# POISED FOR PROGRESS

## ANNUAL REPORT 2019

**THE FORAY INTO THE HEALTHCARE, POSTPARTUM CARE AND WELLNESS BUSINESS SECTOR IS PART OF IEV'S STRATEGY TO PROVIDE SHAREHOLDERS WITH DIVERSIFIED RETURNS AND LONG-TERM GROWTH.**


The cover features a futuristic sphere as an abstract representation of the Group's evolving core business as it forays into the healthcare, postpartum care and wellness business sector. The multiple squares are reflective of the Group's diverse core competencies developed through the years, resulting in the formation of a strong foundational core.

# CONTENTS



# CORPORATE PROFILE

## ESTABLISHED IN 1986, IEV HAS GONE THROUGH A COMPLETE TRANSFORMATION FROM A SINGLE PRODUCT LINE COMPANY IN THE O&G INDUSTRY TO A MULTI-NATIONAL GROUP OF COMPANIES THAT COMBINES DISRUPTIVE TECHNOLOGIES AND PROVEN ENGINEERING CAPABILITIES, OVER THE PAST 33 YEARS.

Post the oil price crisis that started in mid 2014, IEV discontinued its oil and gas exploration and production, and its mobile gas distribution businesses. The Group had, in 2019 disposed of 2 non-core subsidiaries of the Asset Integrity Management ("**AIM**") Sector in India and Vietnam, namely IEV Engineering (India) Pvt Ltd and IEV Technologies Vietnam LLC to contain operating costs and had executed its diversification plans into the healthcare, postpartum care and wellness industry ("**Healthcare Sector**"). The Group had, in 2019 also commenced voluntary liquidation of 2 dormant subsidiaries, PT IEV Pabuaran KSO and IEV Vietnam LLC, the latter of which was deregistered in November 2019.

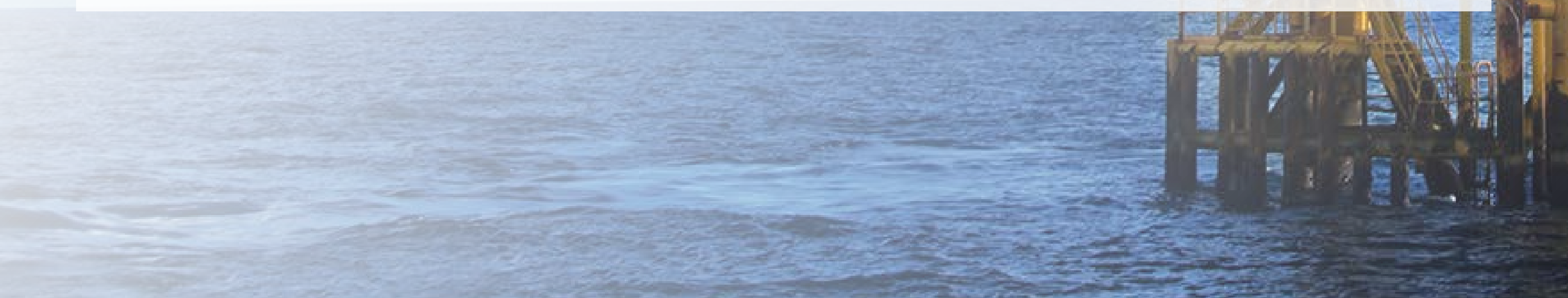
IEV was listed on the Catalist Board of the SGX-ST in 2011 and is headquartered in Kuala Lumpur, Malaysia. The Group runs a global engineering business with a large network of distributors from its headquarters in Malaysia. The healthcare business operates in Malaysia.

As part of the turnaround plan of the Group in the post oil price crisis era, IEV has taken the decision to re-focus on its core innovative engineering competencies, the root of the Company, and commercialise a suite of disruptive technologies in the AIM Sector across upstream, midstream and downstream markets. Concurrently, IEV also targets the brownfield market segment and expands its offerings to customers of existing offshore and onshore facilities that include oil and gas platforms, ports and terminals, pipelines and plants. Today, these disruptive technologies are combined with IEV's core engineering services such as pipeline stabilisation, cold cutting, structural pile grouting, jacket strengthening and decommissioning studies. In Malaysia, IEV has been active in niche turnkey services and together with its selected service providers, implement transportation and installation contracts of major deep water or floatover facilities.

The AIM Sector covers the following divisions; Structural Integrity Solutions, Advanced Inspection Solutions, Corrosion Control Solutions and Subsea Engineering Solutions. The Group continuously studies and evaluates disruptive technologies that reduce operating costs for its customers, while helping its technology partners to develop the complete product for local markets through integration and localisation plans.

**ASSET INTEGRITY MANAGEMENT SECTOR (AIM)**

Asset Integrity Management (AIM)
Integrated Management (IM)



# CORPORATE PROFILE

## IN 2019, IEV DIVERSIFIED INTO THE HEALTHCARE SECTOR WITH POSTPARTUM CARE BUSINESS AS ITS INITIAL STEP. THE GROUP ACQUIRED LADY PARADISE (M) SDN. BHD. WHICH OPERATES A POSTPARTUM CARE CENTRE IN MALAYSIA ON 17 DECEMBER 2019.

Rebranded as Nadora, the Group has been actively searching for new postpartum care locations and have, to date identified another 2 locations for our new centres, one in Singapore and the other in Malaysia.

The Company envisions to provide high quality healthcare services within Asia, starting with postpartum care services. The Group is continuously reviewing its plans and strategies for the Healthcare Sector and is actively seeking out businesses in the arena of aesthetics and wellness services and physiology services.

**HEALTHCARE SECTOR**

Healthcare, postpartum care and wellness

# CORPORATE PROFILE

## Nadora

The Chinese practice of postpartum confinement (*zuo yuezi* in Mandarin, or "sitting the month") dates back in literature to the 1st century before CE is still practised today, with contemporary adjustments by millions of mothers in Asia. The well-being of mothers and their babies are of paramount importance and the quality of their care cannot be compromised.

Building on this philosophy, IEV's Nadora weaves together traditional confinement practices and scientific nursing care. By combining the expertise of traditional knowledge, healthcare practitioners and wellness specialists, Eastern and Western health modalities, Nadora will be a holistic "one-stop-shop" with the amalgamation of essential services to assist new mothers every step of the way on their journey through motherhood.

New mothers will be nourished with traditional and scientifically formulated nutritious and balanced meals to speed up their postnatal recovery. Nadora's services include pre and postpartum wellness therapies, yoga sessions, newborn care consultancy to breastfeeding support, babysitting, baby water spa treatment and parenting skill development, as well as state-of-the-art newborn security and surveillance system. The baby's first few months are vital and Nadora's team of maternity and parenting experts will provide essential support, advice and respite to ensure that new parents have a smooth, relaxed and highly enjoyable parenthood.

As a pioneering postpartum care provider with over 20 years industry experience beginning with its first centre in Malaysia, Nadora is now venturing into its first-ever postpartum luxury establishment in Singapore. Slated to open in the 2nd half of 2020, this modern contemporary centre will have more than 40 luxury suites, designed to provide high-quality health care with the focus on ensuring a safe and relaxing environment for the parents and their precious babies.

Our next luxury postpartum centre is being planned for in Petaling Jaya, Malaysia with its opening slated for 2021.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**TAN SRI DATO' HARI N. GOVINDASAMY**
NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

**MR. CHRISTOPHER NGHIA DO**
PRESIDENT AND CEO

**DATO' LOW KOON POH**
EXECUTIVE DIRECTOR

**MR. NG WENG SUI, HARRY**
LEAD INDEPENDENT DIRECTOR

**MR. KESAVAN NAIR**
INDEPENDENT DIRECTOR

**MS. JOANNE BRUCE**
INDEPENDENT DIRECTOR

**MS. NG YAU KUEN CARMEN**
INDEPENDENT DIRECTOR

**TAN SRI AHMAD BIN MOHD DON**
INDEPENDENT DIRECTOR

### AUDIT COMMITTEE

Mr. Ng Weng Sui, Harry *(Chairman)*
Tan Sri Dato' Hari N. Govindasamy *(Member)*
Mr. Kesavan Nair *(Member)*
Tan Sri Ahmad Bin Mohd Don *(Member)*

### NOMINATING COMMITTEE

Mr. Kesavan Nair *(Chairman)*
Tan Sri Dato' Hari N. Govindasamy *(Member)*
Mr. Ng Weng Sui, Harry *(Member)*
Tan Sri Ahmad Bin Mohd Don *(Member)*

### REMUNERATION COMMITTEE

Mr. Kesavan Nair *(Chairman)*
Tan Sri Dato' Hari N. Govindasamy *(Member)*
Mr. Ng Weng Sui, Harry *(Member)*
Ms. Ng Yau Kuen Carmen *(Member)*

### COMPANY SECRETARY

Kong Wei Fung
Cheok Hui Yee

### COMPANY REGISTRATION NUMBER

201117734D

### REGISTERED OFFICE

80 Robinson Road, #02-00, Singapore 068898
T : +65 6236 3333 | F : +65 6236 4399

### PRINCIPAL PLACE OF BUSINESS

Block A, level 5, Menara PKNS, No. 17,
Jalan Yong Shook Lin,
46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia

### CONTINUING SPONSOR

SAC Capital Private Limited
1 Robinson Road, #21-00 AIA Tower Singapore 048542

### SHARE REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01 Singapore Land Tower,
Singapore 048623

### AUDITORS & REPORTING ACCOUNTANT

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
Unique Entity No. T08LL0721A, 6 Shenton Way,
OUE Downtown 2
#33-00, Singapore 068809
Partner-In-Charge: Yang Chi Chih
(Appointed on 27 Apr 2015)

### INTERNAL AUDITORS

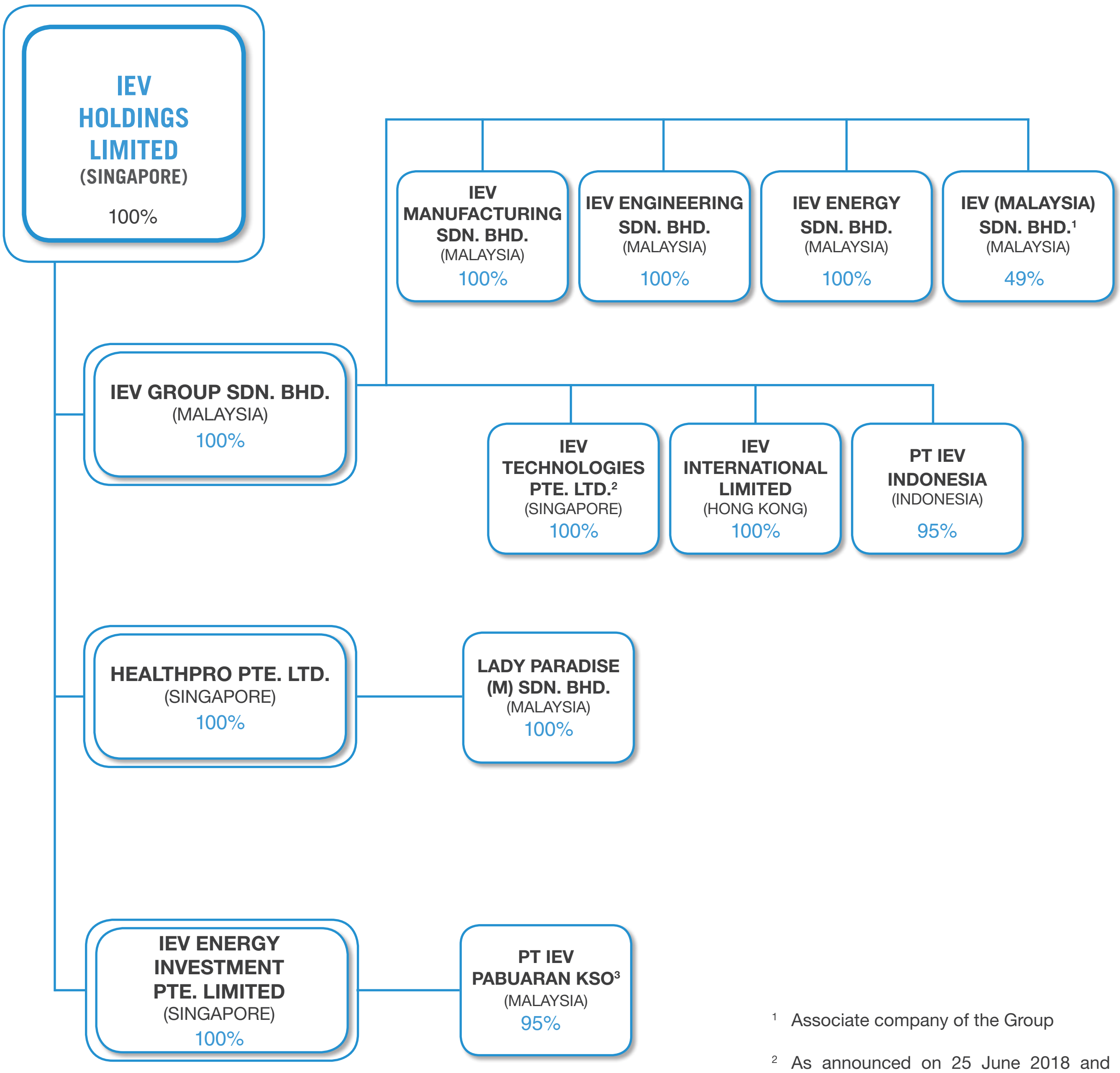
Crowe Governance Sdn Bhd
level 16, Tower C, Megan Avenue II,12,
Jalan Yap Kwan Seng,
50450 Kuala Lumpur, Malaysia
Director-In-Charge: Amos Law
(Appointed on 21 Sept 2012)

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay #06-01, HSBC Building,
Singapore 049320

AmBank (M) Berhad
Level 24, Bangunan AmBank Group, No. 55,
Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

# CORPORATE STRUCTURE




[1] Associate company of the Group

[2] As announced on 25 June 2018 and pursuant to a joint venture agreement, the Group's shareholding in IEV Technologies Pte. Ltd. will potentially be reduced to 51.87% following subscription by the joint venture parties.

[3] As announced on 13 September 2019, the Group has commenced voluntary liquidation of PT Pabuaran KSO.

# DIRECTORS' PROFILE

## TAN SRI DATO' HARI N. GOVINDASAMY
NON-INDEPENDENT
NON-EXECUTIVE CHAIRMAN

Tan Sri Dato' Hari was appointed Chairman of the Board on 29 September 2011. He has been a non-executive Director of IEV Group Sdn. Bhd. since 2004.

Tan Sri Dato' Hari is a businessman by profession and is currently the Director and Deputy Chairman of Emrail Sdn. Bhd., a construction company specialising in railway engineering and infrastructure. He also holds non-executive directorships on the Board of several other private limited companies in Malaysia and is a member of the Institute and Board of Engineers, Malaysia.

Tan Sri Dato' Hari has served on the Board of Lembaga Lebuhraya Malaysia (the Malaysian Highway Authority) and public listed companies that include Tenaga Nasional Berhad, SP Setia Berhad and Puncak Niaga Holdings Berhad.

Tan Sri Dato' Hari obtained a Bachelor Degree in Electrical & Electronic Engineering from the University of Northumbria, England in 1977.

## CHRISTOPHER NGHIA DO
PRESIDENT AND CHIEF
EXECUTIVE OFFICER

Christopher Nghia Do is the Group's founder, President and CEO and was appointed to the Board on 26 July 2011.

Christopher Nghia Do established the business in 1987 to commercialise his invention, the "ocean-powered" Marine Growth Control ("**MGC**") technology. With more than 30 years of experience in the oil and gas industry, he is responsible for the overall business performance, growth strategy and corporate planning of the Group.

Christopher Nghia Do spearheaded the management and transformation of the Group through its 30 years in the oil and gas industry into an integrated energy provider with upstream, midstream and downstream activities. During this era of low oil price norm, he is leading the transformation of the Group and building an Asset Integrity Management business, offering disruptive technologies that create value to customers, especially in the brownfield market segment globally.

Christopher Nghia Do is the founder and chairman of the Sunshine Scholarship Foundation in Vietnam, with a mission to help eradicate poverty through education by providing scholarships to students from challenging backgrounds until their tertiary graduation.

Christopher Nghia Do graduated from the University of New South Wales, Australia, in 1984 with a Bachelor Degree in Mechanical Engineering (First Class Honours).

# DIRECTORS' PROFILE

### DATO' LOW KOON POH
EXECUTIVE DIRECTOR

Dato' Low was appointed to the Board on 1 June 2019 as Executive Director of the Company. He currently oversees the Healthcare Sector.

Dato' Low has been involved in corporate advisory and restructuring since early 2000. Over the years, he has participated in many exercises over different industries with the main focus on value creation.

Dato' Low is a Chartered Accountant registered with the Malaysian Institute of Accountants, Fellow member of the Association of Chartered Certified Accountants (UK) and a member of the ASEAN Chartered Professional Accountants.

### NG WENG SUI, HARRY
LEAD INDEPENDENT DIRECTOR

Harry Ng was appointed to the Board on 26 July 2011.

Harry Ng is the Lead Independent Director, the Chairman of the Audit Committee, the Risk Committee and a member of the Nominating Committee and the Remuneration Committee. Harry Ng is currently the Executive Director of HLM (International) Corporate Services Pte. Ltd., which provides corporate services and business consulting. He has more than 30 years of experience in accountancy, audit and finance.

He is also the Independent Director and Chairman of the Audit Committee of a number of listed companies on the SGX-ST.

Harry Ng is a Fellow member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from the University of Hull, UK.

# DIRECTORS' PROFILE

## KESAVAN NAIR
INDEPENDENT DIRECTOR

Kesavan Nair was appointed to the Board as an Independent Director on 29 September 2011.

Kesavan is the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee and the Risk Committee.

Kesavan Nair is a practising Advocate & Solicitor with Bayfront Law LLC. He is also Independent Director of Kitchen Culture Holdings Ltd., Arion Entertainment Singapore Limited, HG Metal Manufacturing Ltd. and Artivision Technologies Limited. He is a member of the Law Society of Singapore, the Singapore Academy of Law, the Honourable Society of the Middle Temple, the Singapore Institute of Arbitration, the Criminal Legal Aid Scheme and the Association of Criminal Lawyers in Singapore. He graduated from the University College Wales, Aberystwyth with a Bachelor of Laws (Honours) in 1988.

## JOANNE ROSE BRUCE
INDEPENDENT DIRECTOR

Joanne Rose Bruce was formerly our Executive Director for Corporate Affairs and Compliance since 29 September 2011 responsible for the Group's corporate finance, compliance and legal matters, including corporate negotiations, overseeing the secretarial matters and assisted in establishment of branch offices and subsidiaries.

She held the executive position until 24 June 2015 and was re-designated as a Non-Independent Non-Executive Director on the same date. On 1 March 2019, Joanne Rose Bruce has been re-designated as our Independent Director.

Prior to joining the Group, Joanne Rose Bruce was the Dean of the New South Wales College of Natural Therapies. Joanne Rose Bruce graduated with a Diploma in Naturopathy and a Diploma of Botanic Medicine from the New South Wales College of Natural Therapies, Australia in 1985.

# DIRECTORS' PROFILE

## NG YAU KUEN, CARMEN
INDEPENDENT DIRECTOR

Carmen Ng was appointed to the Board as Independent Director on 10 July 2019. She is currently a member of the Remuneration Committee.

Carmen Ng currently sits on the Board of several companies listed on the Hong Kong Stock Exchange. Carmen Ng had worked at PricewaterhouseCoopers Hong Kong for over 10 years in the Financial Services Assurance Department. Since leaving PricewaterhouseCoopers, she has been a certified Public Accountant (Practising). Carmen Ng has over 20 years of professional experiences in the provision of business assurance and consulting services to a wide range of international, local and mainland China clients. Her assurance and advisory experience focus on treasury operation, financial instruments, internal controls, regulatory compliance and risk management for banking and capital market clients.

Carmen Ng holds a Bachelor's Degree of Business Administration from the Chinese University of Hong Kong; and a Master's Degree in Business Administration and a Master of Laws in Corporate and Financial Laws from the Hong Kong University of Science and Technology and the University of Hong Kong, respectively. She is currently a Fellow Member of the Hong Kong Institute of Certified Public Accountants.

## TAN SRI AHMAD BIN MOHD DON
INDEPENDENT DIRECTOR

Tan Sri Ahmad was appointed to the Board as Independent Director on 1 January 2020. He is currently a member of the Audit and Nominating Committee.

He has extensive experience in finance and banking, having worked in various capacities with Pernas Securities Sdn Bhd, Permodalan Nasional Berhad, and Malayan Banking Berhad. He served as Group Managing Director and Chief Executive Officer of Malayan Banking Berhad from 1991 to 1994. Tan Sri Ahmad was the Governor of Bank Negara Malaysia for four years from May 1994 to August 1998.

Tan Sri Ahmad serves as Independent Non-Executive Chairman on the Boards of Alliance Bank Malaysia Berhad and Sunway REIT Management Sdn Bhd (Manager of Sunway Real Estate Investment Trust listed on Bursa Malaysia). He also serves as a Director on the Board of United Malacca Berhad (listed on Bursa Malaysia).

Tan Sri Ahmad is a Summa Cum Laude graduate in Economics and Business from the Aberystwyth University, United Kingdom. He is also a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Certified Public Accountants.

# KEY MANAGEMENT

## EDWARD CHEN
CHIEF FINANCIAL OFFICER

Edward Chen joined the Group as Chief Financial Officer on 1 September 2014.

He is responsible for the formation and execution of the Group's financial strategies and planning, treasury and foreign exchange management, tax planning, risk management and internal controls. He is also responsible for the Group's financial reporting.

Prior to joining the Group, he served as the Head of Finance and Internal audit with a Malaysian upstream oil and gas company in the exploration and Production sector and the provision of FPSO/FSO solutions. Prior to that, he was the Vice President, Finance & Investment for a Singapore environmental engineering company offering niche environmental waste management technologies, engineering and management solutions. His career background includes the position of management consultant with a global accounting firm and director with a North American investment bank.

Edward Chen holds two degrees in Bachelor of Laws (LLB) and Bachelor of Commerce (BCom) in Finance from the University of New South Wales, Australia. He is a Fellow of CPA Australia (FCPA) and a Chartered Accountant of the Malaysian Institute of Accountants.

## JUZER NOMANBHOY
MANAGING DIRECTOR - IEV MALAYSIA VICE PRESIDENT – BUSINESS DEVELOPMENT,
ASSET INTEGRITY MANAGEMENT SOLUTIONS, IEV GROUP

Juzer Nomanbhoy has been with the Group since 1992 and is responsible for the day-to-day operations of the Group's Malaysian operations. He also oversees the development and overall performance of the Group's business in the Middle East and Thailand.

In IEV, Juzer has been instrumental to the establishment of the Group's cutting and decommissioning capabilities. He has accumulated 18 years of cold cutting and decommissioning expertise by managing projects throughout South East Asia and Middle East. He has been involved in managing cutting projects using abrasive Cutting, Diamond Wire Cutting and other types of Mechanical Cutting tools for both Pipelines and offshore Platforms. The decommissioning projects include removal of 19 offshore jackets/platforms/FPSO and numerous pipeline cuts. Apart from cutting, his experience includes being the project manager for EPRD of two wellhead platforms and EPCIC of a refurbished wellhead platform including the pipeline installation for Petronas in Malaysian waters. He is also the Chairman for the Decommissioning Working Group under MOGSC (Malaysian Oil and Gas Services Council). Prior to joining the Group in 1992, he was attached to Dowell Schlumberger Asia Pte. Ltd.

Juzer graduated with a Bachelor Degree with Honours from the University of new South Wales, Australia in Mechanical Engineering in 1982.

## NG SIEW HAN
DEPUTY VICE PRESIDENT
FINANCE

Ng Siew Han has been with the Group since 2015. She is responsible for all aspects of financial and treasury management activities of the Group. She is also responsible for the management of the accounting team to ensure efficiency in the day-to-day operations of the overall accounting activities of all companies.

Prior to joining the Group, she served as the Senior Manager of Finance with a Malaysian oil and gas company in the provision of FPSO/FSO solutions and Exploration and Production sector. Prior to that, she was the Accountant for public listed Malaysian companies offering financial services, property development, investment holding in leisure and hospitality.

Ng Siew Han is a Chartered Management Accountant from CIMA and a member of the Malaysia Institute of Accountant (MIA).

