had been completed on 1 January 2018 for the purposes of illustrating the financial effects on earnings;
- (b) that the Proposed Acquisition had been completed on 31 December 2018 for the purposes of illustrating the financial effects on net tangible liabilities ("NTL"); and
- (c) the computation does not take into account any expenses that may be incurred in relation to the Proposed Acquisition.

2.6.1. NTL

	Before the Proposed Acquisition	After the Proposed Acquisition
NTL attributable to owners of the Company (MYR)	(10,176,192)	(10,251,516)
Number of Shares (excluding treasury shares)	365,512,632 ⁽¹⁾	411,674,594
NTL per Share (Malaysia sen)	(0.028)	(0.025)

Note:

- (1) The number of Shares has been adjusted for an issuance of 80,000,000 Shares pursuant to a share subscription exercise completed on 15 May 2019, increasing the total number of Shares (excluding treasury shares) from 285,512,632 Shares as at 31 December 2018 to 365,512,632 Shares.

LETTER TO SHAREHOLDERS

2.6.2. Loss per Share (“LPS”)

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to owners of the Company (MYR)	(17,052,344)	(16,980,565)
Weighted average number of Shares	365,512,632 ⁽¹⁾	411,674,594
LPS (Malaysia sen)	(0.047)	(0.041)

Note:

(1) The weighted average number of Shares has been adjusted for an issuance of 80,000,000 Shares pursuant to a share subscription exercise completed on 15 May 2019 increasing the weighted average number of Shares (excluding treasury shares) from 285,512,632 Shares as at 31 December 2018 to 365,512,632 Shares.

3. THE PROPOSED DIVERSIFICATION

3.1. Introduction

In connection with the Proposed Acquisition, the Company had also announced that, subject to the approval of the Shareholders, it intends to diversify into the New Business.

3.2. Existing Business of the Group

The Group's only business segment currently is the Asset Integrity Management Sector (“**AIMS**”). Prior to the oil price crisis of 2014, the Group had also been involved in crude oil exploration and production in Indonesia and mobile natural gas distribution in Indonesia, Vietnam and Malaysia.

As part of the turnaround plan in the post oil price crisis era, the Group had in 2017 started taking concrete steps to discontinue, divest and impair parts of its business that were adversely affected by low oil prices and to re-focus on its core innovative engineering competencies which focuses on commercialising a suite of disruptive technologies in the AIMS across upstream and downstream markets (the “**Existing Business**”). The Group offers both individual and integrated technologies and solutions to assess, inspect, repair and maintain both offshore and onshore structures such as offshore oil and gas platforms, FPSO, pipelines, jetties, refineries and petrochemical plants. The technologies offered by the Group, which currently covers the following divisions: (i) Structural Integrity Solutions, (ii) Advanced Inspection Solutions, (iii) Corrosion Control Solutions, and (iv) Subsea Engineering Solutions, are either proprietary, co-developed or originated from technology providers who partner with the Group to launch their unique technologies through the Group's extensive global distribution network under long term strategic alliance agreements.

As part of the Board's ongoing strategic corporate strategy to better position the Group to achieve long-term sustainable growth across diverse economic conditions, the Company is and has been seeking and exploring opportunities in other businesses with good prospects for growth in the long run, and to adopt a diversification approach in its long-term growth strategy, with the priority of broadening the Group's revenue streams so as to sustain and enhance Shareholders' value and returns.

In order to achieve these objectives, the Company intends, subject to the approval of its Shareholders at the EGM, to diversify its Existing Business to include the New Business. More information on the rationale for the Proposed Acquisition and Proposed Diversification can be found in Section 4 below.

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3.3. New Business

3.3.1. *Structure and scope of the New Business*

The New Business will become a new segment of the Group's business and will be carried out through the Buyer for the purposes of risk management. The New Business will be in the provision of healthcare, postpartum care and wellness services, including but not limited to the following:

- (a) the provision of postpartum care, such as pre and post-natal care services and consultancy services;
- (b) the provision of aesthetic and wellness services such as spa, skincare and slimming services; and
- (c) the provision of physiology services such as pre and post-natal physiotherapy.

As stated in Section 2 of this Circular, the Proposed Acquisition has been proposed in connection with the Proposed Diversification and will pave the way for the Company to expand into the healthcare, postpartum care and wellness space.

To assist it in undertaking the New Business more effectively and efficiently, the Company may also enter into joint ventures, partnerships and/or strategic alliances with third parties (including interested persons) and seek to build its expertise and capabilities in the field. In the event that the Company proposes to enter into a joint venture, partnership or strategic alliance with an interested person (as defined under the Catalist Rules), the Company will comply with the relevant provisions of Chapter 9 of the Catalist Rules.

3.3.2. *Management of the New Business*

The New Business will be overseen and spearheaded by Dato' Low Koon Poh ("**Dato' Low**"), the Executive Director of the Company. Dato' Low was appointed to the Board on 26 April 2019 to oversee the restructuring of the Group's business and to identify new business opportunities for the Group. He had subsequently introduced the Target to the Group.

Dato' Low's background is in corporate advisory, investment and accounting. Hence, he will be in charge of identifying new targets and/or opportunities in respect of the New Business. As he does not have relevant experience in the New Business, he will not be involved on an executive level in the daily running of the Target but will be providing oversight on a strategic level with the aim of growing the business of the Target.

As the New Business expands and the Board identifies new business opportunities and/or acquisition targets, the Group will, where necessary, employ new employees and engage key healthcare professionals with the relevant expertise and experience to manage, support and assist with the New Business. Additionally, the Board and management of the Company will, where necessary, seek the advice of reputable external consultants and experts and work closely with local industry experts and professionals to ensure that the Company is able to comply with the relevant laws and understand the operating landscape in the jurisdictions in which the New Business will operate in.

3.3.3. *Management of the Target*

Ms Loo Sow Kuen ("**Ms Loo**"), currently the operations manager of the Target, will continue to oversee the operations of the Target. With approximately 20 years of experience working within the healthcare, postpartum and wellness industry, Ms Loo has extensive knowledge necessary for managing the operations of the Target and is best suited to run the business of the Target moving forward.

The Board intends to observe Ms Loo's performance for the next 6 months post completion of the Proposed Acquisition before deciding whether to appoint Ms Loo as key executive officer. Should Ms Loo be appointed as key executive officer in the future, the salient terms in respect of her service agreement will be provided in the Company's subsequent annual report. The Company is confident that, with Ms Loo at the helm, the operations of the Target will continue on smoothly.

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3.3.4. *Revenue from New Business*

It is envisioned that the initial revenue from the New Business will be substantially derived from the Target.

The Company intends for the New Business to be engaged on a prudent basis with discretion, and to set appropriate risk and return objectives in respect of the New Business. Prior to acquiring other companies or making other investments for the New Business, the Board will evaluate each investment based on, *inter alia*, the potential costs and cash flow requirements involved, the estimated profit margins and the prevailing local and general market conditions.

3.4. **Financing of the Proposed Diversification**

As disclosed in the Announcement, the Company intends to fund the Proposed Acquisition by way of an issuance and allotment of new ordinary shares in the capital of the Company.

Going forward, the Company intends to fund the New Business by internal resources, bank borrowings and/or fund-raising exercises. The Directors will determine the optimal mix of internal funding and external funding, taking into account the cash flow requirements of the Group and prevailing funding costs. In addition, the Company may consider tapping on the capital market including but not limited to rights issues, share placements and/or issuance of debt instruments as and when necessary and deemed appropriate.