# FINANCIAL HIGHLIGHTS

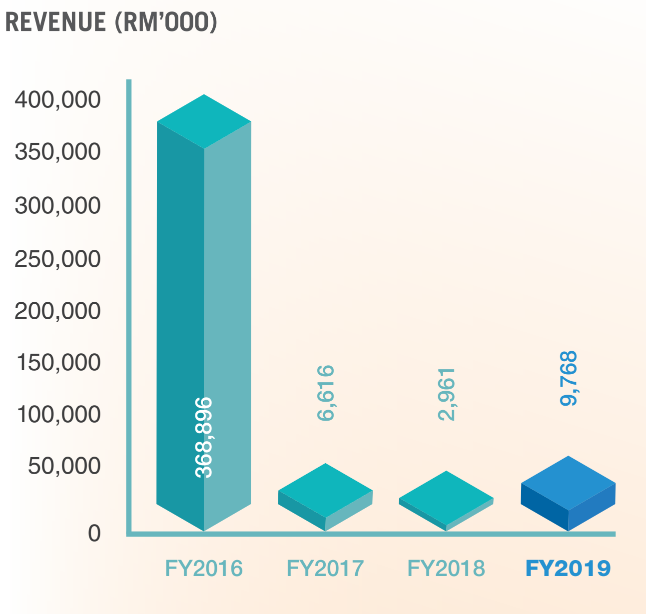
| INCOME STATEMENT | FY2019 RM'000 | FY2018 RM'000 |
|---|---|---|
| Revenue | 9,768 | 2,961 |
| Gross profit | 4,463 | 1,660 |
| Loss from continuing operations before interest, tax, depreciation and amortisation | (9,155) | (7,090) |
| Profit (Loss) from discontinued operations | 10,425 | (8,246) |
| Profit (Loss) attributable to owners of the parent | 487 | (17,052) |
| Earnings (Loss) per share (Malaysian sen)[1] | | |
| From continuing and discontinued operations: | | |
| - Basic | 0.14 | (5.97) |
| - Diluted | 0.14 | (5.97) |

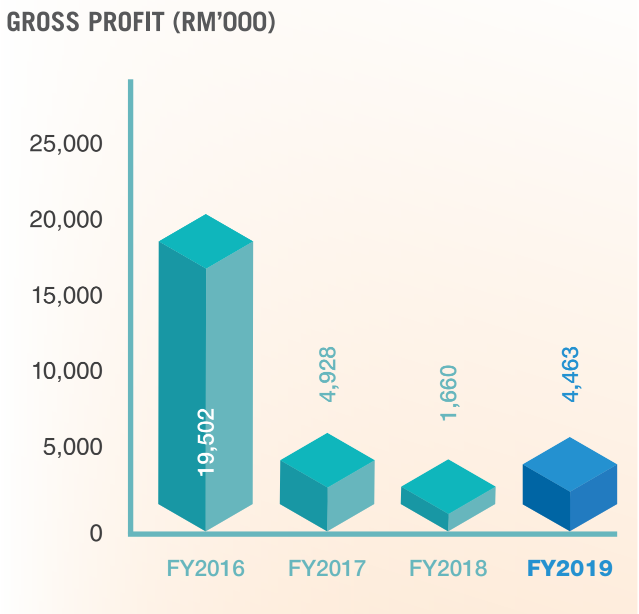
| BALANCE SHEET | As at 31 Dec 2019 RM'000 | As at 31 Dec 2018 RM'000 |
|---|---|---|
| Property, plant and equipment | 203 | 1,589 |
| Right-of-use asset | 12,679 | - |
| Goodwill | 6,133 | - |
| Associates | - | 75 |
| Other non-current assets | 5,772 | 133 |
| Current assets excluding cash and bank balances | 2,550 | 21,317 |
| Cash and bank balances | 2,994 | 1,111 |
| Total Assets | 30,331 | 24,225 |
| Non-current liabilities | (7,522) | (90) |
| Current liabilities | (19,390) | (34,319) |
| Net Asset Value | 3,419 | (10,184) |
| Shareholders' equity | 3,449 | (10,176) |
| Non-controlling interests | (30) | (8) |
| | 3,419 | (10,184) |
| Net Asset Value per share (Malaysian sen)[2] | 0.8 | (3.6) |

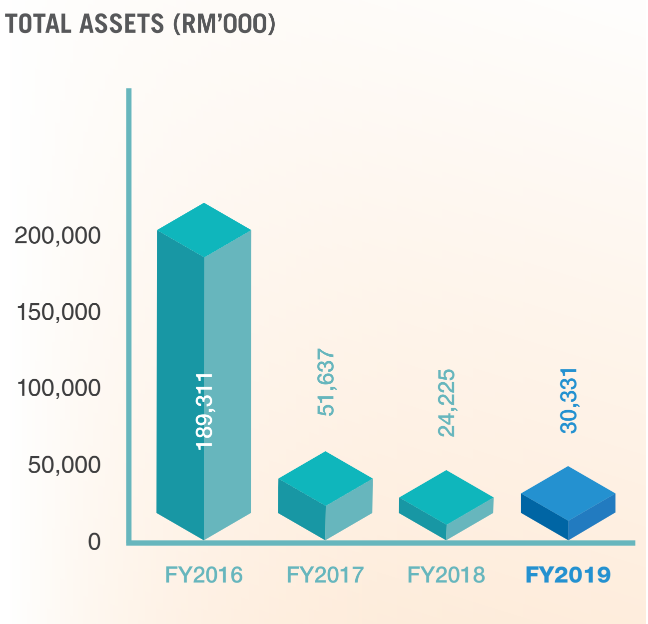
Notes:
[1] The loss per share (basic and on a fully diluted basis) for FY2019 have been computed based on the Group's loss attributable to owners of the parent and the weighted average number of ordinary shares in issue of 337,820,658, subsequent to (i) issuance of 80,000,000 shares at SGD0.025 per share for a share subscription exercise on 13 May 2019; and (ii) issuance of 46,161,962 shares at SGD0.025 per share on the completion of the acquisition of Lady Paradise (M) Sdn. Bhd. on 17 December 2019. For comparative purposes the loss per share (basic and on a fully diluted basis) for FY2018 have been computed based on the Group's loss attributable to owners of the parent and the weighted average number of ordinary shares in issue of 285,512,632.

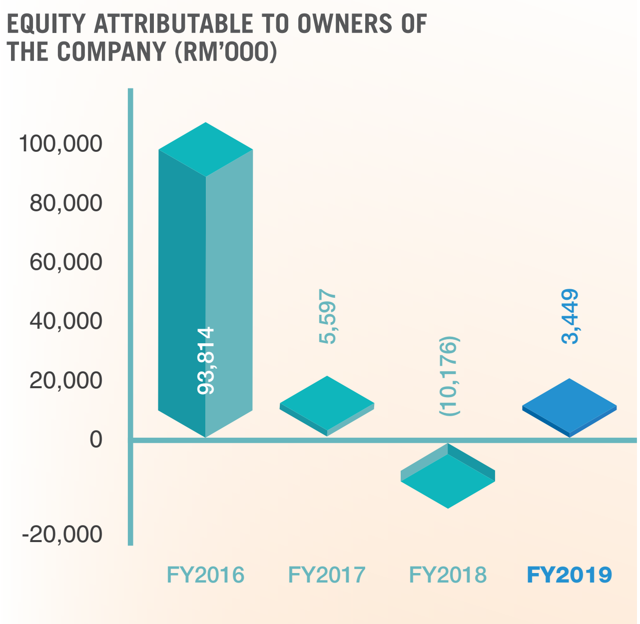
[2] Net asset values per share as at 31 December 2019 and 31 December 2018 have been calculated based on the aggregate number of ordinary shares of 411,674,594 and 285,512,632 as at the respective dates, excluding treasury shares.

# FINANCIAL HIGHLIGHTS



# MESSAGE TO SHAREHOLDERS

**TAN SRI DATO' HARI N. GOVINDASAMY**
NON-INDEPENDENT
NON-EXECUTIVE CHAIRMAN

## DEAR SHAREHOLDERS,

The Group has achieved some major milestones in its efforts to discontinue, divest and impair parts of its business that were adversely affected by the low oil prices during the financial year ended 31 December 2019 ("**FY2019**"), including the voluntary dissolution of PT IEV Pabuaran KSO and IEV Vietnam LLC and the disposal of IEV Technologies Vietnam LLC and IEV Engineering (India) Pvt Ltd. The year also marked the Group's entry into the Healthcare Sector, a strategic move by the Group to reduce its exposure to the oil and gas industry which is susceptible to the volatility of oil prices and after taking into consideration current world energy trends which are moving towards lesser dependency on fossil fuels. The Healthcare Sector is a comparatively more stable market which maybe largely unaffected by cyclical business and market fluctuations.

The Group is conscious of the economic effect caused by the Covid-19 situation and is closely monitoring the developments of the situation and its impact to our business. The Group will continue to focus on cost control measures and exercise extreme caution and prudence when making business decisions.

In respect of the AIM Sector, the Group had obtained approval from the Ministry of International Trade and Industry to operate its factory in Petaling Jaya which would allow the Group to continue the manufacturing of the marine growth control products during the period of Conditional Movement Control Order ("**CMCO**") in Malaysia. The head office will exercise CMCO and the Group continues to operate with personnel working from home and limited staff in the office.

In respect of the Healthcare Sector, the planned renovation and refurbishment works for the Singapore centre had been put on hold during the Circuit Breaker period. Hence, it is expected that completion of the renovation be delayed and the Group looks towards the opening of the Singapore centre at the end of the financial year ending 31 December 2020 ("**FY2020**") instead of the originally planned second quarter of FY2020. The postpartum centre at SS2 Petaling Jaya remains in operations. The Group is focusing its efforts on marketing activities for its Nadora brand of confinement centres.

## LOOKING FORWARD – 2020 AND BEYOND

The outlook for the oil and gas industry in 2020 and beyond is very uncertain given a demand-driven energy environment that has been exacerbated by domestic and international travel bans, shutdown of factories and collapse of the global economy. The low oil price will drive high-cost independent oil and gas producers to shut in their wells, major and national oil companies to reduce CAPEX and many companies to go out of business or be forced into mergers. The recovery of oil prices is dependent on the re-balancing of oil supply and demand, the timing of which is unknown at this point of time. Given this uncertainty, the Group will continue to exercise stringent cost control of its AIM Sector, cease new capital investment to preserve cash and monitor cash flow with extreme vigilance.

# MESSAGE TO SHAREHOLDERS


Given the global Covid-19 pandemic situation, public around the world has become very conscious about hygiene and service levels of front liners such as doctors and nurses, and this has helped in creating awareness about the need for professional care in the postpartum industry. Our postpartum centre at SS2 Petaling Jaya has experienced an increase in enquiries and we have also evolved to using multiple digital means to communicate and reach out to our clients, and have our order books strengthened.

The Group is continuously reviewing its plans and strategies for the Healthcare Sector and is actively seeking out businesses in the arena of aesthetics and wellness services and physiology services. The Group is also actively on the lookout for new postpartum care centre locations.

We would like to take this opportunity to convey our sincere appreciation to all our employees, Directors, Sponsor, existing and new strategic alliance partners, suppliers, customers and Shareholders for your understanding and continuous support throughout this challenging period. We are also grateful for the continued partnership and confidence in the Group and we look forward to a prompt recovery of the Group in the post Covid-19 period.

**TAN SRI DATO' HARI N. GOVINDASAMY**
Non-Independent Non-Executive Chairman

**CHRISTOPHER NGHIA DO**
President and CEO

Pursuant to Rule 708 of the SGX-ST Listing Manual Section B: Rules of Catalist, the Message to Shareholders represents the collective view of the Board of Directors of IEV Holdings Limited.

# OPERATIONS AND FINANCIAL REVIEW

## REVENUE AND SALES ANALYSIS FROM CONTINUING OPERATIONS

For FY2019, the Group's revenue from Asset Integrity Management ("**AIM**") Sector increased by RM6.8 million or 230% due mainly to increased sales of its proprietary marine growth control ("**MGC**") products, a completed Advanced Inspection Solution project in Nigeria and an on-going retrofitted corrosion control project.

The Group had during FY2019 diversified into the Healthcare Sector with the completion of acquisition of Lady Paradise (M) Sdn. Bhd. in December 2019. The Healthcare Sector recorded marginal revenue as the postpartum centres are currently undergoing planned refurbishment and renovation and are expected to commence operations during FY2020.

## REVENUE BY GEOGRAPHICAL LOCATIONS OF OUR CUSTOMERS

The Group sells to customers in the following geographical locations:-

| FROM CONTINUING OPERATIONS | FY2019 RM'000 | FY2019 % | FY2018 RM'000 | FY2018 % |
|---|---|---|---|---|
| Nigeria | 3,175 | 32.5 | - | - |
| Vietnam | 2,849 | 29.2 | 625 | 21.1 |
| Malaysia | 2,313 | 23.7 | 1,227 | 41.4 |
| Thailand | 1,431 | 14.6 | 40 | 1.4 |
| India | - | - | 587 | 19.8 |
| Ghana | - | - | 273 | 9.2 |
| Indonesia | - | - | 209 | 7.1 |
| Total from continuing operations | 9,768 | 100.0 | 2,961 | 100.0 |
| From discontinued operations | | | | |
| - Indonesia | - | | 18,438 | |
| Total from continuing & discontinued operations | 9,768 | | 21,399 | |

## OPERATING MARGIN FROM CONTINUING OPERATIONS ACROSS SEGMENTS

For FY2019, the Group gross profit increased by 169% to RM4.5 million from RM1.7 million in FY2018 due to higher AIMS sales activities and in particular MGC sales. The Group recorded a lower gross profit margin of 45.7% for FY2019 compared to 56.0% for FY2018 due mainly to the Advanced Inspection Solution project which has a lower gross profit margin compared to the sales of the Group's proprietary MGC products.

## OTHER OPERATING INCOME FROM CONTINUING OPERATIONS

Other operating income for FY2019 declined by 81.2% to RM0.6 million from RM3.1 million in FY2018, due mainly to (i) a one-off reversal of accrued sales commission amounting to RM2.5 million due to the expiry of an agency agreement; and (ii) decline in rental income of RM150 thousand after the disposal of a corporate office space; which were offset by (i) a foreign exchange gain of RM0.2 million; and (ii) a write-back of payables and accrued expenses of RM0.2 million.

## ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS

Administrative expenses for FY2019 reduced by 4.0% to RM10.1 million from RM10.5 million for FY2018. The reduction was mainly due to foreign exchange losses of RM0.5 million incurred in FY2018. During FY2019, the AIM Sector undertook cost reduction measures that reduced administrative expenses by RM0.9 million including (i) reducing manpower headcount and salary cuts; (ii) disposal of non-essential fixed assets to reduce depreciation expenses; (iii) reduced travel expenses and (iv) disposal of non-core loss-making subsidiaries in Vietnam and India. Such reduction of administrative expenses was however mostly offset by (i) RM0.7 million of depreciation of right-of-use assets recorded due to the adoption of SFRS(I)16 *Leases* and (ii) the Company's increased expenses of RM0.3 million for various corporate exercises and expansion of its' Board of Directors during FY2019. The depreciation of right-of-use assets include mainly rental costs incurred for a postpartum centre.

# OPERATIONS AND FINANCIAL REVIEW

## SELLING AND DISTRIBUTION COSTS FROM CONTINUING OPERATIONS

Selling and distribution costs represents commissions payable to agents for AIM Sector sales made for the Group. Selling and distribution costs for FY2019 increased by 309% to RM0.7 million from RM0.2 million for FY2018, which reflected increased international sales activity of MGC products during FY2019.

## OTHER OPERATING EXPENSES FROM CONTINUING OPERATIONS

Other operating expenses for FY2019 increased by 79.8% to RM4.1 million from RM2.3 million in FY2018. The increase was mainly due to (i) goodwill impairment of RM1.3 million in relation to the acquisition of Lady Paradise (M) Sdn. Bhd.; (ii) increased impairment and write-off of property, plant and equipment of RM0.8 million for corrosion control equipment and office renovation; (iii) increased expected credit loss allowance of RM0.8 million for amounts due from an associate; and (iv) impairment of VAT receivable of RM0.3 million in relation to an Indonesian subsidiary that ceased operations. This increase was offset by a reduction in the following expenses in FY2019 compared to FY2018: (i) net impairment and write-off on inventory of RM1.1 million; and (ii) loss of RM0.2 million on disposal of an asset held for sale.

## LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

For reasons set out above, the Group reported a 17.6% increase in loss before taxation to RM10.2 million for FY2019 from a loss before taxation of RM8.6 million for FY2018.

## RESULTS FROM DISCONTINUED OPERATIONS

For FY2019, a profit before tax of RM10.4 million from discontinued operations was recorded due mainly to a RM11.1 million net reversal of provisions and liabilities as the Company commenced member's voluntary liquidation of PT IEV Pabuaran KSO, as announced on 13 September 2019. This gain was partially offset by RM0.4 million of administrative expenses and RM0.3 million of other operating expenses related to the closing and liquidation of various subsidiaries.

## REVIEW OF STATEMENT OF FINANCIAL POSITION

### *Current Assets*

Trade receivables decreased by RM13.2 million to RM1.0 million as at 31 December 2019 from RM14.2 million as at 31 December 2018, due mainly to (i) the offsetting of RM9.8 million in trade receivables against trade and non-trade payables related an associate and creditor settlements with Swiber Offshore Construction Pte Ltd under judicial management; (ii) net receipt of AIM Sector project invoices of RM2.2 million; and (iii) impairment of RM1.2 million on amounts due from an associate. The current portion of other receivables and prepayments decreased by RM4.0 million to RM0.6 million as at 31 December 2019 from RM4.6 million as at 31 December 2018 due mainly to (i) receipt of RM2.4 million as settlement sum for the disposal of the Vietnam biomass plant; (ii) decrease in RM0.5 million of other receivables related to an associate following an offsetting agreement; (iii) tax refund of RM0.3 million in relation to the disposal of a corporate office space; (iv) impairment of VAT receivables of RM0.3 million from an Indonesian subsidiary that has ceased operations; (v) expensing of RM0.3 million in prepayments; and (vi) receipt of RM0.2 million for settlement of other receivables.

Inventories decreased by RM0.5 million to RM1.0 million as at 31 December 2019 from RM1.5 million as at 31 December 2018, due mainly to (i) RM0.2 million impairment and write-down of Oxifree inventories; and (ii) RM0.3 million depletion of MGC products. Contract costs as at 31 December 2019 reduced to nil from RM1.0 million as at 31 December 2018 due to the net transfer of RM1.0 million in contract cost to cost of sales following the completion of an Advanced Inspection Solutions project during FY2019.

### *Non-Current Assets*

Net carrying value of property, plant and equipment ("**PPE**") decreased by RM1.4 million to RM0.2 million as at 31 December 2019 from RM1.6 million as at 31 December 2018. The decrease was mainly due to (i) RM0.8 million impairment of PPE mainly relating to corrosion control equipment and office renovation; (ii) RM0.6 million of depreciation charges; and (iii) a RM0.1 million write off. These decreases were partially offset by the addition of RM0.1 million of PPE arising from the acquisition of a subsidiary. Right-of-use assets of RM12.7 million as at 31 December 2019 was due to the adoption of SFRS(I)16 *Leases*, effective 1 January 2019 for (i) lease of an office space with a carrying value of RM0.3 million and (ii) lease of a property for a postpartum centre with a carrying value of RM12.3 million. Net book value of intangible assets decreased to RM33 thousand as at 31 December 2019 from RM87 thousand as at 31 December 2018 due to amortisation charges during FY2019.

Goodwill as at 31 December 2019 relates to the issuance of 46,161,962 ordinary shares on 17 December 2019 as consideration for the acquisition of Lady Paradise (M) Sdn. Bhd,. The consideration shares had a fair value of S$0.05 per ordinary share based on the closing price of the Company's shares on 17 December 2019, as consideration for the acquisition. After accounting for the fair value of assets and liabilities being acquired in Lady Paradise (M) Sdn. Bhd., the balance of the fair value of consideration shares which is allocated to goodwill amounts to RM7.4 million. An assessment was made on the carrying value of goodwill and having regard to future cash flows under current economic conditions from the planned post-partum centres under the Healthcare Sector, an impairment of RM1.3 million on the goodwill was made for FY2019.

Other long-term receivables and prepayments increased to RM5.7 million as at 31 December 2019 from RM33 thousand as at 31 December 2018 due mainly to deposits and progress payments for renovation works on a postpartum centre.

### *Capital and Reserves*

Share capital of the Company and the Group increased to RM107.7 million as at 31 December 2019 from RM98.3 million as at 31 December 2018 due to (i) the allotment and issuance of 80,000,000 new ordinary shares in the Company at an issue price of S$0.025 per ordinary share pursuant to a placement exercise; and (ii) the allotment and issuance of 46,161,962 new ordinary shares in the Company at an issue price of S$0.025 per ordinary share to the vendors of Lady Paradise (M) Sdn. Bhd.

Currency translation reserves increased to RM1.8 million as at 31 December 2019 from RM1.5 million as at 31 December 2018 mainly due to (i) the strengthening of the Malaysian Ringgit against the US Dollar during FY2019; and (ii) the deconsolidation effects from the disposal of two AIM Sector subsidiaries in Vietnam and India.

Capital reserves have increased from a debit balance of RM0.4 million as at 31 December 2018 to a credit balance of RM3.5 million as at 31 December 2019 due to (i) the difference between the issue price of S$0.025 per ordinary share for the issuance of 46,161,962 new ordinary shares to the vendors of Lady Paradise (M) Sdn. Bhd. and the fair value of S$0.05 per ordinary share having referenced to the closing price for the Company's shares as at 17 December 2019; and (ii) the transfer of the RM0.4 million debit balance as at 31 December 2018 to accumulated losses upon the liquidation of a subsidiary.

Accumulated losses had marginally decreased by RM0.1 million to RM109.5 million as at 31 December 2019 from RM109.6 million as at 31 December 2018, mainly due to the reasons as explained above.

### *Non-Current Liabilities and Current Liabilities*

Bank overdrafts (current and non-current portions) decreased to RM2.3 million as at 31 December 2019 from RM3.0 million as at 31 December 2018 due mainly to repayment of bank overdraft balances. Current and non-current lease liabilities totalling RM12.7 million is due to the adoption of SFRS(I)16 *Leases* for the lease of an office space and a commercial property for a postpartum centre.

# OPERATIONS AND FINANCIAL REVIEW

Trade payables decreased by RM11.4 million to RM2.0 million as at 31 December 2019 from RM13.4 million as at 31 December 2018, due mainly to (i) offsetting of RM8.4 million in trade payables against trade receivables related to an associate and to creditor settlements with Swiber Offshore Construction Pte Ltd that is under judicial management; and (ii) settlement of AIM Sector project invoices of RM3.0 million. Advances from a related party of RM0.4 million as at 31 December 2019 is in relation to working capital support for the AIM Sector.

Other payables and provisions decreased by RM5.8 million to RM9.4 million as at 31 December 2019 from RM15.2 million as at 31 December 2018, mainly due to: (i) RM11.6 million reversal of provisions and payables in relation to a members' voluntary liquidation of PT IEV Pabuaran KSO; and (ii) a decrease of RM1.3 million of other payables from an associate following an offsetting agreement. This was offset by the inclusion of RM7.1 million of payables from the Healthcare Sector; for renovation costs of a post-partum centre owing and general overhead accruals. Contract liability of RM2.7 million as at 31 December 2018 was reduced to RM33 thousand as at 31 December 2019 due to the recognition of revenue from an AIMS Advanced Inspection Solutions project during FY2019.

The Group has a negative working capital of RM13.8 million as at 31 December 2019 as compared to a negative working capital of RM11.9 million as at 31 December 2018, due mainly to (i) RM7.1 million of renovations cost commitments and accruals from the Healthcare Sector; and (ii) current lease liabilities of RM5.2 million primarily from the leased commercial property for a postpartum centre. Barring any unforeseen circumstances, the Group should be able to meet its working capital commitments for the next 12 months in view of: (i) a subscription of 76,000,000 new ordinary shares in the Company at an issue price of S$0.05 per ordinary share that was concluded in January 2020, raising gross proceeds of S$3.8 million (approximately RM11.5 million); (ii) potential additional corporate fund raising exercises; and (iii) the Group's estimated revenue from the AIM and Healthcare Sectors for FY2020.

## CASH FLOW

For FY2019, the Group's operating activities used a net cash of RM3.5 million. This was mainly due to: (i) operating loss before working capital changes of RM5.2 million; (ii) decrease in contract liabilities of RM2.6 million; (iii) increase in amount due from an associate of RM1.3 million; (iv) decrease in trade and other payables of RM0.5 million; (v) interest payments of RM0.2 million; and (vi) payment of post-employment benefits of RM0.1 million. These were partially offset by (i) decrease in trade and other receivables of RM4.8 million; (ii) decrease in contract costs of RM1.0 million; (iii) decrease in inventories of RM0.3 million; and (iv) tax refunds of RM0.3 million. Net cash generated from investing activities of RM0.2 million during FY2019 was mainly from: (i) net proceeds of RM0.1 million from the disposal of subsidiaries in Vietnam and India; and (ii) consolidation of RM0.1 million cash balance on the acquisition of a subsidiary. Financing activities during FY2019 generated RM5.9 million net cash from: (i) RM5.8 million in net proceeds from the subscription of 80,000,000 new ordinary shares; and (ii) an advance of RM0.4 million from a related party; which were partially offset by lease payments of RM0.3 million.

As a result of the above the cash and bank balance less restricted cash was RM2.9 million as at 31 December 2019, as compared to RM1.0 million as at 31 December 2018.

## DEVELOPMENTS SUBSEQUENT TO THE RELEASE OF THE COMPANY'S FULL YEAR UNAUDITED FINANCIAL STATEMENTS FOR FY2019 ON 28 FEBRUARY 2020, WHICH WOULD MATERIALLY AFFECT THE GROUP'S OPERATING AND FINANCIAL PERFORMANCE

In accordance with Government of Malaysia's Movement Control Order ("**MCO**"), as part of an effort to curb the spread of the Covid-19 viral outbreak, the Group's factory and head office premises in Petaling Jaya, Selangor, Malaysia was closed with effect from 18 March 2020. The manufacturing process of marine growth control products had to be temporarily halted and business functions of the Group continued with personnel working from home. On 18 April 2020, the Group received conditional approval from the Government of Malaysia to resume operations at its factory premises. On 4 May 2020, the Group re-opened its head office premise under the Government of Malaysia's conditional MCO, effective from that date. Both the operations of the factory and head office premises are subject to the implementation of health screening, disinfection and protection measures.

# REPORT ON CORPORATE GOVERNANCE

The board of directors (the "**Board**" or "**Directors**") of IEV Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board confirms that, for the financial year ended 31 December 2019 ("**FY2019**"), the Company has generally adhered to the principles and provisions set out in the Code of Corporate Governance 2018, which was issued by the Monetary Authority of Singapore on 6 August 2018 (the "**2018 Code**"). Where there are deviations from the provisions of the 2018 Code, appropriate explanations are provided in this Report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

## BOARD MATTERS

### THE BOARD'S CONDUCT OF AFFAIRS

***Principle 1 – The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

The Board is entrusted with the responsibility for the overall management of the Group with the primary function of protecting the interests of shareholders and to enhance long-term shareholders' value. Besides carrying out its statutory duties and responsibilities, the Board reviews and advises on overall strategic plans and key operational initiatives, reviews the performance of the management of the Company (the "**Management**") and assumes responsibility for overall corporate governance of the Group to ensure that the Group's strategies are in the best interests of the Group and its shareholders.

The principal functions of the Board are:

(a) provide entrepreneurial leadership, and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;

(b) ensure that the necessary resources are in place for the company to meet its strategic objectives;

(c) establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and company performance;

(d) constructively challenge Management and review its performance;

(e) instill an ethical corporate culture and ensure that the company's values, standards, policies and practices are consistent with the culture; and

(f) ensure transparency and accountability to key stakeholder groups.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and in the best interest of the Company to enhance the long-term value of the Group to its shareholders. The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties.

**Conflicts of Interests**

To address and manage possible conflicts of interest that may arise between Directors' interest and those of the Group, the Company has put in place appropriate procedures which apply in addition to the Directors' obligation to comply with disclosure obligations under the Company's Constitution and Companies Act (Chapter 50) of Singapore ("**Companies Act**"). Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. The disclosure is made either during a Directors' meeting or by way of a written notification to the Company Secretary containing details of the interest and the nature of conflict. Where a potential conflict of interest arises, the Director concerned will recuse himself/herself from participating in any discussions, abstains from voting on the matter and refrains from exercising any influence over other members of the Board.

**Orientation, Briefings, Updates and Training for Directors**

Newly appointed Directors would receive a formal letter from the Company, setting out the Director's duties, responsibilities and obligations as a Director of the Company including pertinent obligations under the Companies Act, the Securities and Future Act, Catalist Rules and 2018 Code. Directors are also given an orientation (including site visits to the Group's principal place of operations) on the Group's business, operations, governance practices and regulatory requirements to facilitate the effective discharge of his duties. In accordance with Rule 406(3)(a) of the Catalist Rules, the Nominating Committee ("**NC**") will ensure that any new director appointed to the Board who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his/her roles and responsibilities as prescribed by the SGX-ST.

Dato' Low Koon Poh was appointed as Executive Director on 1 June 2019, Ms Ng Yau Kuen Carmen was appointed as Independent Non-Executive Director on 10 July 2019 and Tan Sri Ahmad Bin Mohd Don was appointed as Independent Non-Executive Director on 16 January 2020. They had received the letter of appointment setting out Directors' duties and obligations. Dato' Low Koon Poh and Ms Ng Yau Kuen Carmen will attend the Listed Entity Directors Programme conducted by the Singapore Institute of Directors that will be held in May 2020 and June 2020 while Tan Sri Ahmad Bin Mohd Don will attend the relevant courses within 1 year from his date of appointment.

All Directors are encouraged to attend conferences and seminars as well as other training courses relevant to their roles as Directors of the Company. Such conferences and seminars as well as other training courses are arranged and funded by the Company for all Directors. During FY2019, one of the Directors had attended a seminar on Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) jointly organised by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the Chartered Secretaries Institute of Singapore and the Institute of Singapore Chartered Accountants.

During FY2019, site visits to the Group's office in Malaysia was held for the Directors, during which they received updates and information in relation to the Group's businesses, industry developments, business initiatives and accounting standards. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts on a timely basis. Where necessary, the Company arranges for presentations by external professionals, consultants and advisers on topics that would have an impact on the relevant regulations, accounting standards and the implications on responsibilities of the Directors.

The Audit Committee ("**AC**") and the Board had during the quarterly meetings held in FY2019 received briefings and updates on (i) developments in accounting and governance standards, in particular, the changes of the Singapore Financial Reporting Standards (International) by the external auditors, Deloitte & Touche LLP ("**Deloitte**"); and (ii) strategic and business development of the Group and any changes to commercial risks from the Chief Executive Officer and Executive Director. The AC and Directors can also request for further explanations, briefings or information on any aspects of the Company's operations and business issues from the Management.

**Matters reserved for Board Approval**

The Company has in place a limitation and authorisation policy. The policy contains materiality threshold(s) and a schedule of matters specifically reserved for the Board's approval. Below the Board's level, there are appropriate delegations of authority involving the Group's Key Management Personnel ("**KMPs**") set out on page 11 of this annual report.

The following matters, amongst others, have been reserved for the Board's decision:

(a) setting the Group's long-term objectives and commercial strategy including ventures into new businesses and geographical markets;

(b) approving and monitoring material corporate transactions including major investments, divestments, mergers and acquisitions;

(c) approving and monitoring interested person transactions;

(d) approving authority matrix, standard operating procedures, policies and procedures;

(e) approving annual forecasts, budgets and cash flow projections;

(f) reviewing and approving the financial results and statements of the Group, including, inter alia, any material impairments, write-offs and restatements;

(g) appointment of internal and external auditors as well as the Company Secretary;

(h) financial results of the Group, internal audit and external audit matters reports;

(i) reviewing the business practices and risk management of the Group;

(j) reviewing and approving changes in capital structure;

(k) recommendation or declaration of dividends;

(l) reviewing and approving remuneration packages for Executive Directors and KMPs and reviewing of their performance; and

(m) any matter required to be considered or approved by the Board as a matter of law or regulation.

**Board Committees**

To facilitate effective management and to support the Board in carrying out its duties, certain functions of the Board have been delegated to the AC, NC and the Remuneration Committee ("**RC**") (collectively referred to as the "**Board Committees**"). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis to ensure continued relevance. The terms of reference also set out the conduct of meetings including quorum and voting requirements. Any changes to the terms of reference for any Board Committee require the Board's approval. The appointment of Board Committee members requires the approval of the Board to ensure that the Board Committees comprise Directors with the appropriate qualifications and skills, to maximise the effectiveness of the Board.

The effectiveness of each Board Committee is also regularly reviewed by the Board. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. The composition of the Board Committees and terms of reference of the respective Board Committees are set out under the respective Principles of this Report.

**Board meetings and attendance**

The Board has scheduled to meet at least four (4) times a year and to coincide such meetings with the review and approval of the Group's results announcements. Dates of Board, Board Committee meetings and annual general meetings are scheduled in advance in consultation with all the Directors. The Board also meets as and when necessary to address any specific significant matters that may arise. To ensure Board and Board Committee meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for telephone and video-conferencing meetings. The Board and Board Committees also approve transactions by way of written resolutions, which are circulated to the Board and Committee members together with all relevant information regarding the proposed resolutions/ transactions.

The number of meetings of the Board, the respective Board Committees and general meetings held and the attendance of each Director at the Board, Board Committees and general meetings held in FY2019 are as follows:

| Name | Board | Audit committee | Nominating committee | Remuneration committee | AGM | EGM |
|---|---|---|---|---|---|---|
| **Number of meetings held** | 5 | 4 | 1 | 1 | 1 | 1 |
| **Directors** | **Number of meetings attended** | | | | | |
| Tan Sri Dato' Hari N. Govindasamy | 4 | 3 | 1 | 1 | 1 | 1 |
| Christopher Nghia Do | 5 | 4[1] | 1[1] | 1[1] | 1 | 1 |
| Dato' Low Koon Poh[2] | 1 | 1[1] | NA | NA | NA | 1 |
| Joanne Bruce | 5 | 4[1] | 1[1] | 1[1] | 1 | 1 |
| Ng Weng Sui, Harry | 5 | 4 | 1 | 1 | 1 | 1 |
| Kesavan Nair | 5 | 4 | 1 | 1 | 1 | 1 |
| Ng Yau Kuen Carmen[3] | 2 | 2[1] | NA | NA | NA | 1 |
| Tan Sri Ahmad Bin Mohd Don[4] | NA | NA | NA | NA | NA | NA |

**Notes:**

(1) Attended as an invitee.

(2) Dato' Low Koon Poh was appointed as Executive Director of the Company on 1 June 2019.

(3) Ng Yau Kuen Carmen was appointed as Independent Non-Executive Director of the Company on 10 July 2019.

(4) Tan Sri Ahmad Bin Mohd Don was appointed as Independent Non-Executive Director of the Company on 16 January 2020.

NA: Not Applicable

All Directors are required to declare their board appointments. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that notwithstanding multiple board appointments, the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company. Please refer to Principle 4 below for further disclosure in relation to multiple board representations.

In addition, the Director is also given access to the Board resources, including the Company's constitutional and governing documents, terms of references of the Board and the Board Committees, the Group's policy, Annual Reports, Board meeting papers and other pertinent information for his/her reference. Management ensures that all Directors are furnished on an on-going basis with relevant, complete, adequate and timely information concerning the Company, to enable them to make informed decisions and discharge their duties and responsibilities. Prior to each Board meeting, board papers and files are circulated for each meeting and the Board is provided with relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. This is to give the Directors sufficient time to review and consider the matters being tabled and/or discussed. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The business/projects updates with information on financial, operating and corporate issues, the explanations on the financial information, and the rationale for the key decisions taken by the Management may also be made in the form of presentations by the Management in attendance at the meetings. The Directors are entitled to request additional information as needed to make informed decisions. The Management is invited to attend Board meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

The Board is provided with the contact details of the Management and the Company Secretary; and has separate and have independent access to such persons. The Board, either individually or as a group, is entitled to seek appropriate independent and professional advice, as and when necessary, at the expense of the Company, in furtherance of their duties.

The Company Secretary and/or her representative are/is present at such meetings to record the proceedings, to ensure that all Board procedures are followed as well as to ensure that good information flows within the Board and its Board Committees and between the Management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Together with the Management of the Company, the Company Secretary ensures that the Company complies with the requirements of the Catalist Rules, the Companies Act as well as other rules and regulations that are applicable to the Company and the Group.

**BOARD COMPOSITION AND GUIDANCE**

***Principle 2 – The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

As at the date of this Report, the Board comprises the following members:

- Tan Sri Dato' Hari N. Govindasamy ("**Tan Sri Dato' Hari**") (Non-Independent, Non-Executive Chairman)
- Christopher Nghia Do ("**Christopher Do**") (President and CEO)
- Dato' Low Koon Poh ("**Dato' Low**") (Executive Director)
- Ng Weng Sui Harry ("**Harry Ng**") (Lead Independent Director)
- Kesavan Nair (Independent Director)
- Joanne Rose Bruce ("**Joanne Bruce**") (Independent Director)
- Ng Yau Kuen Carmen ("**Carmen Ng**") (Independent Director)
- Tan Sri Ahmad Bin Mohd Don ("**Tan Sri Ahmad**") (Independent Director)

The Board comprises two (2) Executive Directors and six (6) Non-Executive Directors, of which five (5) are independent. There is therefore a good balance between the Executive and Non-Executive Directors as well as a strong and independent element on the Board with independent directors making up a majority of the Board.

Accordingly, Provision 2.2 of the 2018 Code which requires independent directors to make up a majority of the Board where then Chairman is not independent as well as Provision 2.3 of the 2018 Code which requires that non-executive directors make up a majority of the Board have been complied with.

**Board Independence and Independent Directors**

As set out under the 2018 Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The independence of each Director is reviewed annually by the NC bearing in mind salient factors set out in the Catalist Rules, the 2018 Code as well as other relevant circumstances and facts. The NC is also committed to reassess the independence of each Independent Director as and when warranted.

All Independent Directors are required to confirm their independence by completing a Confirmation of Independence Form which is drawn up in accordance with the 2018 Code and the Catalist Rules, and submitted to the NC for its assessment of the independence of each Director.

Based on the confirmation of independence submitted by the Independent Directors, the NC was of the view that each Independent Director is independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations in the current or any of the past three (3) financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is determined by the RC.

(b) None of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment.

(c) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organization which provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S$200,000 for services rendered.

(d) None of the Independent Directors are directly associated with a substantial shareholder of the company.

Ms Carmen Ng had declared that a company which she is a controlling shareholder and director of, Cypress Advisory & Consulting Limited, has since 2015 provided corporate secretarial, accounting and advisory services to the inactive Hong Kong companies of Dato' Low (Executive Director and substantial shareholder of the Company) and Dato Sri Michael Marcus Liew (substantial shareholder of the Company). The aggregate annual amount charged for the services did not exceed S$100,000 over any financial year and she confirmed that such business relationships would not interfere with her ability to exercise independent business judgement in the best interests of the Company. Except disclosed herein, she has confirmed that she does not have any other relationships (including familial relationship) with any existing Director, existing executive officer, the Company, its related corporations and/or substantial shareholders of the Company or any of its principal subsidiaries.

Based on the declarations of independence received from each of the Independent Directors, the NC has reviewed and was of the view that there are no relationships or circumstances that would affect the independence of the Independent Directors.

Each member of the NC and of the Board recused themselves from deliberations in respect of the assessment of his/her independence.

**Board Size and Composition**

The NC and the Board review the size and composition of the Board and Board Committees annually, taking into account, inter alia, the scope and nature of the group's business and operations and the benefits of all aspects of diversity, including but not limited to gender, age, and professional experience in order to provide the board access to an appropriate range and balance of skills, experience and backgrounds. The Board is satisfied that the current Board facilitates effective decision-making and that no individual or small group of individuals dominates the Board's decision-making process. The NC and the Board are of the view that the present Board has the necessary mix of gender, nationality, expertise, experience and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board and is appropriate for the current scope and nature of the operations of the Group. The Independent Directors and Non-Executive Director contribute accounting and finance knowledge, legal expertise and business management experience to the Group; and provide the Executive Directors and the Management with diverse and objective perspectives on issues considered by the Board.

The biographies of the Directors are set out under "Directors' Profile" section in this Annual Report.

**Non-Executive Directors**

The Board and the Management are given opportunities to engage in open and constructive debate for the furtherance of achieving strategic objectives. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Well equipped with their expertise, experience and knowledge, the Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committee levels, and had open discussions with the Management. Where necessary, the Non-Executive Directors, led by the Lead Independent Director, meet and discuss the Group's affairs without the presence of the Management and the Executive Directors.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

***Principle 3 – There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

Tan Sri Dato' Hari is the Non-Independent Non-Executive Chairman of the Company ("**Chairman**") and Mr Christopher Do is the Chief Executive Officer of the Company ("**CEO**"). The Chairman and CEO are not related. The separation of the roles of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman is responsible for (i) leading the Board to ensure its effectiveness in all aspects of its role; (ii) establishing the agenda for the board meetings in consultation with the CEO and ensuring adequate time is available for discussion of all agenda items, in particular strategic issues; (iii) ensuring that the Board receives complete, adequate and timely information; (iv) encouraging constructive relations among the Directors and their interactions with the Management; and (v) facilitating the effective contribution of the Non-Executive Directors. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary and the Management.

At annual general meetings of the Company, the Chairman plays a pivotal role in fostering constructive dialogue between the shareholders, the Board and the Management.

The CEO is responsible for the Group's day-to-day operations and leads the Management in setting strategies, objectives and missions, as well as executing the Board's decisions and plans and driving the Group's growth and development.

### Lead Independent Director

As the Chairman of the Board is non-independent, Mr Harry Ng has been appointed as the Lead Independent Director of the Company. As the Lead Independent Director, he serves in a lead capacity to coordinate the activities of the Independent Directors when necessary and appropriate. His responsibilities include carrying out the functions of the Chairman in relation to any matter where it would be inappropriate for the Chairman to serve in such capacity. The Lead independent Director is available to address shareholders where they have concerns for which contact through normal channels such as the Chairman, the CEO or the Chief Financial Officer is inappropriate or inadequate.

The Independent Directors of the Company discuss issues via meetings, telephone and electronic devices without the presence of the other Directors, where required. The Lead Independent Director will provide feedback to the Chairman or CEO if it is deemed necessary.

## BOARD MEMBERSHIP

***Principle 4 – The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

The Board has established a NC which comprises four (4) members who are Non-Executive Directors, and a majority of whom, including the NC Chairman, are independent. As at the date of this Report, the members of the NC are as follows:

| | |
|---|---|
| Kesavan Nair (Chairman) | Independent Director |
| Harry Ng (Member) | Lead Independent Director |
| Tan Sri Dato' Hari (Member) | Non-Independent Non-Executive Chairman |
| Tan Sri Ahmad (Member) | Independent Director |

The NC meets at least once a year. The principal functions of the NC in accordance with its terms of reference include, but are not limited to, the following:

(a) identifying, reviewing and recommending candidates to the Board for appointments to the Board (including alternate director, if applicable) and Board Committees (excluding the appointment of existing members of the Board to a Board committee) of the Company and entities within the Company and its subsidiaries;

(b) reviewing and recommending re-nomination of the Directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance (including alternate directors, if applicable);

(c) establishing a process for the selection, appointment and re-appointment of Directors;

(d) determining on an annual basis whether or not a Director is independent;

(e) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(f) reviewing and approving any new employment of related persons and proposed terms of their employment;

(g) reviewing and recommending the training and professional development programmes for the Board;

(h) recommending to the Board the review of board succession plans for Directors, in particular, the Chairman and the CEO; and

(i) recommending the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group.

**Process for Nomination and Selection of New Directors**

The NC reviews the need for appointment of additional director(s) from time to time and the composition of the Board, including the mix of expertise, skills and attributes of existing directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. The process for the search, selection and appointment of new Directors is as follows:

(a) candidates are sourced though external search consultants or network of contacts and identified based on the needs of the relevant skills, experience, knowledge and expertise. Directors may also put forward names of potential candidates, together with their curriculum vitae, for consideration of the NC.

(b) the NC, after completing its assessment, meets with the short-listed candidates to assess their suitability taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors as well as qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and the level of commitment required of them.

(c) the NC makes recommendations to the Board for approval.

**Re-Appointment/Re-election of Retiring Directors**

The NC recommends re-elections of Directors for approval by the Board, taking into account the directors' overall contributions and performance and an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities. Article 98 of the Constitution stated that at each annual general meeting of the Company ("**AGM**"), at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third and excluding newly appointment directors) are required to retire from office by rotation. All Directors are required to retire from office at least once in every three years and submit themselves for re-election by the shareholders at the AGM.

The Directors retire by rotation at the forthcoming AGM pursuant to Article 98 of the Constitution of the Company are Mr Kesavan Nair and Mr Harry Ng.

Article 102 of the Constitution of the Company requires any newly appointed Director during the year to hold office only until the next AGM following his/her appointment and to be eligible for re-election but shall not be taken into account in determining the number of Directors who are retiring by rotation at each financial year. Hence, Tan Sri Ahmad, Ms Carmen Ng and Dato' Low will retire at the forthcoming AGM pursuant to Article 102 of the Constitution of the Company.

Each of these retiring Directors has given their consent to stand for re-election.

The NC had recommended to the Board the re-election of all the retiring Directors. The NC had considered criteria such as the diversity, composition, progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour). The Board has endorsed the re-election as recommended by the NC.

**Additional Information of Retiring Directors seeking for Re-election**

Pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election, is disclosed below and to be read in conjunction with their respective biographies under the section entitled "Directors' Profile" in the Annual Report 2019:

| | | **Ng Weng Sui, Harry** | **Kesavan Nair** | **Low Koon Poh** | **Ng Yau Kuen Carmen** | **Ahmad Bin Mohd Don** |
|---|---|---|---|---|---|---|
| Date of Appointment | : | 26 July 2011 | 29 September 2011 | 1 June 2019 | 10 July 2019 | 16 January 2020 |
| Date of last re-appointment | : | 30 April 2018 | 28 April 2017 | Not Applicable | Not Applicable | Not Applicable |
| Age | : | 64 | 56 | 47 | 44 | 72 |
| Country of Principal Residence | : | Singapore | Singapore | Malaysia | Hong Kong | Malaysia |
| The Board's comments on the re-appointment | : | The re-election of Ng Weng Sui Harry as Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his independence, overall contribution and performance. | The re-election of Kesavan Nair as Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his independence, overall contribution and performance. | The re-election of Low Koon Poh as Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his overall contribution and performance. | The re-election of Ng Yau Kuen Carmen as Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her independence, overall contribution and performance. | The re-election of Ahmad Bin Mohd Don as Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his independence, overall contribution and performance. |
| Whether appointment is executive, and if so, the area of responsibility | : | Non-Executive | Non-Executive | Executive. Dato' Low oversees the Group's healthcare business | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | : | • Lead Independent Director<br>• Chairman of Audit and Risk Committees<br>• Member of Remuneration and Nominating Committees | • Independent Director<br>• Chairman of Remuneration and Nominating Committees<br>• Member of Audit and Risk Committees | Executive Director | • Independent Director<br>• Member of Remuneration Committee | • Independent Director<br>• Member of Audit and Nominating Committees |
| Professional Qualifications | : | Please refer to "Directors' Profile" section on pages 7 to 10 of this annual report. | | | | |

| | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | : | No | No | Dato' Low holds 50,000,000 ordinary shares representing 10.25% of the issued and share capital of the Company. Accordingly, he is a substantial shareholder of the Company. | Ms Carmen Ng is a controlling shareholder and Director of Cypress Advisory & Consulting Limited ("**Cypress Advisory**") which has, since 2015 provided corporate secretarial, accounting and advisory services to inactive Hong Kong companies of Dato' Low Koon (Executive Director and substantial shareholder of the Company) and Dato' Sri Michael Marcus Liew (substantial shareholder of the Company). The aggregate annual amount charged for the services is less than S$100,000. The Directors and the NC, having considered the amounts paid to Cypress Advisory are not significant, are of the view that the business relationships does not affect her disposition to act independently. Having considered Carmen Ng's contributions to the Board and the outcome of the recent assessment of individual Directors' performance, the NC has recommended and the Board has approved Carmen Ng's re-election as Director of the Company. | No |