3.5. **Internal Controls and Risk Management of the New Business**

The Board recognises the importance of internal control and risk assessment for the smooth running of the New Business. In order to better manage the Group's external and internal risks resulting from the Proposed Diversification, the Group will implement a set of operations and compliance procedures.

The audit committee of the Company and the Board will:

- (a) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the New Business; and
- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

3.6. **Conflict of interest**

When the Company identifies a potential opportunity in respect of the New Business, each of the Directors and key management personnel will be obliged to disclose to the Board where he and/or his Associates have an interest (and the full extent thereof) in the transaction ("**Conflicted Individual**").

A Conflicted Individual shall not (i) vote in respect of matters in relation to the New Business; (ii) will not, directly or indirectly, make any executive decisions in respect of the New Business; and (iii) will not, directly or indirectly influence or participate in the operations and management of the New Business.

3.7. **Requirements of the Listing Manual**

As the Proposed Diversification will result in an expansion of the Group's business to new business sector(s) and may also result in an expansion to new geographical market(s), it is envisaged that the Proposed Diversification may change the Group's risk profile. Accordingly, the Directors propose to convene an EGM to seek Shareholders' approval for the Proposed Diversification.

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Upon approval by the Shareholders of the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the New Business. This will allow the Group to, enter into transactions relating to the New Business in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when potential transactions relating to the New Business arise, even where they constitute a "major transaction". This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction (as defined in Rule 1002(1) of the Catalist Rules) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds (i) for an acquisition, 75% but less than 100%, or (ii) for a disposal, 50%, and must be made conditional upon approval by shareholders in a general meeting.

For the avoidance of doubt, notwithstanding approval by the Shareholders of the Proposed Diversification, where:

- (a) in respect of an acquisition of assets, any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or such acquisition will result in a change in control of the issuer, Chapter 10 of the Catalist Rules (including Rule 1015) will continue to apply to any such acquisition, which must be made conditional upon the approval of, *inter alia*, Shareholders;
- (b) a transaction constitutes an interested person transaction (as defined under the Catalist Rules), Chapter 9 of the Catalist Rules will continue to apply to any such transaction; and
- (c) in light of Practice Note 10A of the Catalist Rules, if a transaction changes the risk profile of the Company such as a significant expansion of the Group's business to a new geographical market and/or a new business sector, Shareholders' approval may be sought for such transaction.

4. RATIONALE FOR THE PROPOSED ACQUISITION AND PROPOSED DIVERSIFICATION

4.1. Historical Performance of the Group

As a result of the decline in oil prices back in 2014 and the challenging business landscape surrounding the Group's oil and gas operations, the Group had recorded net losses since the financial year ended 31 December 2016. In 2017, the Group took concrete steps to discontinue, divest and impair parts of its business that were adversely affected by the low oil prices and to re-focus on its core AIMS. As part of the Group's strategy to strengthen its operations and financial position and to ensure continued growth and success of the Group, the Directors have been on a search for new business opportunities and have decided to pursue the Proposed Acquisition as its first foray into the healthcare, postpartum care and wellness business sector.

4.2. Overview of the Healthcare Services Sector

The healthcare industry is a comparatively stable market largely independent of cyclical business and market fluctuations. The diversification of the Group into the healthcare services sector is therefore part of its strategy to compensate for such fluctuations.

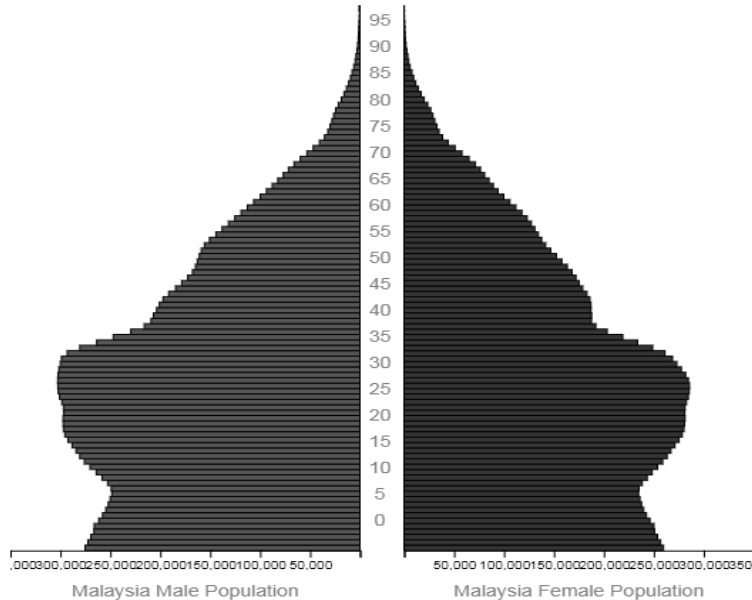
Specifically, the Company had selected mother-and-child related healthcare services as its initial foray into the healthcare services sector due to a variety of factors, chief among them being the relatively young population demographic in South-East Asian countries such as Malaysia. This played a major role in the selection of the Target as a suitable acquisition to kickstart the Proposed Diversification.

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4.2.1. *Population Demographic*

As can be seen from the chart below, the population pyramid of Malaysia indicates that the average demographic is largely distributed between the age range of 20 to 35 years. With such a large proportion of the population concentrated within this demographic, there is a wealth of young couples to be serviced in the postpartum and childcare-related services industry.

Malaysia Population Pyramid 2019



(Source: World Population Review)¹

Furthermore, while the mean age of childbearing of 30.74 years in Malaysia has been increasing over the years, it remains well within the largest age demographic of Malaysia.² There is therefore a large customer base for such post-partum care services to be marketed to.

4.2.2. *Demand for postpartum care and tight supply of confinement nannies*

The New Business involves postpartum and confinement care, a traditional postnatal practice aimed at assisting new mothers recover from the rigours of pregnancy, labour and birth. The primary focus of confinement care is ensuring that the mother is healthy and capable of taking care of her newborn child, and is equipped with all necessary information about vital childbearing and child-rearing related skills such as breastfeeding, reproductive health and contraception. Confinement care also assists new mothers with the imminent life adjustment into parenthood.

Traditionally, confinement practice is done at home under the care of an older lady within the family, such as a mother, mother-in-law, grandmother, or an aunt. Where women used to have such familial support to rely upon during their confinement period (28 days after childbirth), such arrangements are increasingly more difficult due to career demands and societal mobility, with more people no longer living in their hometowns. Typically, new mothers living in urban societies hire middle-aged nannies, or confinement ladies to care for them full-time at home during the confinement period. It is however increasingly difficult for new mothers to engage such confinement ladies as supply of individuals willing to work in this industry has shrunk over the years.

¹ World Population Review website <<http://worldpopulationreview.com/countries/malaysia-population/>> (accessed 12 September 2019)

² World Data Atlas website <<https://knoema.com/atlas/Malaysia/topics/Demographics/Fertility/Age-of-childbearing>> (accessed 12 September 2019)

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In the past, confinement nannies are typically middle-aged ladies who are not formally trained or medically qualified, but are experienced in caring for the particular needs and requirements of a new mother and her baby according to traditional confinement practices, providing emotional and physical support to mothers before, during and after childbirth. However, due to the growing scarcity of confinement nannies and living space constraints in modern apartments and houses, engaging stay-at-home confinement nannies is increasingly viewed as an impractical endeavour. This gave birth to the concept of stay-in confinement centres such as those operated by the Target.