# REPORT ON CORPORATE GOVERNANCE

| | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|
| Conflict of interests (including any competing business) | : | No | No | No | No | No |
| Working experience and occupation(s) during the past 10 years | : | Please refer to “Directors’ Profile” section on pages 7 to 10 of this annual report. | | | | |
| Undertaking has been submitted to the listed issuer in the form of Appendix 7H under Rule 720(1) of the Catalist Rules | : | Yes | Yes | Yes | Yes | Yes |
| Shareholding interest in the listed issuer and its subsidiaries | : | 300,000 ordinary shares representing 0.06% of the issued and paid up share capital of the Company. | Nil | 50,000,000 ordinary shares representing 10.25% of the issued and paid up share capital of the Company. | Nil | Nil |
| Past (for the last 5 years) | : | Directorships<br>HealthPro Pte. Ltd. (subsidiary of the Company)<br><br>Other Principal Commitment<br>Nil | Directorships<br>● Genesis Law Corporation<br>● Genvest Pte Ltd<br><br>Other Principal Commitment<br>Nil | Directorships<br>● Advance Business Process Sdn Bhd<br>● Boutique Equity Sdn Bhd<br>● Malaysian Business Pages Sdn. Bhd.<br>● NextGlass Technologies Corporation<br>● Mon Space Net, Inc.<br>● ACO Management Services Sdn Bhd<br>● KLM Corporate Services (M) Sdn Bhd<br>● Round Table Holdings Limited<br>● Marketify Consulting Sdn. Bhd.<br>● Marketify Sdn. Bhd.<br>● Glocorp Technologies Pte Ltd | Directorships<br>● Chinese Legends Wealth Management Limited<br><br>Other Principal Commitment<br>Nil | Directorships<br>● Hap Seng Plantations Holdings Berhad<br>● Zurich Life Insurance Malaysia Berhad<br>● Zurich Takaful Malaysia Berhad<br>● KAF Investment Bank Berhad<br>● KomarkCorp Berhad<br>● MAA Group Berhad<br>● MAA Cards Sdn Bhd<br>● Syarikat Penanaman Bukit Senorang Sdn Bhd<br>● South-East Pahang Oil Palm Berhad<br>● YR Associates Sdn Bhd<br>● Global Biomarine Pty Ltd |

| | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|
| | | | • Glocorp Technologies Sdn Bhd<br>• VG Plus Pte Ltd<br><br>Other Principal Commitment<br>Nil | | Other Principal Commitment<br>Nil |
| Present : | Directorships<br>• Artivision Technologies Ltd<br>• Q&M Dental Group (Singapore) Limited<br>• Oxley Holdings Limited<br>• HG Metal Manufacturing Limited<br>• HLM (International) Corporate Services Pte. Ltd.<br><br>Subsidiaries of Company<br>• IEV Energy Investment Pte. Limited<br>• IEV Technologies Pte. Ltd.<br><br>Other Principal Commitment<br>• Singapore Dental Council<br>• NCC Research Fund<br>• NCCS Cancer Fund | Directorships<br>• Kitchen Culture Holdings Ltd.<br>• Arion Entertainment Singapore Limited<br>• HG Metal Manufacturing Limited<br>• Artivision Technologies Limited<br>• Bayfront Law LLC<br><br>Other Principal Commitment<br>Nil | Directorships<br>• Healthpro Pte. Ltd. (subsidiary of the Company)<br>• Atlantis Systems Sdn Bhd<br>• Growe Food Ingredients Sdn. Bhd.<br>• B LOF (M) Sdn Bhd<br>• Catalano Seafood Sdn Bhd<br>• IPEC Bureau Sdn. Bhd.<br>• Round Table Partners Limited<br>• KLM HR Sdn Bhd<br>• Glocorp Inc.<br>• IPO Partners Limited<br>• Gogoland Sdn. Bhd.<br>• Greater Asia Agro Sdn. Bhd.<br>• Greater Asia Project Sdn. Bhd.<br>• Greater Asia Seafood Sdn. Bhd. (f.k.a. Manjong Bio Ocean Venture Sdn Bhd)<br>• Greater Asia Hatchery Sdn. Bhd.<br>• Greater Asia Harvest Sdn. Bhd. | Directorships<br>• Koala Financial Group Limited<br>• Simplicity Holding Limited<br>• Get Nice Financial Group Limited<br>• Prince Foster Professional Services Limited<br>• Corwell Global Limited<br>• Easy Global Ventures Limited<br>• Global Alliance Commerce Group Limited<br>• LinkedIn Technology Holding Limited<br>• Global Outstanding Entrepreneurs Alliance Limited<br>• Lumine Capital Limited<br>• Global Alliance Marketing Limited<br>• LinkedIn Global Pay Limited<br>• Cypress Advisory & Consulting Limited<br><br>Other Principal Commitment:<br>Cypress Certified Public Accountants | Directorships<br>• Alliance Bank Malaysia Berhad<br>• United Malacca Berhad<br>• Sunway REIT Management Sdn Bhd (manager of Sunway Real Estate Investment Trust listed on Bursa Malaysia)<br>• IT Bizflow Sdn Bhd<br>• International Natural Resources Pte Ltd<br>• PT Lifere Agro Kapuas<br>• PT Bintang Gemilanf Permai<br>• PT Wana Rindang Lestari<br><br>Other Principal Commitment:<br>Nil |

# REPORT ON CORPORATE GOVERNANCE

| | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|
| | | | | • Aquasky Global Sdn Bhd<br>• Rakuen Land Sdn Bhd<br>• Asia Biomarine Pte Ltd<br>• Global Biomarine Limited<br>• Global Biomarine Sdn Bhd<br>• Auspac Cornerstone Asset Management Limited (f.k.a. Janz Asset Management)<br>• Pdp Couriers (Malaysia) Sdn. Bhd.<br>• KL Management Services<br>• MSNI (HK) Limited<br>• Subsidiaries of Global Carriers Berhad<br><br><u>Other Principal Commitment:</u><br>Nil | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | : | No | No | No | No | No |

| | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|
| (b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? : | No | No | Dato' Low was appointed as director to the subsidiary companies of Global Carriers Berhad ("**Global Carriers**") in March 2014. He was brought on board by the founders of Global Carriers with the intention of restructuring the company. However, shortly after his appointment, Global Carriers was served a winding-up petition on 18 April 2014 and a liquidation process commenced. Dato' Low was not involved in the liquidation process nor the operations of Global Carriers and Global Carriers was eventually delisted on 19 December 2014. | No | No |
| (c) | Whether there is any unsatisfied judgment against him? : | No | No | No | No | No |
| (d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? : | No | No | No | No | No |

# REPORT ON CORPORATE GOVERNANCE

| | | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|---|
| (e) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | : | No | No | No | No | No |
| (f) | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | : | No | No | No | No | No |

| | | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|---|
| (g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | : | No | No | No | No | No |
| (h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | : | No | No | No | No | No |
| (i) | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | : | No | No | No | No | No |
| (j) | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | | | | | | |
| | i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | : | No | No | No | No | No |

# REPORT ON CORPORATE GOVERNANCE

| | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|
| ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | : | No | No | No | No | No |
| iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | : | No | No | No | No | No |
| iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, | : | No | No | No | No | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | | | | | |

| | | Ng Weng Sui, Harry | Kesavan Nair | Low Koon Poh | Ng Yau Kuen Carmen | Ahmad Bin Mohd Don |
|---|---|---|---|---|---|---|
| (k) | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | : No | No | No | No | No |

**Independence of the Directors**

As mentioned under Principle 2 above, the NC also reviews the independence of the Directors annually and have affirmed that Tan Sri Ahmad, Carmen Ng, Harry Ng, Kesavan Nair and Joanne Bruce are independent and are able to exercise judgement on the corporate affairs of the Group independent of the Management.

**Alternate Director**

The Board does not, as a matter of practice, appoint alternate director.

**Review of Director's Time Commitment**

The NC reviews and determines annually whether Directors, who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC has considered and is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of board committees on which they serve are of different complexities. Each Director shall determine the demands of his competing directorships and obligations and assess the number of directorships he could hold and serve effectively.

All Directors are required to provide declarations of any changes in their other appointments and principal commitments, which are disseminated to all Board members. The NC, having taken into consideration (i) the attendance and contributions by the individual Directors during Board and Board Committee meetings; and (ii) results of the evaluation of the effectiveness of the Board and the Board Committees, is of the opinion that the Directors have devoted sufficient time and attention to the affairs of the Company and is satisfied that the Directors have adequately discharged their duties in FY2019.

The Board recognises the contributions of its Directors who over time have developed deep insight into the Group's operations and industry and who are therefore able to provide valuable contributions to the Group. As such, the Board has not set a fixed term of office for any of its Directors.

# REPORT ON CORPORATE GOVERNANCE

The listed company directorships and principal commitments of each Director are set out below:

| Director | Position | Present directorship in other listed companies | Present principal commitments* |
|---|---|---|---|
| Tan Sri Dato' Hari | Non-Independent Non-Executive Chairman | Nil | Emrail Sdn. Bhd. and its Group of Companies |
| Christopher Do | President and CEO | Nil | ● IEV Holdings Limited<br>● Chairman of Sunshine Scholarship Organisation |
| Dato' Low | Executive Director | Nil | ● IEV Holdings Limited<br>● HealthPro Pte. Ltd. |
| Harry Ng | Lead Independent Director | ● Artivision Technologies Ltd.<br>● Q&M Dental Group (Singapore) Limited<br>● Oxley Holdings Limited<br>● HG Metal Manufacturing Limited | ● HLM (International) Corporate Services Pte. Ltd.<br>● Singapore Dental Council<br>● NCC Research Fund<br>● NCCS Cancer Fund |
| Kesavan Nair | Independent Director | ● Kitchen Culture Holdings Ltd.<br>● Arion Entertainment Singapore Limited<br>● HG Metal Manufacturing Limited<br>● Artivision Technologies Limited | Bayfront Law LLC |
| Joanne Bruce | Independent Director | Nil | ● Biossentials Limited<br>● Biossentials Sdn. Bhd.<br>● PT Chantara Wellness Bali |
| Carmen Ng | Independent Director | ● Koala Financial Group Limited<br>● Simplicity Holding Limited<br>● Get Nice Financial Group Limited | ● Cypress Advisory & Consulting Limited<br>● Cypress Certified Public Accountants |
| Tan Sri Ahmad | Independent Director | ● Alliance Bank Malaysia Berhad<br>● United Malacca Berhad | Nil |

* "**Principle Commitments**" as defined in the Code include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

## BOARD PERFORMANCE

***Principle 5 – The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

The NC will periodically review the Board's performance based on objective performance criteria proposed by the NC and approved by the Board. The performance criteria do not change from year to year and where circumstances deem it necessary to change the criteria, the onus is on the Board to justify this decision. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of each individual Director to the effective functioning of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Annually, a Board evaluation exercise is carried out by way of a board assessment checklist, which is circulated to the Board members for completion. The assessment covers areas such as Board Composition, Information to the Board, Board Procedures, Board Accountability, CEO/Top Management, Standards of Conduct, Risk Management and Internal Controls, Communication with Shareholders, Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference, and Director self-evaluation. Assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The performance criteria do not change from year to year. Directors can also provide input on issues which do not fall under these categories, for instance, addressing specific areas where improvements can be made. Feedback and comments received from the Directors are reviewed by the NC, in consultation with the Chairman of the Board, to determine the actions required to improve the corporate governance of the Company and effectiveness of the Board as a whole.

Through the assessment, the performance of the Board, Board Committees and each Director was considered and how the Board as a whole adds value to the Company. The process identified areas where improvements can be made, allowing the Board and individual Director to direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors. The Board will act on the results of the performance assessment and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of Directors may be sought.

The NC, having reviewed the overall performance of the Board and Board Committees in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, is of the view that the performance of the Board and Board Committees as a whole has been satisfactory. The NC, in assessing the contribution of an individual Director, has considered each Director's level of participation in discussions and attendance at Board and Board Committee meetings, his or her qualifications, experience, expertise and the time and effort dedicated to the Group's business and affairs. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. The NC is also satisfied that the current size and composition of the Board and Board Committees provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Group. From time to time, the NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements.

Each member of the NC abstains from voting on any resolutions and making any recommendation and or participating in discussion on matters in which he is interested.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board, the Board Committees and each individual Director. Where relevant, the NC will consider such an engagement.

# REPORT ON CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

***Principle 6 – The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

The Board has established a RC which comprises four (4) members who are Non-Executive Directors, and a majority of whom, including the RC Chairman are independent. The members of the RC as at the date of this Report are as follows:

- Kesavan Nair (Chairman) — Independent Director
- Harry Ng (Member) — Lead Independent Director
- Tan Sri Dato' Hari (Member) — Non-Independent Non-Executive Chairman
- Carmen Ng (Member) — Independent Director

The RC meets at least once a year. The principal functions of the RC include, but are not limited to, the following:

(a) review and approve the general remuneration framework of the Directors and KMPs of the Company and its subsidiaries;

(b) structure a significant and appropriate proportion of Executive Directors and KMPs' remuneration so as to link rewards to corporate and individual performance to be aligned with the interests of shareholders and promote the long-term success of the Company;

(c) review the on-going appropriateness, attractiveness and relevance of the executive remuneration policy and other benefit programs;

(d) determine, review and approve the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement;

(e) review the remuneration of employees who are related to the Directors, the CEO and the Company's substantial shareholders; and

(f) review and recommend to the Board the eligibility of the Executive Directors and KMPs under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes.

The Company's compensation framework comprises fixed, variable pay and other benefits-in-kind. The Company subscribes to linking remuneration of the Executive Directors and KMPs to corporate and individual performance. This is based on an annual appraisal of employees using the Company's internal Key Performance Indicator ("**KPI**") system. The RC and the Board will review the KPI and reward systems of the Group on an annual basis to ensure that the remuneration packages and systems are put in place to motivate and reward employees and align their interests to maximise long-term shareholders' value.

The RC will review and recommend to the Board a framework of remuneration for the Directors and KMPs, and determine specific remuneration packages for each Director and KMP. The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards and other benefits-in-kind shall be overseen by the RC. The RC will also review the remuneration received by KMP. The President and CEO, Christopher Do, is entitled to monthly salary for a period of six (6) months following the date he ceases to be employee of the Company. Save for the aforesaid, there are no other termination, retirement and post-employment benefits granted to the Directors, the CEO or any KMPs. The RC, having considered Christopher Do's contributions to the Group since its establishment in 1986, are of the opinion that the said terms are fair. Currently, contractual provisions are not used that would allow the Company to reclaim incentive components of remuneration from the Executive Directors and KMPs. In exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Executive Directors and KMPs. The RC would review such contractual provisions as and when necessary. The RC aims to be fair and avoid rewarding poor performance.

Each member of the RC shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of the remuneration package granted to him or someone related to him.

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for the Directors and the Management, so that the Group remains competitive in this regard. No external remuneration consultant has been engaged for FY2019.

**LEVEL AND MIX OF REMUNERATION**

***Principle 7 – The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.***

In setting the remuneration packages of the Executive Directors, the Company takes into consideration the existing remuneration and employment conditions and makes a comparative study of the packages of Executive Directors in comparable companies/industries as well as the Group's sustained performance. The RC ensures that the level and structure of remuneration of the Executive Directors and KMPs are aligned with the long-term interest and risk policies of the Company, as well as the ability of such remuneration structures to attract, retain and motivate Executive Directors and KMPs to provide good stewardship and management of the Company. In addition, to ensure the alignment of the Executive Directors and the KMPs with the interests of Shareholders and to promote the long-term success of the Company, the Company has adopted the IEV Holdings Performance Share Plan ("**IEV Holdings PSP**" or the "**Plan**") which was approved by shareholders at an extraordinary general meeting held on 6 October 2011.

The Non-Executive Directors' remuneration takes into account the efforts and time spent, and responsibilities of the Directors. These Directors do not have service contacts and they are paid fixed base Directors' fee and an additional fixed fee for serving on any of the Board Committees. The Chairman of each Board Committee is compensated for his additional responsibilities. The RC recommends the payment of such fees in accordance with the contributions and responsibilities of the Non-Executive Directors, which will then be endorsed by the Board and subject to approval by the shareholders of the Company at the AGM. Such fees are payable quarterly in arrears. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.

The Company had renewed the service agreement with Mr Christopher Do, the President and CEO of the Company on 6 October 2017 for a further period of three years. The service agreement is renewable in accordance with the specific terms as set out in the service agreement.

Additionally, the Company had entered into service agreement with Dato' Low, Executive Director of the Company appointed on 1 June 2019, which is effective for a period of three years. The service agreement is renewable in accordance with the specific terms as set out in the service agreement. The RC had reviewed the service agreement with Dato' Low and recommended to the Board for endorsement.

Pursuant to their respective service agreements, Mr Christopher Do and Dato' Low are entitled to a fixed monthly salary. They are also entitled to an annual performance bonus in respect of each financial year, which is calculated based on the Group's consolidated net profit before tax and exceptional items before taking into account the annual performance bonus. Under the service agreements, the salary and annual performance bonus shall be subject to annual review by the RC to be approved by the Board.

Having reviewed and considered the variable components of the Executive Directors and the KMPs, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

## DISCLOSURE ON REMUNERATION

***Principle 8 – The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

During F2019, the RC had reviewed the compensation and remuneration packages of all Directors and KMPs and believes that the remuneration of Directors and KMPs commensurate with their respective performance roles and responsibilities, giving due consideration to the financial and commercial health and business needs of the Company. The RC has recommended to the Board and the Board has approved the remuneration of the Directors and the KMPs.

The Board has also approved the RC's recommendation for the Directors' fees of S$201,600/- for FY2020. The fees are subject to the approval of shareholders at the AGM.

Details of the remuneration of Directors and KMPs for FY2019 are disclosed below:

**Directors' Remuneration**

| Name | Salary (%) | Benefits (%) | Bonus (%) | Directors' Fee (%) | Total (%) |
|---|---|---|---|---|---|
| **SGD250,000 to below SGD500,000** | | | | | |
| Christopher Do | 91.4 | 8.6 | – | – | 100 |
| **Below SGD250,000** | | | | | |
| Dato' Low | 100 | – | – | – | 100 |
| Tan Sri Dato' Hari | – | – | – | 100 | 100 |
| Harry Ng | – | – | – | 100 | 100 |
| Kesavan Nair | – | – | – | 100 | 100 |
| Joanne Bruce | – | – | – | 100 | 100 |
| Carmen Ng | – | – | – | 100 | 100 |

While the 2018 Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director and the CEO on a named basis, the RC and the Board, after careful consideration, is of the view that such disclosure would not be in the best interests to the Group's business given the highly competitive environment it is operating in, and that the details disclosed in the table provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

**KMP's Remuneration**

The Company adopts a remuneration policy for staff that is responsive to market elements and performance of the Company and business segments respectively.

Aside from the CEO, the Company had only four (4) KMPs in FY2019. A breakdown of the level and mix of the Group KMP's (who are not Directors or the CEO) remuneration for FY2019 are as follows:

| Name | Salary (%) | Benefits (%) | Payment in Lieu of notice (%) | Bonus (%) | Total (%) |
|---|---|---|---|---|---|
| **Below SGD250,000** | | | | | |
| Edward Chen Boon Pok | 88 | 12 | – | – | 100 |
| Juzer Nomanbhoy | 94 | 6 | – | – | 100 |
| Ng Siew Han | 89 | 11 | – | – | 100 |
| Loh Koon Yau[1] | 89 | 11 | – | – | 100 |

**Note:**

(1) Ms Loh Koon Yau resigned as Deputy Vice President – Sales and Proposal Engineering of the Company with effect from 15 March 2020.

The annual aggregate remuneration paid to the top four (4) KMPs (who are not Directors or the CEO) of the Group for FY2019 is SGD331,198/-.

Save for Christopher Do whose remuneration is in the band of S$300,000 to S$400,000, there are no employees who are substantial shareholders of the Company or are immediate family members of a Director or the CEO or a substantial shareholder of the Company and whose remuneration exceeds S$100,000 during the financial period under review.

The Company has in place the IEV Holdings PSP to reward, retain and motivate Directors and employees of the Group to greater dedication, loyalty and higher standards of performance. The RC is responsible for the administration of the Plan. No share award has been granted under the by the Company under the Plan during the financial year reported on and since the date of commencement of the Plan. The RC will, at the relevant time look into granting share awards. Further information on the Plan is set out in the "Directors' Statement" section of this annual report and the Company's offer document dated 12 October 2011. The RC and the Board will constantly evaluate and assess the implementation of long-term incentive schemes through the Plan, or any other appropriate incentive plans, with the aim of enhancing the link between rewards and corporate and individual performance.

**ACCOUNTABILITY AND AUDIT**

**RISK MANAGEMENT AND INTERNAL CONTROLS**

***Principle 9 – The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders***

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgment in decision-making.

# REPORT ON CORPORATE GOVERNANCE

The Board, assisted by the Risk Committee, reviews annually and ensures that a sound system of risk management and internal controls is maintained by the Group to safeguard Shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives.

The Risk Committee comprises the following members:

- Harry Ng (Chairman)
- Kesavan Nair
- Tan Sri Dato' Hari
- Christopher Do
- Joanne Bruce
- Edward Chen Boon Pok

The Risk Committee assumes the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Group's risk management systems and procedures. The Management reviews the Group's business and operational activities regularly to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management will also be responsible for ensuring that the risk management framework is effectively implemented within all areas of the respective business units. All significant matters will be highlighted to the Risk Committee and the Board.

On an annual basis, the Company engages internal auditors to formulate an internal audit plan and conduct an internal audit review of the Group's operations and will approved by the AC.

The AC has appointed Crowe Governance Sdn Bhd as internal auditors ("**IA**") of the Company to perform a review of the internal controls of the Group in accordance with the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors, Inc. Crowe Governance Sdn Bhd is a well-established firm with vast experience in areas, including internal audit. The engagement team assigned comprises of 3 members and the partner-in-charge, Mr Amos Law, has 23 of years of experience performing internal audits for listed companies in Singapore. The AC has assessed and is satisfied that the IA function of the Group is independent and the internal auditors have adequately resources to perform its function effectively and is staffed by qualified and experienced professionals with the relevant experience. Accordingly, the Company is in compliance with Rule 1204(10C) of the Catalist Rules.

The AC will review annually, the adequacy and effectiveness of the IA function. For FY2019, the internal audit review focused on procurement and payment, human resource and payroll as well as information technology controls. High risk items noted from the internal audit review have been resolved as at the date of this Report.

Subsequent to the review, the IA will report its findings to the AC and will propose recommendations to enhance the Group's internal controls and to resolve any instances of inadequate internal control processes. The Management is responsible for the implementation of the various recommendations and will report the progress of implementation to the AC.

The external auditors will also highlight to the AC any major control weaknesses on financial reporting identified in the course of the statutory audit, if any.

As part of the Group's continuous efforts to ensure that its risk management systems and internal controls are adequate and effective, the Company is not only working towards strengthening the existing policies by conducting regular reviews to ensure that they remain relevant but is also implementing new ones where necessary to meet challenges brought on by a changing business environment.

The AC and the Board had received assurance from CEO and the Chief Financial Officer that, to the best of their knowledge, (i) the Group's financial records as at 31 December 2019 have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are adequate and effective. In providing such assurance, the CEO and the Chief Financial Officer had evaluated the effectiveness of the Company's internal controls and had discussed with the Company's external and internal auditors of their reporting points and noted that there are no significant deficiencies in the design or operation of internal controls or material weaknesses identified which are outstanding and which could adversely affect the Company.

Based on the assurances from the CEO and the CFO, framework of risk management and internal controls established and maintained by the Group, work performed by the external and internal auditors, as well as regular reviews performed by the Management and various Board Committees, the Board, with the concurrence of the AC, is of the view that the Group's internal controls addressing financial, operational, compliance and information technology controls and risk management systems are adequate and effective as at 31 December 2019.

An overview of the key risks, the extent of the Group's exposure and the approach to managing these risks are set out on page 96 to 102 of the Annual Report.

**AUDIT COMMITTEE**

***Principle 10 – The Board has an Audit Committee ("AC") which discharges its duties objectively.***

As at date of this Report, the AC comprises four (4) members, who are Non-Executive Directors, and a majority of whom, including the AC Chairman are independent. The members of the AC are as follows:

| | |
|---|---|
| ● Harry Ng (Chairman) | Lead Independent Director |
| ● Kesavan Nair (Member) | Independent Director |
| ● Tan Sri Dato' Hari (Member) | Non-Independent Non-Executive Chairman |
| ● Tan Sri Ahmad (Member) | Independent Director |

No former partner or director of the Company's current auditing firm or auditing corporation is a member of the AC. The Board considers Mr Harry Ng who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. The Board is of the view that the members of the AC have sufficient accounting and/or financial management expertise and experience to discharge the AC's functions given their experience as directors and/or senior management in accounting and financial fields.

The AC meets periodically to perform the following functions:

(a) review with the external auditors, the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;

(b) review the internal controls and procedures and ensure coordination between the external auditors, internal auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);

(c) review the annual and quarterly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, going concern basis of the Company, compliance with accounting standards as well as compliance with the Catalist Rules and other relevant statutory/regulatory requirements;

(d) review the assurance from the CEO and the CFO on the financial records and financial statements;

(e) review and discuss with the external auditors and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(f) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the external auditors;

(g) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;

(h) review potential conflict of interest and to set out a framework to resolve or mitigate any potential conflict of interests;

(i) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

(j) review the key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;

(k) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(l) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(m) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time.

(n) review the adequacy, independence and effectiveness of the internal audit function at least annually; and

(o) review with the internal Auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in annual report (where necessary).

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2019 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly and full year financial results of the Group, and announcements prior to submission to the Board for approval and release of the results via SGXNET;
- the internal (including the enterprise risk management framework) and external audit plans in terms of their scope prior to their commencement;
- the external auditors' report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the Management;
- cooperation given by the Management to the external and internal auditors;
- the internal audit findings report including internal control processes and procedures;
- the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;
- the adequacy, independence and effectiveness of the Group's internal audit function;
- the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval;
- the external audit and internal audit fees for FY2019 and recommended to the Board for approval;
- the quality of the external auditors across a number of evaluation criteria, including measures of relevance and quality of its work as well as its level of independence; and re-appointment of the external auditors and recommended to the Board for approval;
- interested person transactions falling within scope of Chapters 9 of the Catalist Rules and any potential conflict of interests; and
- the whistle-blowing policy of the Group and procedures by which employees of the Group and any other persons could report the possible improprieties to the AC Chairman.

Apart from the duties listed above, the AC shall 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 Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

The AC has full access to, and co-operation from, the Management and full discretion to invite any Director and/or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

**Independent meeting with external and internal auditors**

The AC also meets with the internal and external auditors without the presence of the Management at least once a year to obtain feedback on the competency and adequacy of the finance function, to review the assistance given by the Management to internal and external auditors and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems. The external auditors were also invited to be present at AC meetings held during FY2019 to, inter alia, answer or clarify any matter on cooperation from management, accounting and auditing of internal control.

**AC's commentary on key audit matters**

The AC has discussed with the Management and the external auditors on significant issues as well as the reasonableness of the key assumptions including significant judgements and key estimates used that impact the financial statements. In line with the recommendations by ACRA, the Monetary Authority of Singapore and SGX-ST, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("**KAM**"). The AC having reviewed the KAM presented by the external auditors in their financial report, have concurred and agreed with the external auditors and Management on their assessment, judgements and estimates on the significant matters reported.