Furthermore, with the growing affluence of young Asian women in recent years, there is a sizable market to be tapped upon. The rapidly growing postpartum or confinement industry caters to this specific demographic, who wish to follow the traditional practices of past generations while being pampered with a top-notch wellness and healthcare experience during their period of recuperation following delivery.

As such, the Company believes that due to the increasing demand for postpartum care, the Group can benefit from being invested in this sector.

4.3. Future Expansion Plans

The Proposed Acquisition and the Proposed Diversification will pave the way for the Company to invest into various other sub-segments of the healthcare services industry.

Other than the Target, the Group intends to acquire companies in the field of, amongst others, aesthetics and physiology. The Board believes that, barring any unforeseen circumstances, the Proposed Acquisition and the Proposed Diversification will provide the following benefits to the Group:

(a) *Reduced reliance on Existing Business*

The Group is of the view that the New Business is expected to provide additional revenue streams for the Group which are independent of the oil and gas sector, thereby reducing the Group's reliance on its core business for its revenue streams. Given the uncertainties prevailing in the current global economic outlook, the Directors believe that it is prudent to take active steps to reduce reliance on the Group's Existing Business that is still primarily dependent on the oil and gas industry. The inclusion of the New Business may provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on its Existing Business for its revenue streams.

(b) *Enhanced Shareholders' value*

The Proposed Acquisition is part of the Group's corporate strategy to provide the Shareholders with diversified returns and long-term growth. The Directors believe that the profits generated from the New Business may provide the Group with additional funds, which can be channelled towards the enhancement of Shareholder value over the long-term.

5. RISKS ASSOCIATED WITH THE NEW BUSINESS

In undertaking the Proposed Acquisition and the Proposed Diversification, the Group could be affected by a number of risks which relate to the industries and countries in which the Company intends to operate as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

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To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Acquisition and Proposed Diversification have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed Acquisition and the Proposed Diversification, this may have a material and adverse impact on the overall results of operations, financial condition and prospects of the Group.

The risks described below are not intended to be exhaustive and are not presented in any particular order of importance. New risk factors may emerge from time to time, and it is not possible for the Board to predict all risk factors, nor can the Board assess the impact of all factors on the Proposed Acquisition and the Proposed Diversification or the extent to which any factor, or combination of factors, may affect the Proposed Acquisition and the Proposed Diversification. There may also be other risks associated with entry into the Proposed Acquisition and the Proposed Diversification which are not presently known to the Company, or that the Company may currently deem immaterial and as such have not been included in the discussion below.

5.1. Risks relating to the New Business

The following is an identified but by no means exhaustive list of risk factors which are associated with the New Business:

- (a) *The Group has no prior experience in the New Business and the current management may not have the relevant expertise to ensure success*

The Proposed Acquisition and the Proposed Diversification is in an area that is new to the Group. As such, the Company will face the usual risks, uncertainties and problems associated with the entry into any new business which it has no prior track record in.

In addition, the Company's current management team may not have the relevant expertise to ensure success in the New Business. While the Group will be entering into separate service agreements with the current key management personnel of the Target, there is no assurance that the Company will be able to attract and retain the right persons for the New Business. The Company may also face difficulties in recruiting skilled and qualified personnel in the New Business due to its specialised nature. If the Company is unable to attract and retain a sufficient number of suitably skilled and qualified personnel, the Group's business, results of operations and financial condition may be adversely affected.

Delays in integration or unforeseen or unresolved issues may divert the Company's management attention and resources, delay the commencement of or prevent revenue growth in the New Business, which may materially and adversely affect the results of operations or financial position of the Group.

The Company intends to devote time and management attention to setting up the New Business, including but not limited to applying for the requisite registrations and/or licences, hiring skilled professionals and employees, providing the necessary training, know-how, business support, creating new incentive structures for management and staff, establishing the operating infrastructure and internal controls, brand development, and establishing clientele. Nevertheless, there can be no assurance that the Company will be successful in the New Business, or that such measures will result in the seamless integration of the New Business into the Group's existing operations.

- (b) *The New Business is subject to competition risks*

The success of the New Business will depend to a large extent on the Company's ability to establish itself in the healthcare, postpartum care and wellness industry on an economically viable scale and in line with the Group's business objectives. The Company will have to compete with other healthcare, postpartum care and wellness providers, some of which may be larger, better capitalised, offer a wider range of services, have access to greater human resources, and have both a stronger presence as well as a longer operating history in these markets. There can be no assurance that the Company's plan to penetrate these

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markets will be commercially successful. If the Company fails to compete effectively in this environment, the Group may lose clients and/or investee companies, and the opportunity to gain new clients and/or investee companies. The Company will need to increase its marketing activities to develop market awareness and relationships with potential clients and/or investee companies. Such activities will increase the Group's expenses, and such expenditure without a corresponding increase in revenue may have an adverse impact on the Group's growth prospects and financial performance.

- (c) *The Group may not be able to identify expansion opportunities or experience difficulties in implementing such projects*

The growth of the New Business depends, to a certain extent, on the Group's ability to fund, establish or acquire and manage additional businesses in the healthcare, postpartum care and wellness industry. Such expansions may be capital expenditure intensive. The Group may not be able to identify suitable locations for new facilities, or expand, improve and augment its existing businesses, the number of suitable acquisition or expansion opportunities may be limited and the Group may not be able to negotiate attractive terms for such acquisitions or expansions or be able to secure the necessary financing for such opportunities. If the Group is unable to successfully identify opportunities for expansions or face difficulties in the process of such expansions, its business, financial condition, results of business operations and prospects may be materially and adversely affected.

- (d) *Unpredictable nature of revenue and profitability*

The Company's revenue from the New Business is likely to be primarily generated from transactions which are of a non-recurring nature and on a transaction-by-transaction basis, and is also subject to the size of the transactions and the scope of services to be rendered. The non-recurring nature of the revenue for the New Business makes the profitability of the New Business unpredictable. The Company may have difficulties attracting new clients which will generate revenue and income at levels previously received by the Target. Consequently, the Group's revenue and profitability may be adversely affected.

- (e) *The Company's success in the New Business depends on the Company's ability to attract highly skilled personnel*

Given the nature of the healthcare, postpartum care and wellness industry, the Company requires high quality professionals to deliver its services. The Company's success in the New Business depends on its ability to attract, motivate, train and retain skilled employees and professionals in the relevant fields of expertise for the New Business. If the Company is unable to attract, motivate and/or retain the necessary highly skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition.

- (f) *The Company will be dependent on certain key personnel for the success of the New Business*

The success and growth of the New Business depends significantly on the expertise and experience of Ms Loo, who is overseeing the operations of the Target. As the key employee of the Target with experience relevant to the healthcare, postpartum care and wellness industry, Ms Loo will be instrumental in spearheading the New Business, formulating its strategic focus and directions as well as overseeing its general operations

Thus, the success of the New Business will be highly reliant on the contributions of Ms Loo. However, there can be no assurance that the Company will be successful in retaining the services of Ms Loo. Losing the services of Ms Loo without suitable and timely replacements, or being unable to attract and retain other qualified personnel would have an adverse impact on the prospects, operations and financial performance of the Group. As such, the Company is always on the lookout for suitable personnel to develop and grow the New Business, and is not merely seeking to be reliant on the existing key personnel.

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- (g) *The New Business may be subject to risks due to fluctuations in foreign exchange rates*

To the extent that the Target is located in a different geographic jurisdiction (in this case, Malaysia) and the revenue may be denominated in currencies other than Singapore dollars, the Company's revenue and income may be adversely affected by fluctuations in foreign exchange rates, and such fluctuations may be unpredictable.