**External Auditors and Audit Fees**

The aggregate amount of audit fees paid and/or payable to the external auditors for FY2019 amounted to approximately SGD164,000. In addition, approximately SGD18,000 non-audit fees were paid to the external auditors for FY2019 in relation to tax and other statutory services rendered. The AC has undertaken a review of the volume and nature of the non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The Company's existing auditors, Deloitte & Touche LLP, has been auditors of the Group since the financial year ended 31 December 2015. The Directors are of the opinion that it is in the interest of the Company to rotate its auditors in order to benefit from fresh perspectives of another professional audit firm and thus further enhance the value of the audit, with effect from the current financial year ending 31 December 2020. A renewal of this nature is indicative of the Company's efforts to ensure that there would be no actual or perceived issues of independence of auditors for good corporate governance. The AC has recommended, and the Board has approved the nomination to appoint Mazars LLP as the Company's external auditor for the financial year ending 31 December 2020 subject to the approval of shareholders. More details on the proposed change of auditors are set out in the Appendix dated 15 May 2020.

The external auditors have unrestricted access to the AC.

The AC is satisfied that the Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on the Group's financial statements, with training conducted by professionals or external consultants. In FY2019, the AC was briefed and updated by the external auditors on the changes or amendments to the accounting standards and its corresponding impact on the financial statements, if any.

**Whistle-blowing policy**

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees and any other persons may raise concerns, in confidence, on improper conduct or other matters to the Management and/or the AC, where applicable. The details of the policy have been disseminated and made available to all parties concerned.

The AC oversees the administration of the policy and ensures that all concerns to be raised are independently investigated and appropriate follow-up actions are carried out.

**Internal Audit**

The Company has outsourced the internal audit function to Crowe Governance Sdn. Bhd. who will report to the AC. The AC approves the hiring, removal, evaluation and compensation of the internal auditors and the internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, and reports directly to the AC on audit matters.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

***Principle 11 – The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

Shareholders are encouraged to participate during the general meetings. Shareholders are informed of Shareholders' meetings through notices contained in annual reports or circulars sent to all Shareholders. These notices are also published in the Business Times and posted onto the SGXNET.

Any notice of general meeting consisting of only ordinary resolution is issued at least 14 calendar days before the scheduled date of the meeting while a notice of general meeting containing special resolution is issued at least 21 calendar days before the scheduled date of the meeting. All shareholders (other than a relevant intermediary as defined under Section 181 of the Companies Act) can appoint up to two (2) proxies to attend, vote and speak in general meeting in his stead. The Company allows relevant intermediaries to appoint more than two (2) proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

The Company tables separate resolutions at general meetings for each distinct issues for approval by shareholders unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. A proxy form is sent with the notice of general meeting to the Shareholders. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings.

At the Company's general meetings, all Directors are usually present and shareholders are given the opportunity to voice their views and ask Directors, in particular the chairman of the Board Committees or the Management questions regarding the Company's business activities or financial performance. In addition to the Board, the external auditors are also invited to attend the AGMs to assist the Directors in addressing shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report. For FY2019, the Company held one annual general meeting and an extraordinary general meeting. All members of the Board were present for both meetings.

As the authentication of Shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being not to implement voting in absentia by mail, email or fax. In this connection, the Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the shareholders through the web is not compromised.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management. The minutes are made available on the Company's website.

In view of the Covid-19 situation, the Company will be putting in place alternative measures and arrangements for its upcoming AGM. Shareholders are advised to refer to the Company's announcement on SGXNet on the notice of AGM which will be released in due course for more information on the AGM.

The Company does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on shares of the Company that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors:

- the level of cash and retained earnings;
- actual and projected financial performance;
- projected levels of capital expenditure and expansion plans;
- working capital requirements and general financing needs and conditions; and
- restrictions on payment of dividend imposed to the Company (if any).

The Board has not declared or recommended a dividend for FY2019 as the Group recorded a loss from its continuing operations in FY2019.

## SHAREHOLDER ENGAGEMENT

***Principle 12 – The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

***Principle 13 – The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Company's dedicated internal Investor Relations ("**IR**") team is tasked with and focuses on facilitating effective and fair communication between the Company and its shareholders by regularly conveying pertinent information to shareholders, attend to their queries as well as well as to keep shareholders apprised of the Group's corporate developments and financial performance.

In presenting the annual financial statements and quarterly results announcements to the shareholders of the Company, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's financial performance, financial position and business prospects. The financial performance and annual reports are announced or issued within the mandatory period under the Catalist Rules and are available on the Company's website.

The Company does not practice selective disclosure, and price sensitive information is publicly released on an immediate basis pursuant to the Catalist Rules. Shareholders, investors and analysts are kept informed of the major developments of the Company on a timely basis through various means of communication as follows:

- announcements and press releases (with contact details for investors to channel their comments or queries) via SGXNET;
- annual reports and notice of AGM issued to all shareholders;
- price sensitive information, significant transactions or matters are communicated to shareholders via SGXNET; and
- the Company's website at https://www.iev-group.com/

The IR team, together with the Management, will conduct roadshows, participate in investor seminars and conferences, analyst meetings to keep the market, shareholders and investors apprised of relevant information, to enable them to have a better understanding of the business, latest developments and financial performance of the Group. The Company makes available its briefing materials to analysts and the media through press releases which are released on SGXNET and its corporate website, with contact details for investors to channel their comments and queries.

The Company solicits feedback from and addresses the concerns of Shareholders (including institutional and retail investors) by email via a dedicated investor relations email: ir@iev-group.com or in writing to the Company's headquarter located at Malaysia. The Company also attends to shareholders' queries made via telephone.

The Company undertakes a formal stakeholder engagement exercise, such as formal and informal meetings, surveys, site visits, and feedback channels to identify material stakeholder groups which include shareholders, regulators, employees, suppliers and customers as well as the local communities. The Group has identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further details can be found in our sustainability report for the year ended 31 December 2019 which will be released by May 2020.

## INTERESTED PERSON TRANSACTION ("IPTs")

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. All IPTs are subject to review by the AC to ensure compliance with the established procedures. In the event that a member of the AC is involved in any IPT, he will abstain from reviewing that particular transaction.

The Group does not have a general mandate for shareholders for recurring IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. The details of IPTs in FY2019 are set out below:

| Name of Interested Person | Nature of relationship | Aggregate value of all IPTs (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) |
|---|---|---|---|
| Disruptech Holdings Sdn. Bhd. ("**Disruptech**") | Disruptech is wholly-owned by Mr Christopher Do who is President, Chief Executive Officer and substantial shareholder of the Company. | SGD116,000[(1)]<br>USD16,000[(2)] | – |

(1) As announced by the Company on 23 October 2019, IEV Group Sdn. Bhd. has entered into a share sale agreement with Disruptech for the disposal of IEV Technologies Vietnam Limited Liability Company ("**IEV Vietnam**") and IEV Engineering (India) Pvt Ltd ("**IEV India**"). Following the completion of the disposal, IEV Vietnam and IEV India ceased to be subsidiaries of the Company.

(2) The Group's wholly-owned subsidiary, IEV International Limited entered into a loan agreement with Disruptech on 17 December 2019 for a facility of USD200,000 for a period of 1 year from the date of agreement which may be renewed subject to mutual agreement between both parties. The loan bears an interest of 8% per annum, payable on a monthly basis and is secured on the Group's all rights and beneficial interest in the world-wide patents of marine growth products. Please refer to Note 23 of the Notes to Financial Statements for more details.

## DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules on dealings in securities, the Company has in place a policy prohibiting share dealings by Directors, officers and employees of the Group during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one (1) month before the full financial year, as the case may be, and ending on the date of the announcement of the relevant results. This has been made known to Directors, officers and employees of the Group. They are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period. Directors, officers and employees of the Group are also prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information.

Directors are required to notify the Company of their securities dealings within two (2) business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNet within one (1) business day of receiving such notifications.

## MATERIAL CONTRACTS

Save for the service agreements entered into between Executive Directors and the Company and the contracts which have been published via SGXNet, there are no other material contracts or loans entered into by or taken up by the Company or its subsidiaries involving the interest of any Director or controlling shareholder which are either still subsisting as at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

## NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, S$70,000 was paid to the Sponsor, SAC Capital Private Limited, in FY2019 as introducer fees in respect of the subscriptions of up to 80 million shares in the capital of the Company as announced on 26 April 2019.

## USE OF PROCEEDS

The Company's net proceeds arising from the allotment and issue of 80.0 million new ordinary shares at an issue price of S$0.025 per share in the capital of the Company through a share subscription exercise (the "**Share Subscription**") that was completed on 15 May 2019 of approximately S$1.906 million (after deducting expenses of approximately S$0.094 million incurred by the Company in connection with the Share Subscription) have been utilised as follows:

| Use of Proceeds | Amount allocated (as announced on 26 April 2019) (S$'000) | Amount utilised as at 31 March 2020 (S$'000) | Balance of net proceeds (S$'000) |
|---|---|---|---|
| (i) Identify and invest into new business | 1,000 | 635 | 365 |
| (ii) Working capital | 906 | 888[(1)] | 18 |
| Total | 1,906 | 1,523 | 383 |

Note 1. Working capital utilisation comprise of (i) payment of trade and other payables of S$274 thousand; (ii) payment of professional fees of S$273 thousand; and (iii) manpower and overheads of S$341 thousand.

The Company's net proceeds arising from the allotment and issue of 76.0 million new ordinary shares at an issue price of S$0.05 per share in the capital of the Company through a share subscription exercise (the "**Share Subscription**") that was completed on 14 January 2020 of approximately S$3.788 million (after deducting expenses of approximately S$0.012 million incurred by the Company in connection with the Share Subscription) have been utilised as follows:

| Use of Proceeds | Amount allocated (as announced on 23 December 2019) (S$'000) | Amount utilised as at 31 March 2020 (S$'000) | Balance of net proceeds (S$'000) |
|---|---|---|---|
| (i) Renovation and refurbishment of postpartum centres | 3,000 | 1,918 | 1,082 |
| (ii) Working capital | 788 | 788[(1)] | 0 |
| Total | 3,788 | 2,706 | 1,082 |

Note 1. Working capital utilisation has been mainly for property rental for a postpartum centre.

## SUSTAINABILITY REPORTING

The Company recognises the importance of sustainability and will be implementing the appropriate policies and programs. The Company will publish its sustainability report by 31 May 2020, in accordance with Practice Note 7F of the Catalist Rules.

# FINANCIAL CONTENTS



# DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of IEV Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 62 to 146 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 1 DIRECTORS

The Directors of the Company in office at the date of this statement are:

| | |
|---|---|
| Tan Sri Dato' Hari N. Govindasamy | |
| Christopher Nghia Do | |
| Joanne Rose Bruce | |
| Ng Weng Sui, Harry | |
| Kesavan Nair | |
| Dato' Low Koon Poh | (Appointed on 1 June 2019) |
| Ng Yau Kuen Carmen | (Appointed on 10 July 2019) |
| Tan Sri Ahmad Bin Mohd Don | (Appointed on 16 January 2020) |

## 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the share scheme mentioned in paragraph 5 of this statement.

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

| Name of Directors | Shareholdings registered in name of Directors | | Shareholdings in which Directors are deemed to have an interest | |
|---|---|---|---|---|
| | At beginning of year or date of appointment, if later | At end of financial year | At beginning of year or date of appointment, if later | At end of financial year |
| **The Company** | | | | |
| (Ordinary shares) | | | | |
| Tan Sri Dato' Hari N. Govindasamy | – | – | 54,856,500 | 53,856,500 |
| Christopher Nghia Do | 36,428,158 | 27,788,158 | 1,736,000 | 1,736,000 |
| Joanne Rose Bruce | – | – | 1,725,000 | 1,725,000 |
| Ng Weng Sui, Harry | 300,000 | 300,000 | – | – |
| Dato' Low Koon Poh | 50,000,000 | 50,000,000 | – | – |

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

By virtue of Section 7 of the Act, Tan Sri Dato' Hari N. Govindasamy, Christopher Nghia Do and Dato' Low Koon Poh, are deemed to have an interest in all the related corporations of the Company.

The Directors' interests in the shares of the Company at 21 January 2020 were the same as at 31 December 2019.

## 4 SHARE OPTIONS

*(a) Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

*(b) Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

*(c) Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

## 5 SHARE SCHEME

The IEV Holdings Performance Share Plan (the "Share Plan") was approved and adopted by the Shareholders of the Company at an Extraordinary General Meeting held on 6 October 2011.

The objectives of the Share Plan are as follows:

(a) to foster an ownership culture within the Group which aligns the interests of participants with the interests of shareholders;

(b) to motivate participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group; and

(c) to make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group, and whose skills are commensurate with the Company's ambition to become a world class company.

The Share Plan is administered by the Remuneration Committee which has the absolute discretion to determine the persons who will be eligible to participate in the Share Plan in accordance with the rules of the Share Plan and Chapter 8 of the Catalist Rules. A participant who is a member of the Remuneration Committee shall not participate in any deliberation or decision in respect of awards granted or to be granted to that participant.

The Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted, provided always that the Share Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Share Plan may be terminated at any time by the Remuneration Committee or, at the discretion of the Remuneration Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Share Plan is so terminated, no further awards shall be granted by the Remuneration Committee hereunder. The expiry or termination of the Share Plan shall not affect awards which have been granted prior to such expiry or termination, whether such awards have been released (whether fully or partially) or not.

## 5 SHARE SCHEME (continued)

The aggregate number of new Shares which may be issued pursuant to awards granted under the Share Plan on any date, when added to (i) the number of new Shares issued and issuable in respect of all awards granted under the Share Plan; and (ii) all Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or plans adopted by the Company for the time being in force, shall not exceed 15.0% of the issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date.

Since the commencement of the Share Plan, the Company has not granted any awards under the Share Plan.

## 6 AUDIT COMMITTEE

The Audit Committee of the Company ("AC") comprises four members who are Non-Executive Directors, and a majority of whom, including the AC Chairman is independent. The members of the AC at the date of this statement are as follows:

| | |
|---|---|
| Ng Weng Sui, Harry | (Lead Independent Director) |
| Tan Sri Dato' Hari N. Govindasamy | (Non-Independent, Non-Executive Chairman) |
| Kesavan Nair | (Independent Director) |
| Tan Sri Ahmad Bin Mohd Don | (Independent Director) (Appointed on 6 March 2020) |

The AC performs the functions in accordance with Section 201B of the Act and the Singapore Code of Corporate Governance.

The AC has met four times during the financial year in discharge of its functions and duties including deliberation and review of the following, where relevant, with the executive directors, external and internal auditors of the Company:

(i) the unaudited quarterly and full year financial results of the Group, and announcements prior to submission to the Board for approval and release of the results via SGXNET;

(ii) the internal (including the enterprise risk management framework) and external audit plans in terms of their scope prior to their commencement;

(iii) the external auditor's report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the Management;

(iv) the internal audit findings report including internal control processes and procedures;

(v) the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;

(vi) the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval; and

(vii) the independence and re-appointment of the external auditors of the Group and level of audit and non-audit fees, and their recommendation to the Board for approval.

The AC has full access to and co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

Further details regarding the AC are disclosed in the Report of Corporate Governance included in the Annual Report of the Company.

# DIRECTORS' STATEMENT

ON BEHALF OF THE DIRECTORS

.......................................................................................
Christopher Nghia Do

.......................................................................................
Ng Weng Sui, Harry

6 May 2020

# INDEPENDENT AUDITOR'S REPORT

To the members of IEV Holdings Limited

**Report on the Audit of the Financial Statements**

**Opinion**

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

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

**Basis for Opinion**

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

**Material Uncertainty Related to Going Concern**

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

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

# INDEPENDENT AUDITOR'S REPORT

To the members of IEV Holdings Limited

**Key Audit Matters**

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

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

**Key Audit Matters (continued)**

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

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

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

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

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

**Responsibilities of Management and Directors for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

6 May 2020

# STATEMENTS OF FINANCIAL POSITION

31 December 2019

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **31 December 2019** | 31 December 2018 | **31 December 2019** | 31 December 2018 |
| | | **RM** | RM | **RM** | RM |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 6 | **2,994,483** | 1,110,762 | **1,311,145** | 44,216 |
| Trade receivables | 7 | **994,837** | 14,157,067 | **–** | – |
| Other receivables and prepayments | 8 | **583,719** | 4,631,088 | **95,496** | 50,123 |
| Inventories | 9 | **970,671** | 1,529,374 | **–** | – |
| Contract costs | 10 | **–** | 1,000,083 | **–** | – |
| Total current assets | | **5,543,710** | 22,428,374 | **1,406,641** | 94,339 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | **203,186** | 1,588,753 | **–** | – |
| Right-of-use assets | 12 | **12,679,400** | – | **–** | – |
| Goodwill | 13 | **6,132,528** | – | **–** | – |
| Intangible assets | 14 | **32,694** | 86,856 | **–** | – |
| Oil and gas properties | 15 | **–** | – | **–** | – |
| Subsidiaries | 16 | **–** | – | **7,008,709** | – |
| Associate | 17 | **–** | 75,393 | **–** | – |
| Other receivables and prepayments | 8 | **5,739,343** | 32,757 | **–** | – |
| Deferred tax assets | 18 | **–** | 12,939 | **–** | – |
| Total non-current assets | | **24,787,151** | 1,796,698 | **7,008,709** | – |
| **Total assets** | | **30,330,861** | 24,225,072 | **8,415,350** | 94,339 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Bank overdrafts | 19 | **2,280,768** | 2,969,141 | **–** | – |
| Trade payables | 20 | **2,013,396** | 13,449,609 | **–** | – |
| Other payables and other provisions | 21 | **9,429,315** | 15,244,644 | **1,216,051** | 1,825,204 |
| Contract liabilities | 22 | **33,710** | 2,655,946 | **–** | – |
| Advances from a related party | 23 | **408,844** | – | **–** | – |
| Lease liabilities | 24 | **5,201,208** | – | **–** | – |
| Income tax payable | | **22,915** | – | **–** | – |
| Total current liabilities | | **19,390,156** | 34,319,340 | **1,216,051** | 1,825,204 |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 24 | **7,521,943** | – | **–** | – |
| Deferred tax liabilities | 18 | **–** | 89,963 | **–** | – |
| Provision for post-employment benefit obligations | 25 | **–** | – | **–** | – |
| Total non-current liabilities | | **7,521,943** | 89,963 | **–** | – |

# STATEMENTS OF FINANCIAL POSITION

31 December 2019

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **31 December 2019** | 31 December 2018 | **31 December 2019** | 31 December 2018 |
| | | **RM** | RM | **RM** | RM |
| **Capital and reserves** | | | | | |
| Share capital | 26 | **107,673,989** | 98,338,106 | **107,673,989** | 98,338,106 |
| Treasury shares | 27 | **(38,268)** | (38,268) | **(38,268)** | (38,268) |
| Currency translation reserve | 28 | **1,761,503** | 1,486,204 | **(187,724)** | (121,071) |
| Capital reserve | 29 | **3,526,051** | (379,690) | **3,526,051** | – |
| Accumulated losses | | **(109,474,750)** | (109,582,544) | **(103,774,749)** | (99,909,632) |
| Equity (Capital deficiency) attributable to owners of the Company | | **3,448,525** | (10,176,192) | **7,199,299** | (1,730,865) |
| Non-controlling interests | | **(29,763)** | (8,039) | **–** | – |
| Total equity (Capital deficiency) | | **3,418,762** | (10,184,231) | **7,199,299** | (1,730,865) |
| **Total liabilities and equity** | | **30,330,861** | 24,225,072 | **8,415,350** | 94,339 |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

| | Note | Group 2019 RM | 2018 RM |
|---|---|---|---|
| **Revenue** | 30 | **9,767,584** | 2,961,463 |
| Cost of sales | | **(5,304,638)** | (1,301,738) |
| **Gross profit** | | **4,462,946** | 1,659,725 |
| Other operating income | 31 | **578,220** | 3,074,001 |
| Selling and distribution costs | | **(659,284)** | (161,028) |
| Administrative expenses | | **(10,079,726)** | (10,501,654) |
| Other operating expenses | | **(4,057,963)** | (2,257,307) |
| Share of results of associate | 17 | **(75,393)** | 49,798 |
| Finance costs | 32 | **(336,805)** | (505,705) |
| **Loss before tax** | | **(10,168,005)** | (8,642,170) |
| Income tax | 33 | **58,513** | (163,682) |
| **Loss for the year from continuing operations** | 34 | **(10,109,492)** | (8,805,852) |
| Discontinued operations | | | |
| Profit (Loss) for the year from discontinued operations | 35 | **10,425,146** | (8,246,492) |
| **Profit (Loss) for the year** | | **315,654** | (17,052,344) |
| **Other comprehensive income (loss), net of tax** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on translation of foreign operations | | **275,299** | 1,109,364 |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Actuarial gains in respect of defined benefit pension plan | | **–** | 170,232 |
| **Other comprehensive income for the year, net of tax** | | **275,299** | 1,279,596 |
| **Total comprehensive income (loss) for the year** | | **590,953** | (15,772,748) |
| **Income / (Loss) attributable to:** | | | |
| Owners of the Company: | | | |
| - continuing operations | | **(9,937,662)** | (8,805,852) |
| - discontinued operations | | **10,425,146** | (8,246,492) |
| Non-controlling interests: | | | |
| - continuing operations | | **(171,830)** | – |
| - discontinued operations | | **–** | – |
| | | **315,654** | (17,052,344) |
| **Total comprehensive income (loss) attributable to:** | | | |
| Owners of the Company | | **762,783** | (15,772,748) |
| Non-controlling interests | | **(171,830)** | – |
| | | **590,953** | (15,772,748) |
| **Earnings (Loss) per share** | | | |
| From continuing and discontinued operations: | | | |
| Basic and Diluted (Malaysian sen) | 37 | **0.14** | (5.97) |
| From continuing operations: | | | |
| Basic and Diluted (Malaysian sen) | 37 | **(2.94)** | (3.08) |

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

| | Share capital RM | Treasury shares RM | Capital reserve RM | Currency translation reserve RM | Accumulated losses RM | Equity attributable to owners of the Company RM | Non-controlling interests RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Balance at 1 January 2018 | 98,338,106 | (38,268) | (379,690) | 376,840 | (92,700,432) | 5,596,556 | (174,970) | 5,421,586 |
| *Total comprehensive loss for the year:* | | | | | | | | |
| Loss for the year | – | – | – | – | (17,052,344) | (17,052,344) | – | (17,052,344) |
| Other comprehensive income for the year | – | – | – | 1,109,364 | 170,232 | 1,279,596 | – | 1,279,596 |
| Total | – | – | – | 1,109,364 | (16,882,112) | (15,772,748) | – | (15,772,748) |
| Disposal of a subsidiary (Note 38) | – | – | – | – | – | – | 166,931 | 166,931 |
| Balance at 31 December 2018 | 98,338,106 | (38,268) | (379,690) | 1,486,204 | (109,582,544) | (10,176,192) | (8,039) | (10,184,231) |
| *Total comprehensive income for the year:* | | | | | | | | |
| Profit (Loss) for the year | – | – | – | – | 487,484 | 487,484 | (171,830) | 315,654 |
| Other comprehensive income for the year | – | – | – | 275,299 | – | 275,299 | – | 275,299 |
| Total | – | – | – | 275,299 | 487,484 | 762,783 | (171,830) | 590,953 |
| *Transactions with owners:* | | | | | | | | |
| Issuance of shares (Note 26) | 9,621,133 | – | – | – | – | 9,621,133 | – | 9,621,133 |
| Shares issuance costs (Note 26) | (285,250) | – | – | – | – | (285,250) | – | (285,250) |
| Acquisition of a subsidiary (Note 39) | – | – | 3,526,051 | – | – | 3,526,051 | – | 3,526,051 |
| Non-controlling interest arising from subscription of shares in a subsidiary (Note 38) | – | – | – | – | – | – | 150,566 | 150,566 |
| Effect of disposal/ deconsolidation of subsidiaries (Note 38) | – | – | 379,690 | – | (379,690) | – | (460) | (460) |
| Total | 9,335,883 | – | 3,905,741 | – | (379,690) | 12,861,934 | 150,106 | 13,012,040 |
| Balance at 31 December 2019 | **107,673,989** | **(38,268)** | **3,526,051** | **1,761,503** | **(109,474,750)** | **3,448,525** | **(29,763)** | **3,418,762** |