- (h) *The New Business is heavily dependent on the Group's reputation and any adverse publicity could have an adverse effect on the Company's performance*

The New Business relies to a large extent on market perception, as the Company will be operating in an industry where the Group's integrity (and the perception thereof) as well as, the trust and confidence of the clients are of critical importance. Having a good reputation is an important factor in ensuring that the Company maintains the revenue generated from the New Business. Negative publicity (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of clients. Accordingly, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have an adverse effect on the Group's growth prospects, business operations and financial performance.

- (i) *The New Business may be subject to exposure to litigation*

The provision of healthcare, postpartum care and wellness services entails inherent risks of liability. Any successful litigation claim brought against the Group by its clients or otherwise in the future in relation to the New Business could have a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. Even if the Group is successful in defending against such litigation claims and no judgments, fines, damages or liabilities are ordered against the Group, the Group's reputation may suffer, which in turn may have a material adverse effect on the Group's sales and revenue.

In the event that the Group is found liable under any such liability claims, there is no assurance that the Group will have adequate or sufficient liability insurance to cover the amount of damages payable in respect of such claims. Any claims in excess of any liability insurance coverage that may be obtained by the Group may have a material adverse effect on the Group's business, financial conditions and results of operations. In the event that the liability incurred by the Group under such claims is substantial, the Group's business may be significantly affected.

- (j) *The New Business is exposed to risks associated with acquisitions, joint ventures, partnerships and/or strategic alliances*

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the New Business may involve acquisitions, joint ventures, partnerships and/or strategic alliances with third parties. Participation in such partnerships, joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such partnerships, joint ventures, strategic alliances, acquisitions or opportunities. Furthermore, there is a risk that if any of its partners is unable to deliver its obligations or commitments (such as failure to perform according to the expertise expected of the joint venture partner or strategic alliance or meet the financial obligations), it may cause disruption in the operations of the New Business and/or result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

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- (k) *The New Business may require additional funding for future capital expenditure and working capital to implement long term business strategies*

The New Business may require additional funding for future capital expenditure and working capital. It is likely that the Group will need to access the capital markets for debt or equity financing to fund future capital may need significant external financing to fund its growth. The Group's ability to obtain additional financing depends on a number of factors, such as market conditions, its operating performance and the commercial viability of its products and/or services. There is no assurance that the Group will be able to obtain additional financing in a timely manner and on terms that are acceptable to the Group or at all.

- (l) *The Group's performance following the Proposed Diversification will be subject to exposure to macro-economic risks*

The markets in which the Group will operate the New Business are affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates:

- (i) legal and regulatory changes;
- (ii) economic and political conditions;
- (iii) the level and volatility of liquidity and risk aversion;
- (iv) concerns about natural disasters, terrorism and war;
- (v) the level and volatility of equity, debt, property, commodity and other financial markets;
- (vi) the level and volatility of interest rates and foreign currency exchange rates; and
- (vii) concerns over inflation.

- (m) *The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance*

While the Group will, where appropriate, obtain insurance policies to cover losses in respect of its properties and certain eventualities arising from the Group's business operations, the insurance obtained may not be sufficient to cover all potential losses, including losses arising from risks which are generally not insurable. These include losses arising from acts of God, earthquakes, war, civil disorder and acts of terrorism. Losses arising out of damage to the Group's properties not covered by insurance policies in excess of the amount it is insured may affect the Group's profitability. Committing additional costs to the relevant project for its completion in the event there are uninsured damages may also adversely affect the financial performance of the Group.

- (n) *The commercial success of the New Business depends on the adequate protection of the Group's intellectual property rights and other proprietary rights*

The Group's registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. The Group may not be able to protect its rights to these trademarks and trade names, which the Group needs to build name recognition by potential partners or customers in the Group's markets of interest. Furthermore, it can be difficult and costly to defend trademarks from encroachment or misappropriation outside of the jurisdictions which the New Business operates in. Over the long term, if the Group is unable to establish name recognition based on its trademarks and trade names, the Group may not be able to compete effectively and its business, results of operations and financial condition may be materially and adversely affected.

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The coverage of registered intellectual property rights is subject to interpretation by the courts, and the interpretation is not always uniform or predictable. Where a competitor infringes on its trademarks and other proprietary rights, the Group intends to enforce its intellectual property rights against infringers when it determines that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If the Group chooses to enforce its intellectual property rights against a party, then that individual or company has the right to ask the court to rule that such intellectual property rights are invalid and should not be enforced. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of the Group's managerial and scientific personnel even if the Group were successful in stopping the infringement of such intellectual property rights. In addition, there is a risk that the court will decide that such intellectual property rights are not valid and that the Group does not have the right to stop the other party from using the trademarks. There is also the risk that, even if the validity of such intellectual property rights is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe the Group's intellectual property rights. Any failure to enforce the Group's intellectual property rights or to defend any legal proceedings regarding its intellectual property rights may materially and adversely affect the Group's business, results of operations and financial condition.

The Group may also be subject, in the ordinary course of the New Business, to legal proceedings and claims from time to time relating to the intellectual property of others, which could have a material adverse effect on the Group's business, results of operations and financial condition. The Group cannot be sure that the products, services, technologies and advertising it employs in the New Business do not or will not infringe valid patents, trademarks, copyrights or other intellectual property rights held by third parties. In addition, the Group's collaboration and joint venture partners may not properly maintain or defend the Group's intellectual property rights or may use the Group's proprietary information in such a way as to invite litigation that could jeopardise or invalidate the Group's intellectual property or proprietary information or expose the Group to potential litigation. They may also infringe the intellectual property rights of third parties, which may expose the Group to litigation and potential liability. Any legal action against the Group claiming damages or seeking to enjoin commercial activities relating to the affected products or its methods or processes may:

- (i) require the Group, or its partners, to obtain a licence to continue to use, manufacture or market the affected products, methods or processes, and such a licence may not be available on commercially reasonable terms, if at all;
- (ii) prevent the Group from making, using or selling the subject matter claimed in patents held by others and subject the Group to potential liability for damages;
- (iii) consume a substantial portion of the Group's managerial and financial resources; or
- (iv) result in litigation or administrative proceedings that may be costly, whether the Group wins or loses.

Any such event could have a material adverse effect on the New Business, results of operations and financial condition.

(o) *The Group will incur costs to maintain its intellectual property rights*

Periodic maintenance fees, renewal fees, annual fees and various other governmental fees on trademarks and/or applications will be due to the various intellectual property offices at various points over the lifetime of the Group's trademarks. Additionally, there may be various procedural and documentary fees payable and other similar provisions during the maintenance or renewal process. The Group employs reputable law firms and other professionals to help the Group comply with the application and maintenance processes, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with rules applicable to the particular jurisdiction. However,

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there are situations in which non-compliance may result in the abandonment or lapse of the trademark, resulting in partial or complete loss of intellectual property or proprietary rights in the relevant jurisdiction. If such an event were to occur, it may have a material and adverse effect on the New Business, results of operations and financial condition.

5.2. Risks relating to the Healthcare Services Industry

The following is an identified but by no means exhaustive list of risk factors which are associated with a diversification into the healthcare services industry:

(a) *Changing healthcare, postpartum care and wellness trends within the industry*

The healthcare, postpartum care and wellness market requires the Group to closely monitor the trends in the market and the needs of the consumers, which may require the introduction of new products, technologies, devices, solutions, service categories and treatment procedures to enhance existing services and procedures. There is a need to ensure that the Group is accessing the latest technology quickly and cost-effectively responding to the consumers' changing needs.