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

| | Share capital | Treasury shares | Capital reserve | Currency translation reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| **Company** | | | | | | |
| Balance at 1 January 2018 | 98,338,106 | (38,268) | – | (78,142) | (97,174,642) | 1,047,054 |
| Loss for the year, representing total comprehensive loss for the year | – | – | – | (42,929) | (2,734,990) | (2,777,919) |
| Balance at 31 December 2018 | 98,338,106 | (38,268) | – | (121,071) | (99,909,632) | (1,730,865) |
| Loss for the year, representing total comprehensive loss for the year | – | – | – | (66,653) | (3,865,117) | (3,931,770) |
| | – | – | – | (66,653) | (3,865,117) | (3,931,770) |
| *Transaction with owners:* | | | | | | |
| Issuance of shares (Note 26) | 9,621,133 | – | – | – | – | 9,621,133 |
| Shares issuance costs (Note 26) | (285,250) | – | – | – | – | (285,250) |
| Acquisition of a subsidiary (Note 39) | – | – | 3,526,051 | – | – | 3,526,051 |
| | 9,335,883 | – | 3,526,051 | – | – | 12,861,934 |
| Balance at 31 December 2019 | **107,673,989** | **(38,268)** | **3,526,051** | **(187,724)** | **(103,774,749)** | **7,199,299** |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **RM** | RM |
| **Operating activities** | | |
| Income (Loss) before tax | | |
| Continuing operations | **(10,168,005)** | (8,642,170) |
| Discontinued operations (Note 35) | **10,425,642** | (8,129,296) |
| | **257,637** | (16,771,466) |
| Adjustments for: | | |
| Share of results of associate | **75,393** | (49,798) |
| Amortisation of intangible assets | **53,844** | 140,273 |
| Depreciation of property, plant and equipment | **622,201** | 1,568,862 |
| Depreciation of right-of-use assets | **692,918** | – |
| Provision for post-employment benefits | **–** | 333,941 |
| (Gain) Loss on disposal of property, plant and equipment | **(22,053)** | 352,726 |
| (Gain) Loss on disposal of subsidiaries (Note 38) | **(39,843)** | 5,411,362 |
| Loss from deconsolidation of subsidiaries (Note 38) | **560,574** | – |
| Loss on disposal of finance lease assets | **–** | 43,591 |
| Property, plant and equipment written off | **98,547** | 183,964 |
| Allowance for inventories, net | **86,743** | 1,022,362 |
| Inventories written off | **205,767** | 198,146 |
| Receivables written off | **109,896** | 599,341 |
| Intangible assets written off | **–** | 55,272 |
| Write-back of payables and accrued expenses | **(1,148,144)** | (2,546,071) |
| Impairment (Write-back of impairment) of property, plant and equipment | **815,093** | (44,102) |
| Impairment of goodwill | **1,301,926** | – |
| Impairment of value-added tax receivables | **290,098** | – |
| Expected credit loss allowance, net | **1,203,974** | 104,687 |
| Write-back provision for termination liabilities | **(7,839,665)** | – |
| Write-back provision for extension penalty | **(2,830,349)** | – |
| Gains on settlement of post-employment benefit | **–** | (149,201) |
| Finance lease income | **–** | (164,688) |
| Interest income | **(1,259)** | (42,905) |
| Interest expense | **336,805** | 515,537 |
| Operating cash flows before movements in working capital | **(5,169,897)** | (9,238,167) |
| Long term other receivables and prepayments | **6,269** | (514,981) |
| Inventories | **304,482** | (10,800) |
| Contract costs | **1,001,496** | (1,000,083) |
| Trade and other receivables and prepayments | **4,848,826** | 1,243,665 |
| Trade and other payables and other provisions | **(510,287)** | 1,547,045 |
| Contract liabilities | **(2,626,000)** | 2,655,946 |
| Amount due from an associate | **(1,269,596)** | (308,243) |
| Cash used in operations | **(3,414,707)** | (5,625,618) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **RM** | RM |
| Interest received | **1,259** | 42,905 |
| Interest paid | **(238,771)** | (515,537) |
| Post-employment benefit paid | **(135,175)** | (268,971) |
| Income tax refunded (paid) | **286,579** | (30,600) |
| Net cash used in operating activities | **(3,500,815)** | (6,397,821) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | **(66,245)** | (866,887) |
| Proceeds from disposal of property, plant and equipment | **23,431** | 109,925 |
| Proceeds from disposal of asset held-for-sale | **–** | 9,200,000 |
| Proceeds from disposal of finance lease assets | **–** | 2,594,823 |
| Cash outflow arising from deconsolidation of subsidiary (Note 38) | **(2,751)** | – |
| Disposal of subsidiaries (Note 38) | **103,353** | (528,957) |
| Net cash arising from acquisition of a subsidiary (Note 39) | **115,350** | – |
| Net cash from investing activities | **173,138** | 10,508,904 |
| **Financing activities** | | |
| Repayment of lease liabilities (2018: finance leases) | **(291,555)** | (84,027) |
| Repayment of bank borrowings | **–** | (6,664,613) |
| Advances from a related party | **414,186** | – |
| Fixed deposits pledged | **(195)** | (145) |
| Net proceeds from issuance of ordinary shares | **5,809,832** | – |
| Net cash from (used in) financing activities | **5,932,268** | (6,748,785) |
| Net increase (decrease) in cash and cash equivalents | **2,604,591** | (2,637,702) |
| Cash and cash equivalents at beginning of the year | **(1,924,720)** | 853,308 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | **(31,898)** | (140,326) |
| **Cash and cash equivalents at end of the year (Note 6)** | **647,973** | (1,924,720) |

See accompanying notes to financial statements.

## 1 GENERAL

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

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

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

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

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

<u>Material Uncertainty Related to Going Concern</u>

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2019

## 1 GENERAL (continued)

Material Uncertainty Related to Going Concern (continued)

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**ADOPTION OF NEW AND REVISED STANDARDS**

On 1 January 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group and the Company is 1 January 2019. The Company does not have any lease contracts within the scope of SFRS(I) 16. The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an arrangement contains a lease*.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

*Former operating leases*

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**ADOPTION OF NEW AND REVISED STANDARDS (continued)**

SFRS(I) 16 *Leases* *(continued)*

(b) Impact on lessee accounting (continued)

*Former operating leases (continued)*

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The right-of-use assets and the lease liabilities are accounted for applying SFRS(I) 16 from 1 January 2019.

(c) Financial impact of initial application of SFRS(I) 16

As at 1 January 2019, the Group only has a contract which is a lease of an office space in Malaysia for 3 years from 1 April 2018, which is within scope of SFRS(I) 16. The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 is 8.7%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the Group's statement of financial position at the date of initial application.

| | **2019**<br>**RM** |
|---|---|
| Operating lease commitments at 31 December 2018 | **699,427** |
| Less: Short-term leases | **(36,802)** |
| Less: Effect of discounting the above amounts | **(61,391)** |
| Lease liabilities recognised at 1 January 2019 | **601,234** |

Right-of-use assets were measured at the amount equal to the lease liabilities as at 1 January 2019 (Note 12).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### BASIS OF CONSOLIDATION (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

### BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of that acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BUSINESS COMBINATIONS (continued)**

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

**FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification of financial assets*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**FINANCIAL INSTRUMENTS (continued)**

**Financial assets (continued)**

*Classification of financial assets (continued)*

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “other operating income” line item.

*Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other operating income” or “other operating expenses” line item.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**FINANCIAL INSTRUMENTS (continued)**

**Financial assets (continued)**

*Impairment of financial assets*

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the oil and gas industry.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**FINANCIAL INSTRUMENTS (continued)**

**Financial assets (continued)**

*Significant increase in credit risk (continued)*

- an actual or expected significant adverse change in the regulatory or economic environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**FINANCIAL INSTRUMENTS (continued)**

**Financial assets (continued)**

*Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

*Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**FINANCIAL INSTRUMENTS (continued)**

**Financial assets (continued)**

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial liabilities and equity instruments**

*Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**FINANCIAL INSTRUMENTS (continued)**

**Financial liabilities and equity instruments (continued)**

*Financial liabilities at FVTPL (continued)*

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 4(c)(vi).

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**FINANCIAL INSTRUMENTS (continued)**

**Financial liabilities and equity instruments (continued)**

*Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" and "other operating expenses" line item in profit or loss respectively for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**Offsetting Arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

**LEASES**

*Before 1 January 2019*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**LEASES (continued)**

*Before 1 January 2019 (continued)*

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

*From 1 January 2019*

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**LEASES (continued)**

*From 1 January 2019 (continued)*

The Group as lessee (continued)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Depreciation is charged over the lease term, using the straight-line method, on the following bases:

| | |
|---|---|
| Office unit | 3 years |
| Confinement centre | 2.5 years |

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in below under *Impairment of tangible and intangible assets excluding goodwill*.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient as the Group does not have such lease contracts.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its office space.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as an operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

(c) is a subsidiary acquired exclusively with a view to resale.

### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

| | |
|---|---|
| Production equipment | 5 years |
| Plant and machinery | 5 years |
| Factory equipment, tools and light machinery | 3 to 16 years |
| Computer and office equipment | 3 to 5 years |
| Motor vehicles | 4 to 8 years |
| Furniture, fittings and office renovation | 4 to 10 years |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### PROPERTY, PLANT AND EQUIPMENT (continued)

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Such assets are tested for impairment in accordance with the policy below.

Licenses

Costs relating to licenses which are acquired are capitalised and amortised on a straight-line basis over their useful lives of 5 to 20 years.

Computer software

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful lives of 3 to 4 years.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

### ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**ASSOCIATES (continued)**

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

**PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**REVENUE RECOGNITION**

The Group recognises revenue from the following sources:

*Continuing operations*

*Asset Integrity Management sector*

- Rendering services and sale of products

*Healthcare sector*

- Rendering confinement and postnatal care services and sale of related products

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**REVENUE RECOGNITION (continued)**

*Discontinued operations*

*Mobile Natural Gas sector*

- Sale of natural gas and related services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods and natural gas

Revenue from the sale of goods and natural gas is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has discretion over the manner of distribution and price to sell the goods/natural gas, has the primary responsibility when onselling the goods/natural gas and bears the risks of obsolescence and loss in relation to the goods/natural gas. A receivable is recognised by the Group when the goods/natural gas are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Healthcare Sector
Revenue from sales of goods is recognised when the control of the goods have been transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

Rendering of services

Asset Integrity Management Sector
The Group provides services for offshore and onshore engineering and petroleum projects. Revenue from offshore engineering and petroleum projects undertaken is therefore recognised based on the stage of completion of the contract, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

The Group becomes entitled to invoice customers for the work performed based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the Group recognises a contract liability for the difference. There is no significant financing component considered in engineering contracts with customers as the period between the recognition of revenue under the cost–to–cost method and the milestone payment is always less than one year.

Healthcare Sector
The Group provides pre and post-natal care services and consultancy, including but not limited to dietary programs, confinement nannies, confinement baby daycare, traditional post-natal massage, ante natal and post-natal classes, baby care products and post-natal nursing centres. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised when the services are rendered.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**RETIREMENT BENEFIT OBLIGATIONS**

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Malaysia incorporated companies in the Group contribute to the State Pension Scheme, the Employees Provident Fund ("EPF"), a defined contribution plan regulated and managed by the Government of Malaysia, which applies to the majority of the employees. The contributions to EPF or other defined contribution plans are charged to the profit or loss in the period to which contributions relate.

Post-employment pension and other long-term employee benefits

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'administrative expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**EMPLOYEE LEAVE ENTITLEMENT**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each relevant period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore Dollar (SGD) while the consolidated financial statements of the Group and the statement of financial position and equity of the Company are presented in Malaysia Ringgit (RM).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component in equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associate that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS**

Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at banks and fixed deposits are subject to an insignificant risk of changes in value.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***(a) Critical judgements in applying the entity's accounting policies***

Other than that disclosed in Note 1 and the key sources of estimation uncertainty as disclosed in (b) below, the Directors and the management are of the opinion that there are no critical judgement that management has made in the process of applying the Group's accounting policies which have the most significant effect on the amounts recognised in the financial statements.

***(b) Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Impairment review of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Management has assessed that an impairment on the goodwill of RM1,301,926 is required at the end of the reporting period.

The carrying amount of goodwill as at 31 December 2019 is RM6,132,528 and details of the impairment loss are disclosed in Note 13 to the financial statements.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### *(b) Key sources of estimation uncertainty (continued)*

(ii) Impairment review of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value-in-use) of the asset is estimated to determine the impairment loss.

The estimation of recoverable amount involves projection of future cash flows and use of an appropriate discount rate to discount the projected cash flows to net present value. These projections and discount rate are significant accounting estimates which can cause significant change in the carrying amount in the future should the estimates change. The Group has experienced the effects of challenging economic conditions in the oil and gas industry. Management has made significant estimates on the probability of the economic conditions improving in their projected cash flows.

The carrying amount of property, plant and equipment and right-of-use assets is disclosed in Note 11 and Note 12 to the financial statements respectively.

(iii) Impairment of investment in subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiaries of the Company.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amount of the Company's investment in subsidiaries is disclosed in Note 16 to the financial statements.

(v) Calculation of loss allowance for trade and other receivables

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### (a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2019** | 31 December 2018 | **31 December 2019** | 31 December 2018 |
| | **RM** | RM | **RM** | RM |
| Financial assets | | | | |
| Financial assets at amortised cost | **6,218,180** | 18,775,378 | **1,387,056** | 44,466 |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | **13,939,155** | 31,249,291 | **1,216,051** | 1,825,204 |
| Lease liabilities | **12,723,151** | – | **–** | – |

Financial assets consist of cash and bank balances, trade and other receivables, excluding prepayments, prepaid leases, tax recoverable and value-added tax receivables.

Financial liabilities consist of bank overdrafts, trade and other payables and advances from a related party excluding value-added tax payables, withholding tax and income tax payable.

### (b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

**Group**
**Financial assets**

| | (a) | (b) | (c) = (a) – (b) | (d) Related amounts not set off in the statement of financial position | | (e) = (c) + (d) |
|---|---|---|---|---|---|---|
| **Type of financial asset** | **Gross amounts of recognised financial assets** | **Gross amounts of recognised financial liabilities set off in the notes** | **Net amounts of financial assets presented in the notes** | **Financial instruments** | **Cash collateral received** | **Net amount** |
| | **RM** | **RM** | **RM** | **RM** | **RM** | **RM** |
| 2019 | | | | | | |
| *Amount due from associate:* | | | | | | |
| Trade receivables (Note 7) | **6,415,052** | **(5,058,860)** | **1,356,192** | **–** | **–** | **1,356,192** |
| Other receivables (Note 8) | **470,972** | **(470,972)** | **–** | **–** | **–** | **–** |
| | **6,886,024** | **(5,529,832)** | **1,356,192** | **–** | **–** | **1,356,192** |

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

***(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)***

**Financial liabilities**

| Type of financial liabilities | (a) Gross amounts of recognised financial liabilities | (b) Gross amounts of recognised financial assets set off in the notes | (c) = (a) – (b) Net amounts of financial liabilities presented in the notes | (d) Related amounts not set off in the statement of financial position: Financial instruments | (d) Related amounts not set off in the statement of financial position: Cash collateral received | (e) = (c) + (d) Net amount |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| **2019** | | | | | | |
| *Amount due to associate:* | | | | | | |
| Trade payables (Note 20) | **3,662,474** | **(3,662,474)** | – | – | – | – |
| Other payables (Note 21) | **1,867,358** | **(1,867,358)** | – | – | – | – |
| | **5,529,832** | **(5,529,832)** | – | – | – | – |

In reconciling the "Net amounts of financial assets and financial liabilities presented in the notes" to the line item amounts presented in the notes to statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

On 31 December 2019, the group entities entered into an offsetting agreement with its associate, IEV (Malaysia) Sdn. Bhd. ("IEV Malaysia") and agreed that the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the assets and settle the liabilities as at 31 December 2019 and going forward with IEV Malaysia simultaneously. The agreement is effective from 31 December 2019 and will be effective for future years unless it is terminated, amended or superseded.

The Company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

***(c) Financial risk management policies and objectives***

The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance through a system of internal controls set by the management.

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

### *(c) Financial risk management policies and objectives (continued)*

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including United States Dollar ("USD"), Indonesia Rupiah ("IDR"), Singapore Dollar ("SGD") and Malaysia Ringgit ("RM") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

| | **Assets** | | **Liabilities** | |
|---|---|---|---|---|
| | **31 December 2019** | 31 December 2018 | **31 December 2019** | 31 December 2018 |
| | **RM** | RM | **RM** | RM |
| **Group** | | | | |
| RM | **–** | 2,297,247 | **25,005** | 991,397 |
| USD | **244,650** | 1,272,161 | **59,317** | 541,433 |
| IDR | **–** | 8,540 | **167,785** | 1,176,896 |
| SGD | **14,029** | 13,132 | **114,303** | 67,152 |
| **Company** | | | | |
| USD | **5,545** | 18,271 | **673,762** | 891,964 |
| RM | **–** | – | **1,536** | 62,857 |

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, profit or loss after tax will decrease (increase) by:

| | **31 December 2019** | 31 December 2018 |
|---|---|---|
| | **RM** | RM |
| **Group** | | |
| RM | **(950)** | 49,623 |
| USD | **7,043** | 27,767 |
| IDR | **(6,376)** | (44,398) |
| SGD | **(3,810)** | (2,053) |
| **Company** | | |
| USD | **(25,392)** | (33,201) |
| RM | **(58)** | (2,389) |

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, the effect on profit or loss after tax will be vice-versa.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

### (c) *Financial risk management policies and objectives (continued)*

(ii) Interest rate risk management

The Group's exposure to interest rate risk arises primarily from bank overdrafts, lease liabilities and cash placed with financial institutions. The details of the Group's interest rate exposure are disclosed in Notes 19 and 24 to the financial statements respectively.

*Interest rate sensitivity*

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 100 basis points higher or lower and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2019 would increase/decrease by RM17,334 (2018: RM22,565). This is mainly attributable to the Group's exposure to interest rates on its variable rate overdrafts.

The Company's profit or loss after tax was not affected by changes in interest rates as the Company does not have any borrowings or inter-company loans that are at variable rates.

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from (i) the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and (ii) the exposure to defaults from financial guarantees, if any.

The Group's current credit risk grading framework comprises the following categories:

| **Category** | **Description** | **Basis for recognising expected credit losses (ECL)** |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | 12-month ECL |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL - not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired. | Lifetime ECL - credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off |

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

***(c) Financial risk management policies and objectives (continued)***

(iii) Overview of the Group's exposure to credit risk (continued)

For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 7 and 8 include further details on the loss allowance for these assets respectively.

The Group has assessed the other receivables are in the performing category with low risk of default.

The Company's receivables comprised amounts due from certain subsidiaries and the credit quality of these subsidiaries have not changed.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

(iv) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable to monitor the creditworthiness and to take further steps which may include impairment on accounts receivable and restricting credit terms.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. Cash and bank balances are placed with financial institutions.

At the end of the reporting period, approximately RM1,356,192 (2018: RM6,259,388) of the Group's receivables are due from an associate in the asset integrity management sector which is trade in nature. The associate is also a supplier to the Group and at the end of the reporting period, the Group does not have any amount due to the associate as a result of the offsetting agreement entered into with the associate (Note 4(b)) (2018: RM7,071,904). Other than the amount due from an associate, the concentration of credit risk is limited due to the customer base being large and unrelated. The Group's single customer (a third party) contributed to 33% (2018: associate - 31%) of the Group's revenue.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

### (c) *Financial risk management policies and objectives (continued)*

(v) Liquidity risk management

The Group and the Company seek to maintain sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

As disclosed in Note 1 to the financial statements, management has prepared a cash flow forecast for the 15 months from 1 January 2020 as part of the Group's assessment on its going concern and liquidity risk management.

***Liquidity and interest risk analysis***

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

| Group | Weighted average effective interest rate | Less than 1 year | Between 1 and 5 years | Above 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|
| | % p.a. | RM | RM | RM | RM | RM |
| **31 December 2019** | | | | | | |
| Trade and other payables | **–** | **11,249,543** | **–** | **–** | **–** | **11,249,543** |
| Advances from a related party | **8.0** | **408,844** | **–** | **–** | **–** | **408,844** |
| Bank overdrafts | **8.25** | **2,280,768** | **–** | **–** | **–** | **2,280,768** |
| Lease liabilities | **2.95** | **5,757,152** | **7,822,442** | **–** | **(856,443)** | **12,723,151** |
| | | **19,696,307** | **7,822,442** | **–** | **(856,443)** | **26,662,306** |
| **31 December 2018** | | | | | | |
| Trade and other payables | – | 28,280,150 | – | – | – | 28,280,150 |
| Bank overdrafts | 8.25 | 2,969,141 | – | – | – | 2,969,141 |
| | | 31,249,291 | – | – | – | 31,249,291 |

The Company's financial liabilities as at 31 December 2019 and 31 December 2018 are repayable on demand or due within 1 year from the end of the reporting period.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

### *(c) Financial risk management policies and objectives (continued)*

(v) Liquidity risk management (continued)

***Liquidity and interest risk analysis (continued)***

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

| Group | Weighted average effective interest rate | Less than 1 year | Between 1 and 5 years | Above 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|
| | % p.a. | RM | RM | RM | RM | RM |
| **31 December 2019** | | | | | | |
| Non-interest bearing | **–** | **6,152,438** | **–** | **–** | **–** | **6,152,438** |
| Fixed interest rate instruments | **0.1** | **65,742** | **–** | **–** | **–** | **65,742** |
| | | **6,218,180** | **–** | **–** | **–** | **6,218,180** |
| **31 December 2018** | | | | | | |
| Non-interest bearing | – | 18,709,037 | – | – | – | 18,709,037 |
| Fixed interest rate instruments | 0.1 | 66,341 | – | – | – | 66,341 |
| | | 18,775,378 | – | – | – | 18,775,378 |

The Company's non-derivative financial assets as at 31 December 2019 and 31 December 2018 are repayable on demand or due within 1 year from the end of the reporting period.

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost and lease liabilities in the financial statements approximate their fair values.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

### *(d) Capital management policies and objectives*

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group is not subject to externally imposed capital requirements.

The Group manages its capital structure considering its gearing exposure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2019.

The Group's overall strategy with regards to capital management remains unchanged from 2018.

## 5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions are as follows:

| | | Group | |
|---|---|---|---|
| | | **2019** | 2018 |
| | | **RM** | RM |
| (a) | Transactions with IEV (Malaysia) Sdn. Bhd. | | |
| | *Charged to an associate* | | |
| | Project income | **1,964,591** | 1,153,973 |
| | Rental income | **137,400** | 100,720 |
| | *Charged by an associate* | | |
| | Purchases | **(241,701)** | (34,319) |
| | Rental expenses | **(52,534)** | (91,360) |
| | Project related costs | **(465)** | – |
| | Finance costs | **(14,572)** | (1,964) |
| (b) | Transactions with Disruptech Holdings Sdn. Bhd. | | |
| | *Charged by related party* | | |
| | Finance costs | **(182)** | – |

During the year, Christopher Nghia Do acquired IEV Technologies Vietnam Liability Limited Company and IEV Engineering (India) Pvt. Ltd. from the Group via his solely owned company, Disruptech Holdings Sdn. Bhd. (Note 38). In December 2019, Disruptech Holdings Sdn. Bhd. provided a loan of USD100,000 to the Group (Note 23).

## 5 RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **RM** | RM |
| Directors' remuneration: | | |
| - salaries and related costs | **1,040,897** | 1,618,938 |
| - defined contributions | **–** | 11,828 |
| - Directors' fees | **478,829** | 430,698 |
| | **1,519,726** | 2,061,464 |
| Key management personnel: | | |
| - salaries and related costs | **913,770** | 1,276,463 |
| - defined contributions | **91,837** | 156,040 |
| | **1,005,607** | 1,432,503 |
| | **2,525,333** | 3,493,967 |

The remuneration of Directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 6 CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2019** | 31 December 2018 | **31 December 2019** | 31 December 2018 |
| | **RM** | RM | **RM** | RM |
| Cash at banks | **2,910,869** | 1,036,329 | **1,305,600** | 44,216 |
| Cash on hand | **17,872** | 8,092 | **5,545** | – |
| Fixed deposits | **65,742** | 66,341 | **–** | – |
| | **2,994,483** | 1,110,762 | **1,311,145** | 44,216 |

Fixed deposits bear interest ranging from 0.1% to 0.3% per annum (2018: 0.1% to 0.3% per annum) and a tenure of 14 days (2018: 14 days).

The fixed deposits have been pledged to certain financial institutions for providing a corporate credit card facility to a subsidiary.

## 6 CASH AND BANK BALANCES (continued)

*Cash and cash equivalents*

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| **Cash and cash equivalents per consolidated statement of cash flows** | | |
| Cash and bank balances | **2,994,483** | 1,110,762 |
| Less: Restricted cash | **(65,742)** | (66,341) |
| | **2,928,741** | 1,044,421 |
| Less: Bank overdrafts (Note 19) | **(2,280,768)** | (2,969,141) |
| | **647,973** | (1,924,720) |

## 7 TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Outside parties | **1,087,228** | 9,350,032 |
| Amount due from an associate | **1,356,192** | 6,259,388 |
| Loss allowance | **(1,448,583)** | (1,633,931) |
| | **994,837** | 13,975,489 |
| Contract assets | **–** | 181,578 |
| Total trade receivables, net | **994,837** | 14,157,067 |

In 2018, the contract assets was an amount due from an associate, that represent the Group's right to consideration for the services transferred to date. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the associate.