The Group may be required to incur development and acquisition costs to keep pace with new technologies. Failure to identify, develop and introduce new products, solutions, service categories, features, enhancements and technologies in a timely and cost-effective basis may result in a decrease in demand for the services and the Group may not be able to compete effectively or attract consumers, which may materially and adversely affect its business and results of operations.

(b) *The healthcare services industry is subject to various regulations and licensing requirements*

The healthcare, postpartum care and wellness industry is highly regulated. The Target and its healthcare professionals are subject to laws and regulations governing, among others, the conduct of business operations, quality of facilities, equipment and services, qualifications of healthcare professionals, and confidentiality and use of health-related information and medical records.

Compliance with regulatory standards often requires significant time, money, resources and record-keeping and quality assurance efforts and will subject the Target and the third parties the Target works with from time to time to potential regulatory inspections. If the courts or regulatory authorities hold the Target to be in violation of any laws or regulations, including conditions in the permits, licences and accreditations required for the Target's operations, the Target may have to pay fines and/or be subject to other penalties, including the revocation of such permits and licences, modify, suspend or discontinue the Target's operations, incur additional operating costs or make capital expenditures.

Further, regulatory authorities may exercise broad discretion in varying or introducing new licensing requirements. Any changes to the existing laws and regulations may require the Target to apply for new approvals, licences and/or permits and there is no assurance that the Target will be able to obtain these new approvals, licences and/or permits. In the event that the Target is unable to obtain or renew the requisite approvals, licences and/or permits, or such approvals, licences and/or permits are withdrawn, the Target may be required by the relevant governmental agencies to cease operations in the New Business and the business, financial condition and results of operations of the Group may be adversely affected.

(c) *Compliance with applicable safety, health, environmental and other governmental regulations may be costly and adversely affect the Group's competitive position and results of operations*

LETTER TO SHAREHOLDERS

The Group is subject to national and local laws, rules and regulations in the countries which it operates, governing, among other things:

- (i) the conduct of the Group's operations;
- (ii) additions to facilities and services;
- (iii) the adequacy of medical care;
- (iv) the quality of medical facilities, equipment and services;
- (v) the purchase of medications and pharmaceutical drugs;
- (vi) the noise pollution, discharge of pollutants to air and water and handling and disposal of bio-medical, radioactive and other hazardous waste;
- (vii) the qualifications of medical and support personnel;
- (viii) the confidentiality, maintenance and security issues associated with health-related information and medical records; and
- (ix) the screening, stabilisation and transfer of patients who have emergency medical conditions.

The ownership and operation of the Target and other healthcare-related assets in the future carry an inherent risk of liability related to employee and customer health and safety, including the risk of government-imposed orders to address hygiene and contamination-related concerns, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability.

Safety, health and environmental laws and regulations in the countries in which the Group operates are stringent and it is possible that they will become significantly more stringent in the future. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals will remain material to the New Business. The Group will incur significant capital and operating expenditures to comply with health and safety laws and to obtain and comply with licenses, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, the Group may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures.

As a consequence, no assurances can be given that additional workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or results in fines, penalties or other consequences (including changes to operations) material to its business and operations. If the Group is held to be in violation of such regulatory requirements, including conditions in the permits required for its operations, by courts or governmental agencies, it may have to pay fines, modify, suspend or discontinue its operations, incur additional operating costs or make capital expenditures. Any public interest or class action legal proceedings related to such safety, health or environmental matters could also result in the imposition of financial or other obligations on the Group. Any such costs may have a material adverse effect on the business, financial condition, results of operations and prospects of the Target Group.

LETTER TO SHAREHOLDERS

- (d) *Health epidemics and other outbreaks of contagious diseases, including avian flu, SARS and swine flu*

The Group's business could be adversely affected by the effects of avian flu, SARS, swine flu, MERS or another epidemic or outbreak. An outbreak of contagious diseases, and other adverse public health developments in the countries where the Group operates in, would have a material adverse effect on its business operations. These could include restrictions on the Group's ability to travel or to ship its supply or even cause a temporary closure of its business facilities in the future. Such closures or travel or shipment restrictions would severely disrupt the operations of the New Business and adversely affect the Group's financial condition and results of operations.

- (e) *Compliance with applicable data protection obligations in relation to medical or personal data may be costly and adversely affect the Group's competitive position and results of operations*

Regulations in the jurisdictions in which the Group operate require licensees of a private medical clinic or healthcare establishment to keep and maintain proper medical records. In this regard, such licensees are generally required to take all reasonable steps, including implementing such processes as are necessary, to ensure that such medical records are accurate, complete and up-to-date and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Any contravention of these laws and regulations may render the person committing the offence liable on conviction to a fine and/or imprisonment. Further, these laws, rules and regulations are subject to change. Compliance with new privacy and security laws, regulations and requirements may result in increased operating costs and may constrain or require the Group to alter its business model or operations which may in turn materially and adversely affect the New Business, results of operations and financial condition.

Although the Board believes that the Group is in compliance with applicable laws and regulations governing the use of clients' medical information, there is no assurance that there would not be data leakage or improper use of such information due to technology failures or lapses in Group controls over access to such information. Any breach of its confidentiality obligations could expose the Group to potential liabilities such as litigation or regulatory proceedings and may materially and adversely impact the New Business, results of operations and financial condition.

5.3. Potential impact of risks

Any of the above-mentioned risk factors, if crystallised, could adversely impact the performance of the New Business, which in turn may affect the Group's net profits and/or financial position of the Group.

LETTER TO SHAREHOLDERS

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

	Number of Shares			Total Percentage Interest (%) ⁽¹⁾
	Direct	Deemed	Total	
Directors				
Tan Sri Dato' Hari N. Govindasamy	–	54,856,500 ⁽²⁾	54,856,500	15.01
Christopher Nghia Do	36,428,158	1,736,000 ⁽³⁾	38,164,158	10.44
Low Koon Poh	50,000,000	–	50,000,000	13.68
Joanne Rose Bruce	–	1,725,000 ⁽⁴⁾	1,725,000	0.47
Ng Weng Sui, Harry	300,000	–	300,000	0.08
Kesavan Nair	–	–	–	–
Ng Yau Kuen Carmen	–	–	–	–
Substantial Shareholders (other than Directors)				
Vimala J. Govindasamy	–	54,856,500 ⁽²⁾	54,856,500	15.01
Michael Marcus Liew	30,000,000	–	30,000,000	8.21
Janice Crawford	–	21,984,000 ⁽⁵⁾	21,984,000	6.01
Christine Munro	–	21,984,000 ⁽⁶⁾	21,984,000	6.01

Notes:

- (1) The percentage of shareholdings is computed based on the issued and paid up share capital of the Company comprising 365,512,632 Shares (excluding treasury shares).
- (2) The deemed interest in 54,856,500 Shares are held by Tan Sri Dato' Hari N. Govindasamy and Vimala J. Govindasamy through a joint account in Philip Securities Pte Ltd.
- (3) Christopher Nghia Do is deemed to be interested in 1,736,000 Shares held by his spouse, Tran Thi Mai Thao.
- (4) The 1,725,000 Shares are held by Joanne Rose Bruce through UOB Kay Hian Private Limited.
- (5) Janice Crawford is one of the beneficial owners of each of the following corporations and is therefore deemed to be interested in:-
 - (a) 7,524,000 Shares held by Permbrook Pty Limited;
 - (b) 7,230,000 Shares held by Crogar Pty Limited; and
 - (c) 7,230,000 Shares held by Muvusi Pty Limited.
- (6) Christine Munro is one of the beneficial owners of each of the following corporations and is therefore deemed to be interested in:-
 - (a) 7,524,000 Shares held by Permbrook Pty Limited;
 - (b) 7,230,000 Shares held by Crogar Pty Limited; and
 - (c) 7,230,000 Shares held by Muwori Pty Limited.

Save as disclosed above, none of the Directors, Controlling Shareholders or Substantial Shareholders of the Company or their respective Associates has any interest, whether direct or indirect, in the Proposed Acquisition or the Proposed Diversification (other than through their shareholdings (if any) in the Company).

7. DIRECTOR'S SERVICE CONTRACT

No director will be appointed to the Board in connection with the Proposed Acquisition or the Proposed Diversification.

LETTER TO SHAREHOLDERS

8. DIRECTORS' RECOMMENDATIONS

Having considered and reviewed, amongst others, the terms and/or rationale of the Proposed Acquisition, and all other relevant facts set out in this Circular, the Directors are of the opinion that the Proposed Acquisition is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour thereof.

In addition, having considered and reviewed, amongst others, the terms and/or rationale of the Proposed Diversification, and all other relevant facts set out in this Circular, the Directors are of the opinion that the Proposed Diversification is also in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour thereof.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held on 18 October 2019, at 10:30 a.m. at Kingfisher Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663, for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolutions set out in the aforementioned notice.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

A Shareholder who is unable to attend the EGM and who wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the proxy form enclosed with this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than forty eight (48) hours before the time appointed for holding the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in place of his proxy should he subsequently wish to do so. A proxy need not be a member of the Company.

A Depositor with Shares credited to his Securities Account shall not be entitled to attend the EGM and to speak and vote there at or appoint a proxy unless his name appears on the Depository Register maintained by the CDP as at seventy two (72) hours before the time appointed for holding the EGM.

11. CONSENT FROM THE VALUER

The Valuer has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name and a summarised version of the Valuation Report as set out in Appendix A to this Circular and all references thereto in the form and context in which they appear in the Circular.

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

LETTER TO SHAREHOLDERS

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents 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 three (3) months from the date of this Circular:

- (a) the SPA;
- (b) the Valuation Report;
- (c) the letter of consent referred to in Section 11 of this Circular;
- (d) the annual report of the Company for FY2018; and
- (e) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
IEV HOLDINGS LIMITED

Christopher Nghia Do
President and Group Chief Executive Officer

APPENDIX A – SUMMARY OF VALUATION REPORT

Strictly Confidential – For Addressee Only



Valuation of 100% equity interest in the capital of the
Target (as defined herein)

Prepared for
IEV Holdings Limited
Report Date
2 October 2019

Ref: 19/RY-IC-AN/BV0063-2

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Executive Summary

Valuation of 100% equity interest in the capital of the Target (as defined herein)

Date of Valuation:	31 May 2019
Purpose:	Public disclosure purpose
Situation:	<p>IEV Holdings Limited ("IEV" or "Company") is an investment holding company. The Company is principally engaged in the provision of innovative and advanced engineering products and services for the offshore and onshore oil and gas industry. As part of the business expansion, the Company is considering to acquire Lady Paradise (M) Sdn. Bhd. ("Lady Paradise" or "Target").</p> <p>As such, we have been requested to perform a valuation of 100% equity interest in the capital of the Target as at 31 May 2019 ("Valuation Date"):</p> <p>The Target is principally involved in the business of operating postpartum care centre with operational capacities of 10 single rooms and 1 twin-sharing room within 2 bungalow houses. It is one of the first postpartum operators in Klang Valley, Malaysia with an operating history of at least 20 years. The core services offered include provision of confinement retreat, prenatal and postnatal massage, confinement meal delivery and sales of confinement products.</p>
Subject matter:	100% equity interest in the capital of Target
Other Details:	Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Having regard to the foregoing and the present market conditions, we are of the opinion that the market value of the 100% equity interest in the capital of the Target as at Valuation Date, subject to the assumption stated herein, is in the region of: -

RM3.1 million to RM3.5 million

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Cushman & Wakefield VHS Pte Ltd
3 Church Street
#09-03 Samsung Hub
Singapore 049483
Tel +65 6535 3232
Fax +65 6535 1028
www.cushmanwakefield.com

A Valuation Report

To: IEV Holdings Limited
Subject Matter: 100% equity interest in the capital of Target
Report Date: 2 October 2019
Valuation Date: 31 May 2019

1. Introduction and Instructions

Appointment

In accordance with your instructions, we have assessed and determined the market value of 100% equity interest in the capital of the Target. We are pleased to submit our summarised valuation report (“Report”), which has been prepared for public disclosure purpose to seek shareholders’ approval pursuant to the proposed acquisition of the entire issued and paid-up share capital of the Target (“Proposed Acquisition”) and should be read in conjunction with the full valuation report dated 2 October 2019 (“Full Report”).

2. Terms of reference

Cushman & Wakefield VHS Pte Ltd (“C&W”) has been appointed to undertake an independent valuation of 100% equity interest in the capital of Target. We were neither a party to the negotiations entered into by the Company and its subsidiaries (“the Group”) in relation to the Proposed Acquisition nor were we involved in the deliberation leading up to the decision on the part of the management of the Group, Company and/or Target (the “Management”) to enter into the Proposed Acquisition and we do not, by the Report or Full Report or otherwise, advise or form any judgement on the merits of the Proposed Acquisition. We do not warrant the merits of the Proposed Acquisition or the acceptability of the risk for the Proposed Acquisition.

We have confined our evaluation strictly and solely on the financial of the Target and have not taken into account the commercial/financial risks and/or merits (if any) of the Proposed Acquisition or the strategic merits or the comparison with other deals involving shares of the Group, Company and/or Target. We were not required to comment on or evaluate the methods or procedures used by the Target to manage the change in any risk profile of the Group, Company and/or Target in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Management although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in the Report or the Full Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Acquisition. In addition, we do not express any views or opinion on the merits of the Proposed Acquisition, the legality of the or any other and all other matters pertaining to the Proposed Acquisition, documents for the Proposed Acquisition (the notice of meeting and the accompanying explanatory notes), *inter*

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



alia, the independence of any party or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of information.

In the course of our evaluation, we have held discussions with, *inter alia*, the Management, regarding their assessment of the Proposed Acquisition and have examined publicly available information collated by us as well as the financial information, both written and verbal, provided to us by the Management, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner in which it has been classified or presented.

We do not warrant and have not commented on the acceptability of the risk that the Group, Company and/or Target may be subject to for the Proposed Acquisition.

We were not required to and have not made any independent evaluation or appraisal of the individual assets and liabilities (including without limitation, real property) of the Target. Our opinion in this Report is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as at the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinion may change in light of developments which *inter alia*, includes general as well as company specific or industry specific conditions or sentiments or factors.

Shareholders should note that the evaluation is based solely on publicly available information and other information provided by the Management as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance after the Valuation Date or developments both macro and company specific and that these factors do and will necessarily affect the valuation of the interests in the capital of the Target. Likewise, this Report outlines some of the matters or bases or factors or assumptions which we have used in our valuation and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in the valuation.