The average credit period on sale of goods is 14 to 90 days (2018: 14 to 90 days). No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions, if any, at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

## 7 TRADE RECEIVABLES (continued)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

| Group | Lifetime ECL – not credit-impaired Collectively assessed RM | Individually assessed RM | Lifetime ECL – credit-impaired RM | Total RM |
|---|---|---|---|---|
| Balance as at 1 January 2018 | – | – | 2,463,199 | 2,463,199 |
| Amounts written off | – | – | (829,268) | (829,268) |
| Balance as at 31 December 2018 | – | – | 1,633,931 | 1,633,931 |
| Allowance during the year | – | – | 1,170,482 | 1,170,482 |
| Write back of allowance | – | – | (1,742) | (1,742) |
| Amounts written off | – | – | (1,343,559) | (1,343,559) |
| Currency translation difference | – | – | (10,529) | (10,529) |
| Balance as at 31 December 2019 | **–** | **–** | **1,448,583** | **1,448,583** |

As at 31 December 2019, management assessed the loss allowance on the amount due from an associate at an amount equal to lifetime ECL as the associate was in a capital deficiency position (Note 17), and made allowance of RM1,167,163 in 2019 (2018: RM42,029). Subsequent to the end of the reporting period, the management received RM147,000 from the associate in March 2020 for a particular invoice.

In prior years, management has provided an expected credit loss of RM1.3 million on the Group's net exposure from receivables due from Swiber Holdings Limited and its affiliates ("Swiber"), which has been placed under judicial management since 29 July 2016. On 29 May 2019, a creditors meeting was held and based on the outcome, the Group has minimal recoverability of the amounts from Swiber. Accordingly, management has written off all balances associated with Swiber against the expected credit loss allowance of RM1.3 million in 2019.

## 8 OTHER RECEIVABLES AND PREPAYMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2019 RM** | 31 December 2018 RM | **31 December 2019 RM** | 31 December 2018 RM |
| Deposits | **2,186,937** | 161,828 | **–** | – |
| Prepayments | **3,954,266** | 396,375 | **19,585** | 49,873 |
| Prepaid leases | **–** | 10,692 | **–** | – |
| Amount owing by an associate | **–** | 473,845 | **–** | – |
| Amount owing by subsidiaries | **–** | – | **94,822** | 75,477 |
| Amount owing by a Director of certain subsidiaries and a Director of the Company (Note 5) | **180,772** | 182,956 | **–** | – |
| Tax recoverable | **48,809** | 335,757 | **–** | – |
| Value-added tax receivables | **381,225** | 5,601,490 | **–** | – |
| Others | **87,571** | 2,928,894 | **–** | 250 |
| | **6,839,580** | 10,091,837 | **114,407** | 125,600 |
| Less: Loss allowance | **(516,518)** | (5,427,992) | **(18,911)** | (75,477) |
| | **6,323,062** | 4,663,845 | **95,496** | 50,123 |
| Less: Amount receivable within 12 months (shown under current assets) | **(583,719)** | (4,631,088) | **(95,496)** | (50,123) |
| Amount receivable after 12 months | **5,739,343** | 32,757 | **–** | – |

## 8 OTHER RECEIVABLES AND PREPAYMENTS (continued)

In 2019, the Group placed rental deposits of RM1,055,140 for the confinement centres in the Healthcare sector and made prepayments/deposit of RM4,828,410 for the renovation of the confinement centre in Singapore. These deposits and prepayments are classified as non-current as at 31 December 2019, and a portion of the renovation was paid on behalf by a third party (Note 21).

The amount owing by an associate in prior year was repayable on demand, unsecured and interest-free. As at 31 December 2019, the amount owing by an associate has been offsetted via an offsetting agreement the Group entered into with the associate (Note 4(b)).

The amount owing by a Director of certain subsidiaries represents disbursements for business purpose and the amount owing by a Director of the Company represents dividend received on behalf of a subsidiary and to be remitted to the Group. The amount of RM180,772 (2018: RM182,956) had been fully provided for in 2017 as management had determined this amount to be non-recoverable.

As at 31 December 2018, the management provided for the receivables in full from the subsidiaries as those receivables are determined to be irrecoverable. During the year, the Company received a settlement of RM56,566 from a subsidiary for the prior year balance and accordingly reversed the corresponding allowance made in prior year. As at 31 December 2019, the Company has assessed the amount owing by subsidiaries of RM75,911 to be recoverable and no further allowance made.

In 2017, the Group entered into a finance leasing arrangement for certain of its property, plant and equipment ("Plant and Assets") in the Renewable sector. In 2018, the Group entered into a sale and purchase agreement with the lessee for the transfer of the Plant and Assets for RM4,976,767, and the sale was completed during the year. As at 31 December 2018, RM2,381,944 of the proceeds were not received by the Group and was recorded as other receivables. The proceeds were received in full during the year.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The following table shows the movement in expected credit losses (ECL) that has been recognised for other receivables.

| | **Group**<br>**12-month ECL**<br>**Financial assets at amortised cost**<br>**RM** |
|---|---|
| Balance as at 1 January 2018 | 5,307,630 |
| Additional allowance recognised in the year | 120,362 |
| Balance as at 31 December 2018 | 5,427,992 |
| Additional allowance recognised in the year | 325,332 |
| Amounts written off | (5,301,276) |
| Currency translation difference | 64,470 |
| Balance as at 31 December 2019 | **516,518** |

## 8 OTHER RECEIVABLES AND PREPAYMENTS (continued)

The following table shows the breakdown of expected credit loss allowance:

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Financial assets | **226,420** | 239,974 |
| Non-financial assets | **290,098** | 5,188,018 |
| Total | **516,518** | 5,427,992 |

Expected credit loss allowance for non-financial assets of RM5,188,018 pertained to value-added tax receivables relating to subsidiary in the exploration and production sector which commenced voluntary liquidation in the year (Note 15). Accordingly, the value-added tax receivables and related allowance have been written off in the year.

## 9 INVENTORIES

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Raw materials | **2,235,639** | 2,701,077 |
| Spare parts | **134,262** | 624,490 |
| Finished Goods | **57,736** | – |
| Consumables | **166,567** | 236,078 |
| | **2,594,204** | 3,561,645 |
| Less: Allowance for inventories | **(1,623,533)** | (2,032,271) |
| | **970,671** | 1,529,374 |
| Comprising: | | |
| At net realisable value | **127,846** | 386,290 |
| At cost | **842,825** | 1,143,084 |
| Balance at end of the year | **970,671** | 1,529,374 |

## 9 INVENTORIES (continued)

The cost of inventories recognised as an expense in "Cost of Sales" includes RM568,843 (2018: RM773,995) in respect of write-downs of inventory to net realisable value.

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Movement in the allowance for inventories | | |
| Balance at the beginning of the year | **2,032,271** | 1,566,281 |
| Allowance provided for during the year | **201,758** | 1,044,539 |
| Write back allowances during the year | **(115,015)** | (22,177) |
| Write off | **(496,123)** | (7,002) |
| Currency translation difference | **642** | (33,518) |
| | **1,623,533** | 2,548,123 |
| Classified as part of a disposal of subsidiary (Note 38) | **–** | (515,852) |
| Balance at end of the year | **1,623,533** | 2,032,271 |

Included in the write off of allowance for inventories are RM450,822, and RM45,301 which relate to PT IEV Pabuaran KSO and IEV Vietnam LLC respectively (entities deconsolidated in the year (Note 38)).

In year 2019, amount written back includes the reversal of allowance for slow moving inventories of RM115,015 which were utilised during the year.

## 10 CONTRACT COSTS

As at 31 December 2018, the Group has incurred costs amounting to RM1,000,083 for a single contract to which the performance obligation was only fulfilled in the current financial year.

## 11 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold buildings RM | Production equipment RM | Plant and machinery RM | Factory equipment, tools and light machinery RM | Computer and office equipment RM | Motor vehicles RM | Furniture, fittings and office renovation RM | Construction -in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **Cost:** | | | | | | | | | |
| At 1 January 2018 | 2,618,335 | 1,190,880 | 20,785,524 | 11,312,037 | 2,104,255 | 468,389 | 3,315,699 | 33,843 | 41,828,962 |
| Additions | 42,273 | 6,660 | 282,088 | 65,063 | 76,976 | 1,123 | 387,168 | 5,536 | 866,887 |
| Disposals | – | – | (578,735) | (277,017) | (21,112) | (138,248) | (1,864) | – | (1,016,976) |
| Written off | – | (4,400) | (3,521,109) | (78,339) | (854,320) | (29,186) | (2,846,119) | (8,458) | (7,341,931) |
| Reclassification/ transfer | (49,381) | – | 49,381 | – | 1,251 | – | (1,251) | – | – |
| Disposal of a subsidiary (Note 38) | (2,398,046) | – | (11,890,492) | (10,110,781) | (526,792) | (195,997) | (121,187) | (28,527) | (25,271,822) |
| Currency translation difference | (213,181) | – | (1,071,861) | (910,963) | (50,141) | (27,787) | (16,436) | (2,394) | (2,292,763) |
| At 31 December 2018 | – | 1,193,140 | 4,054,796 | – | 730,117 | 78,294 | 716,010 | – | 6,772,357 |
| Additions | – | 3,649 | – | – | 40,726 | – | 21,870 | – | 66,245 |
| Acquired on acquisition of a subsidiary (Note 39) | – | – | – | – | 43,374 | – | 51,036 | – | 94,410 |
| Disposals | – | – | – | – | – | (49,441) | – | – | (49,441) |
| Written off | – | – | (890,494) | – | (34,575) | – | (21,083) | – | (946,152) |
| Disposal of a subsidiary (Note 38) | – | – | (5,673) | – | (7,984) | – | – | – | (13,657) |
| Currency translation difference | – | – | (21,303) | – | (1,976) | 1,148 | – | – | (22,131) |
| At 31 December 2019 | **–** | **1,196,789** | **3,137,326** | **–** | **769,682** | **30,001** | **767,833** | **–** | **5,901,631** |

## 11 PROPERTY, PLANT AND EQUIPMENT (continued)

| | Leasehold buildings RM | Production equipment RM | Plant and machinery RM | Factory equipment, tools and light machinery RM | Computer and office equipment RM | Motor vehicles RM | Furniture, fittings and office renovation RM | Construction -in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **Accumulated depreciation:** | | | | | | | | | |
| At 1 January 2018 | 954,381 | 911,557 | 13,098,123 | 6,969,535 | 1,925,258 | 371,651 | 2,678,789 | – | 26,909,294 |
| Depreciation for the year | 97,333 | 105,195 | 902,136 | 250,562 | 104,506 | 17,864 | 91,266 | – | 1,568,862 |
| Disposals | – | – | (168,798) | (275,126) | (21,112) | (87,427) | (1,863) | – | (554,326) |
| Written off | – | (4,400) | (3,377,148) | (65,141) | (848,803) | (19,803) | (2,328,695) | – | (6,643,990) |
| Reclassification/ transfer | (49,381) | – | 49,381 | – | 26 | – | (26) | – | – |
| Disposal of a subsidiary (Note 38) | (923,180) | – | (6,777,779) | (6,316,039) | (479,130) | (186,929) | (116,984) | – | (14,800,041) |
| Currency translation difference | (79,153) | – | (585,677) | (563,791) | (47,470) | (22,943) | (16,041) | – | (1,315,075) |
| At 31 December 2018 | – | 1,012,352 | 3,140,238 | – | 633,275 | 72,413 | 306,446 | – | 5,164,724 |
| Depreciation for the year | – | 82,852 | 365,644 | – | 54,354 | 4,642 | 114,709 | – | 622,201 |
| Disposals | – | – | – | – | – | (48,063) | – | – | (48,063) |
| Written off | – | – | (792,611) | – | (33,911) | – | (21,083) | – | (847,605) |
| Disposal of a subsidiary (Note 38) | – | – | (2,364) | – | (684) | – | – | – | (3,048) |
| Currency translation difference | – | – | (18,732) | – | (1,926) | 1,009 | – | – | (19,649) |
| At 31 December 2019 | **–** | **1,095,204** | **2,692,175** | **–** | **651,108** | **30,001** | **400,072** | **–** | **4,868,560** |

## 11 PROPERTY, PLANT AND EQUIPMENT (continued)

| | Leasehold buildings RM | Production equipment RM | Plant and machinery RM | Factory equipment, tools and light machinery RM | Computer and office equipment RM | Motor vehicles RM | Furniture, fittings and office renovation RM | Construction -in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **Impairment:** | | | | | | | | | |
| At 1 January 2018 | 1,003,007 | – | 3,508,417 | 2,599,415 | 10,238 | 7,832 | 578,109 | – | 7,707,018 |
| Impairment loss recognised during the year | – | – | 18,715 | – | – | – | – | – | 18,715 |
| Write back of impairment during the year | – | – | – | – | – | – | (62,817) | – | (62,817) |
| Written off | – | – | – | – | – | – | (513,977) | – | (513,977) |
| Disposal of a subsidiary (Note 38) | (921,265) | – | (3,222,494) | (2,387,572) | (9,403) | (7,193) | (1,208) | – | (6,549,135) |
| Currency translation difference | (81,742) | – | (285,758) | (211,843) | (835) | (639) | (107) | – | (580,924) |
| At 31 December 2018 | – | – | 18,880 | – | – | – | – | – | 18,880 |
| Impairment loss recognised during the year | – | 101,585 | 340,370 | – | 75,444 | – | 317,024 | – | 834,423 |
| Written off | – | – | (19,330) | – | – | – | – | – | (19,330) |
| Currency translation difference | – | – | (4,088) | – | – | – | – | – | (4,088) |
| At 31 December 2019 | **–** | **101,585** | **335,832** | **–** | **75,444** | **–** | **317,024** | **–** | **829,885** |
| **Carrying amount:** | | | | | | | | | |
| At 31 December 2019 | **–** | **–** | **109,319** | **–** | **43,130** | **–** | **50,737** | **–** | **203,186** |
| At 31 December 2018 | – | 180,788 | 895,678 | – | 96,842 | 5,881 | 409,564 | – | 1,588,753 |

## 11 PROPERTY, PLANT AND EQUIPMENT (continued)

In 2019, the management carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of an impairment loss of RM834,423 (2018: RM18,715) on the property, plant and equipment which is no longer in good condition or expected to be in use. The total impairment of RM834,423 has been included in the line item "Other operating expenses" in the Consolidated Statement of Profit or Loss and other Comprehensive Income. In 2018, impairment of RM62,817 was written back as the Group has decided to continue to use some of the fittings.

(i) Depreciation expense is charged to:

| | **2019** | 2018 |
|---|---|---|
| | **RM** | RM |
| **Group** | | |
| Cost of sales | **2,829** | 576,890 |
| Administrative expenses | **619,372** | 991,972 |
| | **622,201** | 1,568,862 |

## 12 RIGHT-OF-USE ASSETS

The Group leases office unit and a confinement centre for its new Healthcare sector business. The lease term ranges from 2.5 years to 3 years.

| | **Office unit** | **Confinement centre** | **Total** |
|---|---|---|---|
| | **RM** | **RM** | **RM** |
| **Group** | | | |
| **Cost:** | | | |
| At 1 January 2019 | **601,234** | **–** | **601,234** |
| Additions | **–** | **12,771,084** | **12,771,084** |
| At 31 December 2019 | **601,234** | **12,771,084** | **13,373,318** |
| **Accumulated depreciation:** | | | |
| At 1 January 2019 | **–** | **–** | **–** |
| Depreciation for the year | **267,215** | **425,703** | **692,918** |
| At 31 December 2019 | **267,215** | **425,703** | **692,918** |
| **Carrying amount:** | | | |
| At 31 December 2019 | **334,019** | **12,345,381** | **12,679,400** |

## 13 GOODWILL

| | 2019<br>RM |
|---|---|
| **Group** | |
| **Cost:** | |
| At 1 January 2019 | – |
| Arising on acquisition of a subsidiary (Note 39) | 7,434,454 |
| At 31 December 2019 | 7,434,454 |
| **Accumulated impairment:** | |
| At 1 January 2019 | – |
| Impairment during the year | 1,301,926 |
| At 31 December 2019 | 1,301,926 |
| **Carrying amount:** | |
| At 31 December 2019 | 6,132,528 |

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit (CGU) that is expected to benefit from that business combination. The goodwill is allocated to the Healthcare sector.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following three years based on an estimated growth rate of 1% as the expected earnings is expected to take 8 years to mature. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 19.0%.

As at 31 December 2019, based on the value-in-use calculations prepared by management, there is an impairment of RM1,301,926 to goodwill, and the impairment is mainly due to the acquisition was completed and recorded at a share price of SGD0.050 per ordinary share in the capital of the Company instead of that set out in the Sales & Purchase Agreement of SGD0.025 per ordinary share (Note 39). The impairment of RM1,301,926 has been included in the line item “Other operating expenses” in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## 14 INTANGIBLE ASSETS

| | Licenses RM | Computer software RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **Cost:** | | | |
| At 1 January 2018 | 7,937,903 | 71,750 | 8,009,653 |
| Written off | (221,089) | – | (221,089) |
| Currency translation difference | 101,245 | (5,848) | 95,397 |
| | 7,818,059 | 65,902 | 7,883,961 |
| Disposal of a subsidiary (Note 38) | (41,539) | (65,902) | (107,441) |
| At 31 December 2018 | 7,776,520 | – | 7,776,520 |
| Written off | (7,357,991) | – | (7,357,991) |
| Currency translation difference | 71,868 | – | 71,868 |
| At 31 December 2019 | **490,397** | **–** | **490,397** |
| **Amortisation:** | | | |
| At 1 January 2018 | 3,077,194 | 71,750 | 3,148,944 |
| Amortisation for the year | 140,259 | 14 | 140,273 |
| Written off | (165,817) | – | (165,817) |
| Currency translation difference | 34,082 | (5,863) | 28,219 |
| | 3,085,718 | 65,901 | 3,151,619 |
| Disposal of a subsidiary (Note 38) | (37,299) | (65,901) | (103,200) |
| At 31 December 2018 | 3,048,419 | – | 3,048,419 |
| Amortisation for the year | 53,844 | – | 53,844 |
| Written off | (2,665,010) | – | (2,665,010) |
| Currency translation difference | 20,450 | – | 20,450 |
| At 31 December 2019 | **457,703** | **–** | **457,703** |
| **Impairment:** | | | |
| At 1 January 2018 | 4,573,661 | – | 4,573,661 |
| Currency translation difference | 71,825 | – | 71,825 |
| | 4,645,486 | – | 4,645,486 |
| Disposal of a subsidiary (Note 38) | (4,241) | – | (4,241) |
| At 31 December 2018 | 4,641,245 | – | 4,641,245 |
| Written off | (4,692,981) | – | (4,692,981) |
| Currency translation difference | 51,736 | – | 51,736 |
| At 31 December 2019 | **–** | **–** | **–** |
| **Carrying amount:** | | | |
| At 31 December 2019 | **32,694** | **–** | **32,694** |
| At 31 December 2018 | 86,856 | – | 86,856 |

The intangible assets included above have finite useful lives over which the assets are amortised. The licenses, with useful lives ranging from 5 to 20 years, pertain to exclusive distribution rights relevant to Oxifree Metal Protection product range and signature bonus for the KSO Agreement.

## 14 INTANGIBLE ASSETS (continued)

As at 31 December 2019, management wrote off the signature bonus of KSO Agreement ("signature bonus") since the subsidiary, PT IEV Pabauran KSO commenced member's voluntary liquidation in September 2019 (Note 38). The write-off of the signature bonus has no impact to the profit or loss as full impairment on the carrying value of the signature bonus was recognised in previous financial years.

| | **2019 RM** | 2018 RM |
|---|---|---|
| **Group** | | |
| Amortisation expense is charged to: | | |
| Cost of sales | – | 7,838 |
| Administrative expenses | **53,844** | 132,435 |
| | **53,844** | 140,273 |

## 15 OIL AND GAS PROPERTIES

Oil and gas properties represent costs for assets under construction related to exploration and evaluation activities at the area of interest in the Exploration and Production sector ("EPS").

| | **Development and Production assets RM** | **Exploration and Evaluation assets RM** | **Total RM** |
|---|---|---|---|
| **Group** | | | |
| **Cost** | | | |
| At 1 January 2018 | 49,524,999 | 13,881,553 | 63,406,552 |
| Currency translation difference | 882,064 | 247,238 | 1,129,302 |
| At 31 December 2018 | 50,407,063 | 14,128,791 | 64,535,854 |
| Currency translation difference | 632,039 | 177,156 | 809,195 |
| Written off | (51,039,102) | (14,305,947) | (65,345,049) |
| At 31 December 2019 | – | – | – |
| **Accumulated depreciation, depletion and amortisation** | | | |
| At 1 January 2018 | 115,212 | – | 115,212 |
| Currency translation difference | 2,052 | – | 2,052 |
| At 31 December 2018 | 117,264 | – | 117,264 |
| Currency translation difference | 1,470 | – | 1,470 |
| Written off | (118,734) | – | (118,734) |
| At 31 December 2019 | – | – | – |
| **Impairment** | | | |
| At 1 January 2018 | 49,409,787 | 13,881,553 | 63,291,340 |
| Currency translation difference | 880,012 | 247,238 | 1,127,250 |
| At 31 December 2018 | 50,289,799 | 14,128,791 | 64,418,590 |
| Currency translation difference | 630,569 | 177,156 | 807,725 |
| Written off | (50,920,368) | (14,305,947) | (65,226,315) |
| At 31 December 2019 | – | – | – |
| **Net carrying amount** | | | |
| At 31 December 2019 | – | – | – |
| At 31 December 2018 | – | – | – |

## 15 OIL AND GAS PROPERTIES (continued)

The Group, through a subsidiary, PT IEV Pabuaran KSO ("IEV KSO") engaged in reactivation and optimisation of hydrocarbons production at Pabuaran, West Java, Indonesia, under an Operations Cooperation Agreement ("KSO Agreement") with PT Pertamina EP ("Pertamina"), to assist Pertamina in carrying out its obligations as the operator under Kontrak Minyak dan Gas Bumi Pertamina ("Pertamina EP KKS"), a contract entered with SKK Migas, the oil and gas regulatory agency of Indonesia, on 17 September 2005.

On 12 December 2015, the Group obtained approval of an extension of work program totalling USD18.6 million (RM80,028,360) to be completed by 11 December 2017; the work program was supposed to be completed by 12 December 2015. As required with the extension, the Group had in December 2015 placed a Bank Guarantee of USD2,340,000 with a validity up to 11 December 2017 with Pertamina. In accordance with the KSO Agreement, Pertamina has the right to claim and disburse the Bank Guarantee in the case if IEV KSO does not fulfil its obligations under the KSO Agreement.

IEV KSO received a letter dated 28 December 2017 from Pertamina terminating the KSO Agreement in the Pabuaran Block effective 2 January 2018 and has also made a claim for the disbursement of a bank guarantee amounting to USD2,340,000 ("Termination Letter"). The bank guarantee was previously provided to Pertamina in the form of a pledged fixed deposit of USD468,000 and a banker guarantee of USD1,872,000.

The Termination Letter was served on the basis of IEV KSO, not fulfilling certain conditions and obligations under the KSO Agreement. One of the key conditions, amongst others, include the completion of USD18,600,000 work program by 11 December 2017.

Pertamina has claimed the banker guarantee of USD1,872,000 and the pledged fixed deposit of USD468,000. As at 31 December 2017, the Group recognised termination liabilities of USD1,872,000 (approximately RM7,607,097). In 2018, the Group completed the handover of all operating equipment on the Pabuaran Block to Pertamina. The termination liabilities of USD1,872,000 (approximately RM7,742,583) remain unpaid as at 31 December 2018.

Management believes that there is no other material contingencies or liabilities that have not been recorded with the termination of the KSO Agreement.

In 2017, the Group made full impairment on the oil and gas properties and the intangible asset (signature bonus), including full impairment on the pledged fixed deposit of USD468,000 (RM1,901,774).

During the year, IEV KSO commenced member's voluntary liquidation and the entity was deconsolidated by the Group as at 30 September 2019. Accordingly, the oil and gas properties, the intangible asset (signature bonus) and the pledged fixed deposit were written off and the provisions for termination liabilities and extension penalty were written back.

## 16 SUBSIDIARIES

| | Company | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Unquoted equity shares, at cost | **32,357,691** | 32,357,388 |
| Deemed investment arising from: | | |
| - Quasi loans to subsidiaries | **96,896,027** | 94,952,304 |
| - Acquisition of a subsidiary (Note 39) | **7,052,103** | – |
| Allowance for impairment | **(127,161,424)** | (125,217,701) |
| Currency translation difference | **(2,135,688)** | (2,091,991) |
| | **7,008,709** | – |

## 16 SUBSIDIARIES (continued)

Movement in the allowance for impairment:

| | Company | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Balance at beginning of the year | **(125,217,701)** | (97,948,209) |
| Allowance for impairment | **(1,821,865)** | (27,482,782) |
| Currency translation difference | **(121,858)** | 213,290 |
| Balance at end of the year | **(127,161,424)** | (125,217,701) |

On 27 April 2016, management obtained approval for a series of loans made to its subsidiaries (Note 8) in prior years for purposes of business investments and working capital commitments to be treated as being quasi-equity in nature with effect from 1 January 2016 and to be classified as deemed investments in the subsidiaries. These loans to subsidiaries are unsecured, interest-free and repayment is at the discretion of the borrowers.

The Company has recognised an allowance of RM1,821,865 (2018: RM27,482,782) on these loans as management determined that this amount was irrecoverable from two of the subsidiaries, which were in the Exploration and Production and Renewable Energy sectors as the Group ceased operations in these entities and exited from the two sectors (Note 35). Accordingly, the cost of investment of the subsidiary in Exploration and Production sector was fully provided for in 2017.