In rendering the opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder of the Group, Company and/or Target (the "Shareholder"). As such, any individual Shareholder who may require advice in the context of his or her specific investment portfolio, including his or her investment in the Group, Company and/or Target, should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Report and provided by the Group, Company and/or Target which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Report and the Full Report in its entirety.

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Accordingly, our Report, Full Report or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Management, subject to the terms of reference and the contents of the Report and Full Report as one of the basis for their opinion or views or recommendation. In addition, any references to our Full Report or Report or opinion or views, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of the Report or the Full Report in its entirety *inter alia* the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Full Report or the Report.

3. Bases of Valuation

The valuation and Report have been prepared in accordance with International Valuation Standards.

Bases

The subject matter has been valued on the basis of market value as at the Valuation Date which is defined as follows:

“The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

4. Assumptions and Reservations

Assumptions

In preparing our assessment, we have made the following key assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects the Target’s financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Management has provided us the financial projections from 1 June 2019 to 31 December 2019 (“FPDec2019”) to financial year ended 31 December (“FY”) 2023. The Management also concurred with the financial projections of the Target from FY2024 to FY2026. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- The Target shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.
- There will not be any material changes in the political and/or economic conditions under which the Target operates that may adversely affect the future prospects of the Target.
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target.

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



- The current owners of the Target have clear and unencumbered title of ownership over all assets included in this assessment.
- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Target's countries of operations.
- There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- The Target's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the Report.

It should be noted that the valuation of the Target critical upon the following key value drivers:

- The Target continues to operate as a going concern and is able to meet all its financial obligations.
- The Target's sales, costs, and net profit continue to grow according to the forecast. Their capital expenditure and working capital requirements are estimated accurately in the projections;
- The Target has sufficient operational resources to support the projected turnover and profitability;
- The Target continues to maintain costs in accordance with the forecast;

Any deviation from the above key drivers and forecasts may significantly vary the valuation of the Target.

The valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit or due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this Report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on the Proposed Acquisition. We have also not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

For this exercise, we have considered published market data and other public information relating to the comparable companies on international stock exchanges. We are not responsible as to their content and accuracy in deriving parameters such as country risk rate for purposes of valuation. Such information was obtained from Bloomberg and other sources, where applicable.

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Reservations

The value conclusions reflect all information known by the valuers of C&W who worked on the valuation in respect to the assets and liabilities of the Target, market conditions and available data.

5. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a lessee, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

Market value of the subject matter can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change.

We have no present or prospective interest in the Target and are not a related corporation of nor do we have a relationship with the owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Group, Company, Target, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of assets. Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

6. Valuation Methodology

We have adopted income approach as our primary approach and market approach & cost approach as reference.

Income Approach - Discounted Cash Flow Analysis

Discounted Cash Flow (“DCF”) Method is one application of income approach. We have used free cash flow to firm (“FCFF”) to assess the overall enterprise value of the companies. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash and cash equivalents as well as non operating assets/liabilities. FCFF is defined as follows:

FCFF = EBIT (1 – Tax rate) + Depreciation and Amortization – Capital Spending – Change in Working Capital

The rationale for the DCF method lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. In applying the DCF method there are three critical inputs:

- A supportable cash flow forecasts;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate by which to revert the cash flows to present value.

The assumptions used in the DCF analysis are set out in the following sections.

Financial projections

We were provided with financial projections from FPDec2019 to FY2023, which form the basis of our DCF analysis. We are of the opinion that the financial projections are in line with the accompanying assumptions provided by Management.

As the expected earnings generated in FY2023 is not at its normalised stage, the financial projections were extended to FY2026. Based on discussion with Management, the key assumptions used for the financial projections from FY2024 to FY2026 are as follows:

- Revenue growth rate is assumed to decrease to 1.0% in FY2026 on a straight line basis based on expected long term global GDP growth rate.
- EBIT margin is assumed to decrease to 13.5% in FY2026 on a straight line basis based on the average of Comparable Companies’ EBIT margin.
- The projected depreciation over revenue is held similar to the assumptions used for FY2023 ie. 4.1%.
- The projected capital expenditure over revenue is assumed at 4.5% p.a. based on the average of Comparable Companies’ capital expenditure as a percentage of revenue
- Other assumptions are held similar to FY2023.

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Based on the abovementioned assumptions, the expected FCFF of the Target from FPDec2019 to FY2026 is as follows:-

RM000, unless otherwise specified	FPDec2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	Normalised
Revenue	655	2,564	6,173	7,278	8,452	9,389	9,957	10,056	10,056
EBIT	(293)	546	2,124	2,786	3,483	3,001	2,262	1,355	1,355
Less: Tax expenses	-	(131)	(510)	(669)	(836)	(720)	(543)	(325)	(325)
Add: Depreciation and amortisation	29	166	338	344	350	389	413	417	417
Less: Capital expenditure	(131)	(2,500)	(40)	(40)	(40)	(419)	(445)	(449)	(417)
Less: Net working capital changes	(110)	727	76	84	92	(236)	(42)	(138)	(138)
FCFF	(505)	(1,192)	1,989	2,505	3,049	2,014	1,645	859	891

Capital expenditure: Based on discussion with Management, the capital expenditure is expected to range from RM131,000 p.a. to RM449,000 p.a, save for the capital expenditure incurred in FY2020 which RM2.5 million is expected to be incurred for the additional rooms to be built.

Net working capital changes: Based on discussion with Management, it is expected that the inventories and trade and other payables will increase in line with the projected increase in cost of sales and operating expenses excluding depreciation (as the case may be). The underlying net working capital assumptions are set out as follows:-

- Inventories turnover days: 25 to 194 days
- Trade and other payables turnover days: 36 to 74 days

Terminal value

To estimate the terminal value of the Target at the end of the projection period in FY2026, we have used the Gordon Growth Model. This model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long-term growth rate.

$$\text{Terminal value} = CF_{n+1} / (r - g)$$

<i>where</i>	CF_{n+1}	=	expected cash flow one year from n -th year
	r	=	required rate of return, i.e. discount rate
	g	=	growth rate in perpetuity

We have assumed that the earnings of the Target would reach a stable perpetual growth rate of 1.0% after FY2026 based on expected long-term global GDP growth rate.

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Discount rate

Income approach requires the application of an appropriate discount rate that reflects the inherent risks relating to the cash flows. The present value of the cash flows from Target is the expected future net cash flows discounted by an appropriate discount rate. We have adopted Weighted Average Cost of Capital ("WACC") of 23%.

Adjustment for private company discount (marketability discount)

According to the International Glossary of Business Valuation Terms, marketability is defined as the relative ease and promptness with which a security or commodity may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of the sale. Investors will price in a discount for the additional costs and risks of liquidation when valuing interest in privately held companies. Based on historical empirical studies including but not limited to SEC Institutional Investor Study, Maher Study and Trout Study, we are of the opinion that an appropriate marketability discount for the purpose of this valuation is 30%.

Market value of 100% equity interest in the capital of the Target

Based on the DCF method, the derived 100% enterprise value of the Target ranges from RM4.5 million to RM5.0 million as at Valuation Date. The value of 100% equity interest in the capital of the Target is then derived by taking enterprise value, subtracting debt, adding excess cash & cash equivalent and applying the marketability discount. As at the Valuation Date, the Target has neither debt nor excess cash & cash equivalent. A marketability discount of 30% is applied to reflect the private status of the Target.

As such, based on DCF Method, the market value of 100% equity interest in the capital of the Target as at the Valuation Date ranges from RM3.1 million to RM3.5 million.

7. Valuation Result

Having regard to the foregoing and the present market conditions, we are of the opinion that the market value of the 100% equity interest in the capital of the Target as at Valuation Date, subject to the assumption stated herein, is in the region of: -

RM3.1 million to RM3.5 million

APPENDIX A – SUMMARY OF VALUATION REPORT

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8. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

9. Disclosure and Publication

You must not disclose the contents of the Report and/or Full Report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or the Report and/or Full Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any special assumptions or departures that we have made.

10. Limiting Conditions

This Report is prepared subject to the Limiting Conditions in Appendix 1 of the Report.

11. Valuer's Credential

The valuation is performed by Richard Yap who is a senior corporate advisory executive with more than 10 years of experience in M&A, valuation of business, financial instruments and intangible assets and has worked extensively throughout Asia Pacific. He has demonstrable success across Valuations, Advisory and Capital Markets. Currently based in Singapore, Richard leads the Business Valuation team for C&W throughout Singapore and South East Asia. Richard is a Chartered Financial Analyst (CFA), Chartered Accountant (CA Singapore) as well as Chartered Valuer and Appraiser (CVA).

Signed for and on behalf of C&W.

Richard Yap

CFA, CA (Singapore), CVA

Director

Appendix 1 Limiting Conditions

The Report and/or Full Report is prepared subject to the following terms and conditions: -

- 1) The Report and/or Full Report is:
 - a. restricted to the use by the client to whom the Report and/or Full Report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from Valuation Date. We disclaim any liability arising from any reliance on the Report and/or Full Report by any other person or for any other purpose or beyond a reasonable time.
- 2) Neither the whole nor any part of the Report and/or Full Report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
- 3) Where it is stated in the Report and/or Full Report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
- 4) The values assessed in the Report and/or Full Report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation (where applicable). The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
- 5) While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects (where applicable). We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order (where applicable).
- 6) Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments (where applicable). We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s) (where applicable).
- 7) Any plans that are included in the Report and/or Full Report are meant for identification purposes and to assist the client in visualising the subject property (where applicable). The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters (where applicable).
- 8) We have not taken into account of any plant and machinery in our valuation.
- 9) We have not made any requisition for the Road Line Plan or for drainage proposal (where applicable). We have also not made any application for information/document in respect of

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



- Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client (where applicable).
- 10) As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition (where applicable).
 - 11) Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations (where applicable).
 - 12) Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid (where applicable).
 - 13) Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies) (where applicable).
 - 14) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a) any direct loss of profit;
 - b) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
 - 15) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
 - 16) Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
 - 17) Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you (where applicable).
 - 18) Subject to the provisions in these terms and conditions and in the letter of engagement, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) SGD500,000.00, whichever is lower.
 - 19) We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

APPENDIX A – SUMMARY OF VALUATION REPORT

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- 20) Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
- 21) Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address the Report and/or Full Report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the Report and/or Full Report) and are subject to a minimum fee of SGD1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
- 22) Where we consent to reliance on the Report and/or Full Report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
- 23) Where you provide a copy of and/or permit another party or parties to rely upon the Report and/or Full Report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report and/or Full Report by any such unauthorised person or entity.
- 24) Save where we have consented to another party or other parties relying on the Report and/or Full Report in accordance with clauses 21 and 22, where the Report and/or Full Report is prepared or where we consent to the Report and/or Full Report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the Report and/or Full Report.
- 25) Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy (where applicable).
- 26) Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value (where applicable).
- 27) The Report and/or Full Report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of the Report and/or Full Report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

APPENDIX A – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



28)

- a) The U.S. Foreign Corrupt Practices Act (the "FCPA") and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official's position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.
- b) We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act ("Applicable Anti-Bribery Laws and Rules").
- c) You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.
- d) We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively "Applicable Sanctions/AML Rules").
- e) You represent and warrant to us that you, and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.
- f) In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a Target of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

NOTICE OF EXTRAORDINARY GENERAL MEETING

IEV HOLDINGS LIMITED

(Company Registration Number: 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of IEV Holdings Limited (the “**Company**”) will be held at Kingfisher Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Friday, 18 October 2019 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolutions:

*Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular to the Shareholders of the Company dated 3 October 2019 (the “**Circular**”).*

ORDINARY RESOLUTION 1 – THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LADY PARADISE (M) SDN. BHD.

That, subject to and contingent upon the passing of Ordinary Resolution 2:

- (1) approval be and is hereby given for the acquisition by the Company’s wholly-owned subsidiary, HealthPro Pte. Ltd. (“**Buyer**”), of the entire issued and paid-up share capital of Lady Paradise (M) Sdn. Bhd. from Lim Sew Lei and Liw Chai Yuk (collectively, the “**Sellers**”) in accordance with the terms and conditions of the sale and purchase agreement dated 16 September 2019 entered into between the Buyer and the Sellers (the “**Proposed Acquisition**”); and
- (2) the Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to the Proposed Acquisition as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

ORDINARY RESOLUTION 2 – PROPOSED DIVERSIFICATION INTO THE HEALTHCARE, POSTPARTUM CARE AND WELLNESS BUSINESS

That:

- (1) approval be and is hereby given for the Company and its subsidiaries to carry out and implement the Proposed Diversification, and any other transactions and activities necessary or desirable in connection therewith; and
- (2) the Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to the Proposed Diversification as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

BY ORDER OF THE BOARD
IEV HOLDINGS LIMITED

Christopher Nghia Do
President and Group Chief Executive Officer
3 October 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) (the “**Companies Act**”), a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. A proxy need not be a member of the Company. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form (expressed as a percentage of the whole). If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
2. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws.
4. A corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM, in accordance with the Company’s Constitution and Section 179 of the Companies Act.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than forty eight (48) hours before the time appointed for holding the EGM.
6. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at seventy two (72) hours before the time appointed for holding the EGM.

Personal Data Protection:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

PROXY FORM

IEV HOLDINGS LIMITED

(Company Registration Number: 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

EXTRAORDINARY GENERAL MEETING PROXY FORM

IMPORTANT

1. A Relevant Intermediary (as defined in Section 181 of the Companies Act (Chapter 50)) ("Companies Act") may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy IEV Holdings Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have queries regarding their appointment as proxies.

*I/We, _____ (name), *NRIC/Passport/Company Number _____

of _____ (address)

being *a member/members of **IEV HOLDINGS LIMITED** (the "Company"), hereby appoint:

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

*and/or

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

or failing which, the Chairman of the extraordinary general meeting of the Company (the "EGM"), as *my/our proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the EGM to be convened at 10:30 a.m. on Friday, 18 October 2019 at Kingfisher Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663, and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the ordinary resolutions to be proposed at the EGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the EGM.

* Delete accordingly

No.	ORDINARY RESOLUTIONS	No. of votes for ⁽¹⁾	No. of votes against ⁽¹⁾
1.	To approve the Proposed Acquisition		
2.	To approve the Proposed Diversification		

Note:

- (1) If you wish to exercise all your votes "For" or "Against", please indicate with a tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019.

**Total Number of Shares Held
(Note 1)**

Signature(s)/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF.



PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. A proxy need not be a member of the Company. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form (expressed as a percentage of the whole). If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and SRS approved nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws.
6. A corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM, in accordance with the Company’s Constitution and Section 179 of the Companies Act.
7. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.
8. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notorially certified copy thereof, must be deposited at the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than forty eight (48) hours before the time appointed for holding the EGM.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote there at unless his name appears on the Depository Register as at seventy two (72) hours before the time appointed for holding the EGM.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy two (72) hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 3 October 2019.