As at 31 December 2018 and 2019, management performed an impairment review and assessed that the cost of investment in IEV Group Sdn. Bhd. is impaired due to the declining performance of the subsidiary over the recent years.

The Company incorporated a new subsidiary HealthPro Pte. Ltd. ("HealthPro") in September 2019 with a share capital of SGD100 (approximately RM303), which acquired a new subsidiary Lady Paradise (M) Sdn. Bhd. in December 2019 via issuance of the Company's share as consideration (Note 39). As a result of the acquisition, the Company recorded a deemed investment in HealthPro of RM7,008,406 as at 31 December 2019.

Details of the Company's subsidiaries at 31 December are as follows:

| **Name of subsidiary/ Place of incorporation and operation** | **Principal activity** | **Proportion of ownership interest and voting power held** | |
|---|---|---|---|
| | | **31 December 2019** | 31 December 2018 |
| | | **%** | % |
| IEV Group Sdn. Bhd. (2)<br>Malaysia | Investment holding, provision of technical and management services to its subsidiaries, conducting product development for the Group's product and services. | **100** | 100 |
| IEV Energy Investment Pte. Limited (1)<br>Singapore | Dormant. | **100** | 100 |
| HealthPro Pte. Ltd. (4)<br>Singapore | Investment in healthcare services and wellness business. | **100** | – |

## 16 SUBSIDIARIES (continued)

| Name of subsidiary/ Place of incorporation and operation | Principal activity | Proportion of ownership interest and voting power held | |
|---|---|---|---|
| | | **31 December 2019 %** | 31 December 2018 % |
| Held by HealthPro Pte. Ltd. | | | |
| Lady Paradise (M) Sdn. Bhd. (5) | Rendering confinement and postnatal care services and sale of related products. | **100** | – |
| Held by IEV Group Sdn. Bhd. | | | |
| IEV International Limited (3) Hong Kong | Provision of marine growth control, corrosion control, subsea engineering and oilfield equipment and services to the onshore, offshore and marine industries in global market. | **100** | 100 |
| PT IEV Indonesia Indonesia | Provision of marine growth control, corrosion control, subsea engineering and oilfield gas equipment to oil and marine industries in Indonesia. | **95** | 95 |
| IEV Manufacturing Sdn. Bhd. (2) Malaysia | Manufacturing, exporting, importing, supplying and wholesaling of marine growth products, corrosion control products and other subsea engineering and oilfield equipment to the oil, gas and marine industries. | **100** | 100 |
| IEV Energy Sdn. Bhd. Malaysia | Dormant. | **100** | 100 |
| IEV Engineering Sdn. Bhd. (2) Malaysia | Provision of marine growth control, corrosion control, subsea engineering and oilfield equipment and services to the oil and gas and marine industries in Malaysia. | **100** | 100 |
| IEV Engineering (India) Pvt Ltd (8) India | Dormant. | **–** | 51 |
| IEV Technologies Pte. Ltd. (1) Singapore | Dormant. | **100** | 100 |
| IEV Technologies Vietnam Limited Liability Company (8) Socialist Republic of Vietnam | Dormant. | **–** | 100 |

## 16 SUBSIDIARIES (continued)

| Name of subsidiary/ Place of incorporation and operation | Principal activity | Proportion of ownership interest and voting power held | |
|---|---|---|---|
| | | **31 December 2019** | 31 December 2018 |
| | | **%** | % |
| Held by IEV Energy Sdn. Bhd. | | | |
| IEV Vietnam Limited Liability Company (7)<br>Socialist Republic of Vietnam | Dormant. | **–** | 100 |
| Held by IEV Energy Investment Pte. Limited | | | |
| PT IEV Pabuaran KSO (6)<br>Indonesia | Dormant. | **–** | 95 |

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by a member firm of Deloitte Touche Tohmatsu Limited, Kuala Lumpur, Malaysia.

(3) Audited by another firm of auditors, Cheng & Cheng Limited, Hong Kong.

(4) The subsidiary was incorporated in September 2019.

(5) The subsidiary was acquired in December 2019 (Note 39).

(6) The subsidiary commenced member's voluntary liquidation in September 2019 (Note 38).

(7) The subsidiary was deregistered in November 2019 (Note 38).

(8) The subsidiary was sold in November 2019 (Note 38).

## 17 ASSOCIATE

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Unquoted equity shares, at cost | **366,752** | 366,752 |
| Share of post-acquisition reserves | **(366,752)** | (291,359) |
| | **–** | 75,393 |

## 17 ASSOCIATE (continued)

Details of the Group's associate at 31 December are as follows:

| Name of subsidiary/ Place of incorporation and operation | Principal activity | Proportion of ownership interest and voting power held | |
|---|---|---|---|
| | | **31 December 2019** | 31 December 2018 |
| | | **%** | % |
| IEV (Malaysia) Sdn. Bhd. [(1)]<br>Malaysia | Provision of marine growth control, subsea engineering and oilfield equipment to the onshore, offshore and marine industries in Malaysia. | **49** | 49 |

[(1)] Audited by a member firm of Deloitte Touche Tohmatsu Limited, Kuala Lumpur, Malaysia.

**IEV (Malaysia) Sdn. Bhd. ("IEV Malaysia")**

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Current assets | **3,419,662** | 8,935,446 |
| Non-current assets | **36,662** | 92,184 |
| Current liabilities | **(3,851,490)** | (8,853,811) |
| Non-current liabilities | **–** | (19,956) |

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **RM** | RM |
| Revenue | **4,772,825** | 3,432,838 |
| (Loss) Profit for the year, representing total comprehensive (loss) income for the year | **(549,029)** | 101,629 |

Reconciliation of the above summarised financial information to the carrying amount of the interest in IEV Malaysia recognised in these consolidated financial statements:

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Net (liabilities) assets of the associate | (395,166) | 153,863 |
| Proportion of the Group's ownership interest in IEV Malaysia | 49% | 49% |
| Carrying amount of the Group's interest in IEV Malaysia | – | 75,393 |

## 18 DEFERRED TAX ASSETS (LIABILITIES)

The following are the major deferred tax assets and deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting periods:

| | Provision for post-employment obligations | Accelerated accounting depreciation | Others | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| **Group** | | | | |
| At 1 January 2018 | 395,024 | (77,458) | 61,771 | 379,337 |
| Credit (Charge) to profit or loss for the year (Note 33) | 41,453 | (217,426) | (71,693) | (247,666) |
| Charge to other comprehensive income | (56,744) | – | – | (56,744) |
| Currency translation difference | (30,655) | 11,289 | (7,356) | (26,722) |
| | 349,078 | (283,595) | (17,278) | 48,205 |
| Disposal of a subsidiary (Note 38) | (336,139) | 283,595 | (72,685) | (125,229) |
| At 31 December 2018 | 12,939 | – | (89,963) | (77,024) |
| Credit (Charge) to profit or loss for the year (Note 33) | (12,939) | – | 89,963 | 77,024 |
| At 31 December 2019 | **–** | **–** | **–** | **–** |

The following is the analysis of deferred tax balances for statements of financial position purposes:

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Deferred tax liabilities | **–** | (89,963) |
| Deferred tax assets | **–** | 12,939 |

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of RM24,605,544 (2018: RM46,394,777), and unabsorbed capital allowance of RM318,000 (2018: RM555,000) which will expire in 7 years. No deferred tax asset of RM6,000,716 (2018: RM13,438,526) has been recognised due to the unpredictability of future profit streams.

Temporary differences arising in connection with interests in subsidiaries and associate are insignificant.

## 19 BANK OVERDRAFTS

| | Group | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Secured - at amortised cost | | |
| Bank overdrafts | **2,280,768** | 2,969,141 |

The bank overdrafts are repayable on demand and bear interest rates ranging from 8.15% to 8.25% (2018: 8.15% to 8.25%) per annum, which is repriced on a monthly basis. The bank overdrafts are secured by a debenture by way of a fixed and floating charge over all present and future assets of a subsidiary, a corporate guarantee provided by the Company and a subsidiary and a personal guarantee provided by a Director, Christopher Nghia Do.

## 20 TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2019** | 31 December 2018 | **31 December 2019** | 31 December 2018 |
| | **RM** | RM | **RM** | RM |
| Trade payables - third parties | **1,086,378** | 4,902,934 | **–** | – |
| Amount due to an associate | **–** | 5,814,584 | **–** | – |
| Accruals for projects costs | **927,018** | 2,732,091 | **–** | – |
| | **2,013,396** | 13,449,609 | **–** | – |

The credit period granted by suppliers is 30 to 60 days (2018: 30 to 90 days). No interest is charged on the outstanding balance.

Trade creditors, amount due to an associate and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. As at 31 December 2019, the amount due to an associate has been offsetted via an offsetting agreement the Group entered into with the associate (Note 4(b)).

## 21 OTHER PAYABLES AND OTHER PROVISIONS

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2019 RM** | 31 December 2018 RM | **31 December 2019 RM** | 31 December 2018 RM |
| Amount owing to an associate | **–** | 1,257,320 | **–** | 210 |
| Amount owing to Directors (Note 5) | **68,655** | – | **–** | – |
| Amount owing to subsidiaries | **–** | – | **673,762** | 891,502 |
| Amount owing to subcontractors | **–** | 429,230 | **–** | – |
| Severance payment | **–** | 260,249 | **–** | – |
| Withholding tax | **41,646** | 60,643 | **–** | – |
| Value-added tax payables | **137,094** | 353,460 | **–** | – |
| Service tax payable | **48,138** | – | **–** | – |
| Provision for termination liabilities | **–** | 7,742,583 | **–** | – |
| Provision for extension penalty | **–** | 3,077,184 | **–** | – |
| Accruals | **1,736,851** | 1,127,239 | **474,827** | 299,084 |
| Accruals for rental deposit and renovation work | **5,145,296** | – | **–** | – |
| Amount owing to a third party | **1,343,248** | – | **–** | – |
| Others | **908,387** | 936,736 | **67,462** | 634,408 |
| | **9,429,315** | 15,244,644 | **1,216,051** | 1,825,204 |

The amount owing to an associate represents advances which are unsecured, interest-free and repayable on demand. As at 31 December 2019, the amount due to an associate has been offsetted via an offsetting agreement the Group entered into with the associate (Note 4(b)).

The amount owing to Directors of the Company related to reimbursable disbursements incurred for business use and are repayable on demand.

Amount owing to a third party pertains to payment made on behalf of the Group by The Rain Maker Mgmt Sdn. Bhd. ("TRM"), includes SGD200,000 (approximately RM607,288) for renovation of the new confinement centre (Note 8), RM182,207 rental deposits for the new confinement center and existing confinement center and the remaining balance pertains to payment made on behalf for operating expenses. Subsequent to the end of the reporting period, TRM subscribed for new shares in the Company and became a shareholder (Note 26).

Following the commencement of member's voluntary liquidation of IEV KSO in September 2019 (Note 15), the following was written back by the Group:

| | **Group RM** |
|---|---|
| Amount owing to subcontractors and accruals related to exploration and evaluation services | 775,454 |
| Provision for extension penalty | 2,830,349 |
| Provision for termination liabilities | 7,839,665 |
| Severance payment | 199,533 |
| | 11,645,001 |

## 22 CONTRACT LIABILITIES

As at 31 December 2018, the contract labilities of RM2,655,946 relate to milestone payments billed to a customer and revenue was not recognised as the performance obligation has yet to be satisfied. The amount has been fully recognised as revenue in the year.

As at 31 December 2019, the contract liabilities of RM33,710 relate to advance payments received by the Group for services to be provided.

## 23 ADVANCES FROM A RELATED PARTY

The Group's wholly-owned subsidiary, IEV International Limited ("IEV International") entered into a loan agreement with a related party on 17 December 2019 for a facility of USD200,000 for a period of 1 year from the date of agreement which may be renewed subject to mutual agreement between both parties.

The loan shall be repaid in full by the end of the loan period, i.e 12 months from the date of loan agreement and bears an interest of 8% per annum, payable on a monthly basis. The loan is secured on the Group's all rights and beneficial interest in the world-wide patents of marine growth products.

As at 31 December 2019, the balance comprises principal loan amount drew down by the Group of USD100,000 (approximately RM414,186) and interest payable of RM182.

The Group received a letter dated 23 April 2020 from the related party on its willingness to consider an extension of tenure in view of the global economic slowdown due to the Covid-19 viral outbreak subject to receipt of request for extension by the Group at least 1 month before the loan maturity date.

*Reconciliation of liabilities arising from financing activities*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

**2019**

| | | | | | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 December 2018 | Adoption of SFRS(I) 16 | 1 January 2019 | Financing cash flows[i] | New lease liabilities | Interest | Foreign exchange movement | Other changes[ii] | Total |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| **Group** | | | | | | | | | |
| Advances from a related party | – | – | – | 414,186 | – | 182 | (5,524) | – | 408,844 |
| Lease liabilities (Note 24) | – | 601,234 | 601,234 | (291,555) | 12,771,084 | 97,852 | – | (455,464) | 12,723,151 |
| | – | 601,234 | 601,234 | 122,631 | 12,771,084 | 98,034 | (5,524) | (455,464) | 13,131,995 |

**2018**

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | 1 January 2018 | Financing cash flows[i] | Disposal of a subsidiary (Note 38) | Foreign exchange movement | Total |
| | RM | RM | RM | RM | RM |
| **Group** | | | | | |
| Bank borrowings | 6,664,613 | (6,664,613) | – | – | – |
| Finance leases | 180,029 | (84,027) | (85,369) | (10,633) | – |
| | 6,844,642 | (6,748,640) | (85,369) | (10,633) | – |

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include accrual of lease payments.

## 24 LEASE LIABILITIES

The Group as lessee

| | Group 2019 RM |
|---|---|
| **Lease liabilities** | |
| Maturity analysis: | |
| Year 1 | **5,757,151** |
| Year 2 | **5,545,111** |
| Year 3 | **2,277,332** |
| | **13,579,594** |
| Less: Unearned interest | **(856,443)** |
| | **12,723,151** |
| Analysed as: | |
| Current | **5,201,208** |
| Non-current | **7,521,943** |
| | **12,723,151** |

Lease liabilities are monitored by the Group.

## 25 PROVISION FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group provides post-employment benefits for its eligible employees in accordance with Indonesia Labour Act No. 13/2003.

The Group has no non-current assets held by a long-term employee benefit fund (entity) nor has any qualifying insurance policies nor hold any reimbursable right associated to any plan asset.

The post-employment benefit was funded by the Group's subsidiaries. In 2018, the Group expected payments of RM260,249 to be made, which was separately recorded as severance payments in other payables (Note 21). As at 31 December 2018, there was no provision for post-employment benefit obligations.

The amounts recognised in the Group's statement of financial position were as follows:

| | Group 31 December 2018 RM |
|---|---|
| Present value of unfunded obligation | 1,766,465 |
| Benefit paid | (268,971) |
| Gain on settlement | (149,201) |
| Currency translation difference | (3,738) |
| | 1,344,555 |
| Disposal of a subsidiary (Note 38) | (1,344,555) |
| Net liability recognised in the statement of financial position | – |

# NOTES TO FINANCIAL STATEMENTS

31 December 2019

## 25 PROVISION FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

Movements in the defined benefit obligations were as follows:

| | **Group** 31 December 2018 RM |
|---|---|
| Balance at beginning of the year | 2,014,869 |
| Expenses for the year | 333,941 |
| Credit to other comprehensive income | (226,976) |
| Benefits paid | (268,971) |
| Benefits payable | (237,807) |
| Gain on settlement | (149,201) |
| Currency translation difference | (121,300) |
| | 1,344,555 |
| Disposal of a subsidiary (Note 38) | (1,344,555) |
| Balance at end of the year | – |

The amounts recognised in statement of profit or loss and other comprehensive income are as follows:

| | **Group** 31 December 2018 RM |
|---|---|
| Current service cost | 333,941 |
| Gain on settlement | (149,201) |
| | 184,740 |

## 26 SHARE CAPITAL

| | **Group and Company** | | | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Number of ordinary shares** | | **RM** | RM |
| Issued and paid up: | | | | |
| At beginning of the year | **285,712,632** | 285,712,632 | **98,338,106** | 98,338,106 |
| Issued for cash | **80,000,000** | – | **6,095,082** | – |
| Issued as consideration (Note 39) | **46,161,962** | – | **3,526,051** | – |
| Less: Shares issuance costs | **–** | – | **(285,250)** | – |
| At end of the year | **411,874,594** | 285,712,632 | **107,673,989** | 98,338,106 |

## 26 SHARE CAPITAL (continued)

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

On 13 May 2019, the Company alloted and issued an aggregate of 80,000,000 ordinary shares to 2 new shareholders pursuant to the completion of a share subscription exercise. The new ordinary shares were issued at an issue price of SGD0.025 per ordinary share for an aggregate cash consideration of SGD2,000,000.

On 17 December 2019, the Company allotted and issued an aggregate of 46,161,962 new ordinary shares of SGD0.025 each as consideration for the acquisition of 100% equity interest in Lady Paradise (M) Sdn. Bhd. (Note 39). The share price of the Company at the date of completion of acquisition was SGD0.050, and the difference in share price resulted in a recognition of SGD1,154,049 (RM3,526,051) in capital reserve (Note 29).

Arising from the above two allotment of shares on 13 May 2019 and 17 December 2019 respectively, the Company increased its issued and fully paid-up ordinary capital from RM98,338,106 to RM107,673,989 as at 31 December 2019.

On 14 January 2020, the Company allotted and issued an aggregate of 76,000,000 ordinary shares to 3 new shareholders pursuant to the completion of a share subscription exercise. The new ordinary shares were issued at an issue price of SGD0.050 per ordinary share for an aggregate cash consideration of SGD3,800,000, approximately RM11,489,817. These proceeds are for the renovation and refurbishment of the Group's existing postpartum centres in Singapore and Malaysia post the acquisition of Lady Paradise (M) Sdn. Bhd. (Note 39) in December 2019 and the Group's working capital and marketing expenses.

## 27 TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **Number of ordinary shares** | | **RM** | RM |
| At beginning and at end of the year | **200,000** | 200,000 | **38,268** | 38,268 |

## 28 CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations and the Company's operations into Malaysia Ringgit are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserve.

## 29 CAPITAL RESERVE

| | **Group** | **Company** |
|---|---|---|
| | **RM** | **RM** |
| At 1 January 2018 and 31 December 2018 | (379,690) | – |
| Reclassified directly to accumulated losses upon liquidation of a subsidiary | 379,690 | – |
| Arising from acquisition of a subsidiary (Notes 26 and 39) | 3,526,051 | 3,526,051 |
| | 3,526,051 | 3,526,051 |

The Group's capital reserve arises from the differences of the pre-determined cost of investment and the fair value of the share price at the date of acquisition of a subsidiary (Note 39).

## 30 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable sector under SFRS(I) 8 (Note 42).

A disaggregation of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **RM** | RM |
| Continuing operations | | |
| Asset Integrity Management sector - rendering of services and sale of products | **9,739,732** | 2,961,463 |
| Healthcare sector - rendering of confinement centre services and sale of related products | **27,852** | – |
| | **9,767,584** | 2,961,463 |
| Discontinued operations (Note 35) | | |
| Mobile Natural Gas sector - sale of natural gas and related services | **–** | 18,437,713 |
| | **9,767,584** | 21,399,176 |

## 31 OTHER OPERATING INCOME

| | Continuing Operations | | Discontinued Operations | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM |
| Interest income | **778** | 738 | **481** | 42,167 | **1,259** | 42,905 |
| Gain on disposal of property, plant and equipment | **22,053** | 18,205 | **–** | 1,742 | **22,053** | 19,947 |
| Gain on disposal of subsidiaries | **39,843** | – | **–** | – | **39,843** | – |
| Rental income from sub-lease of factory and office space | **137,400** | 287,720 | **–** | 25,038 | **137,400** | 312,758 |
| Finance lease income | **–** | – | **–** | 164,688 | **–** | 164,688 |
| Write-back impairment of property, plant and equipment | **19,330** | 62,817 | **–** | – | **19,330** | 62,817 |
| Write-back of payables and accrued expenses | **173,157** | 2,546,071 | **974,987** | – | **1,148,144** | 2,546,071 |
| Write-back provision for termination liabilities | **–** | – | **7,839,665** | – | **7,839,665** | – |
| Write-back provision for extension penalty | **–** | – | **2,830,349** | – | **2,830,349** | – |
| Gain on settlement of post-employment benefit | **–** | 54,471 | **–** | 94,730 | **–** | 149,201 |
| Gain on deconsolidation of subsidiary | **–** | – | **300,306** | – | **300,306** | – |
| Exchange gain unrealised | **173,566** | – | **66,163** | – | **239,729** | – |
| Sundry income | **12,093** | 103,979 | **6,693** | 32,558 | **18,786** | 136,537 |
| | **578,220** | 3,074,001 | **12,018,644** | 360,923 | **12,596,864** | 3,434,924 |

## 32 FINANCE COSTS

| | Continuing Operations | | Discontinued Operations | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM |
| Interest on bank borrowings | **–** | 241,723 | **–** | – | **–** | 241,723 |
| Interest on lease liabilities (2018: finance leases) | **97,852** | 5,679 | **–** | 9,832 | **97,852** | 15,511 |
| Interest on bank overdrafts | **224,199** | 256,339 | **–** | – | **224,199** | 256,339 |
| Interest on advances received (Note 5) | **14,754** | 1,964 | **–** | – | **14,754** | 1,964 |
| | **336,805** | 505,705 | **–** | 9,832 | **336,805** | 515,537 |

## 33 INCOME TAX

| | Continuing Operations | | Discontinued Operations | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM |
| Current tax expenses (tax credit) | **–** | – | **–** | – | **–** | – |
| Adjustments recognised in the current year in relation to the current tax of prior years | **18,511** | 33,212 | **496** | – | **19,007** | 33,212 |
| Deferred tax (Note 18) | **(77,024)** | – | **–** | – | **(77,024)** | – |
| Charge during the year | **–** | 130,470 | **–** | 117,196 | **–** | 247,666 |
| | **(58,513)** | 163,682 | **496** | 117,196 | **(58,017)** | 280,878 |

The income tax on the results of the financial year varies from the amount of income tax determined by applying the Malaysia statutory rate of income tax on the results of the respective companies in the Group.

The total income tax (benefit) expense for the year can be reconciled to the accounting (loss) profit as follows:

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **RM** | RM |
| Income (Loss) before tax: | | |
| - Continuing operations | **(10,168,005)** | (8,642,170) |
| - Discontinued operations (Note 35) | **10,425,642** | (8,129,296) |
| | **257,637** | (16,771,466) |
| Tax at the domestic income tax rate of 24% in Malaysia (2018: 24%) | **61,833** | (4,025,152) |
| Effect of expenses that are not deductible in determining taxable profit | **774,498** | 12,746,454 |
| Effect of income that is exempt from taxation | **(2,574,820)** | (13,047,065) |
| Tax effect of share of result of associate | **(18,094)** | 11,952 |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | **936,236** | 4,098,062 |
| Effect on offshore exemption for Hong Kong entity (Note A) | **331,992** | 221,439 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | **477,673** | 241,976 |
| Deferred tax assets not recognised | **10,682** | – |
| Adjustments recognised in the current year in relation to the tax of prior years, net | **19,007** | 33,212 |
| Overprovision of deferred tax | **(77,024)** | – |
| | **(58,017)** | 280,878 |

## 33 INCOME TAX (continued)

Note A

A subsidiary, IEV International Limited, a company incorporated in Hong Kong, enjoyed a full tax exemption since year 2005 under Section 14 of the Hong Kong Inland Revenue Ordinance ("the Ordinance") and the Departmental Interpretation Practice Note 22 on the basis that the mode of business operations are wholly and exclusively outside Hong Kong. This tax exemption status is applicable to onward years unless the mode of business operations changes to be in Hong Kong and that the provisions of the current Hong Kong Tax Practice and provisions of the Ordinance are complied with.

## 34 PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year has been arrived at after charging (crediting) the following items, not disclosed elsewhere in the financial statements:

| | **Continuing Operations** | | **Discontinued Operations** | | **Total** | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM |
| Directors' remuneration: | | | | | | |
| - of the Company | **1,040,897** | 1,267,678 | **–** | – | **1,040,897** | 1,267,678 |
| - of the subsidiaries | **–** | 47,946 | **–** | 315,142 | **–** | 363,088 |
| Directors' fees: | | | | | | |
| - of the Company | **478,829** | 430,698 | **–** | – | **478,829** | 430,698 |
| Employee benefits expense (including Directors' remuneration and Directors' fees) | **4,623,521** | 4,671,532 | **–** | 2,457,421 | **4,623,521** | 7,128,953 |
| Defined contribution plans | **354,245** | 404,123 | **3,163** | 137,697 | **357,408** | 541,820 |
| Employee benefit expense recognised as cost of sales | **118,492** | 259,867 | **–** | 1,780,435 | **118,492** | 2,040,302 |
| Rental expenses | **393,666** | 656,675 | **813** | 214,753 | **394,479** | 871,428 |
| Allowance for inventories, net | **86,743** | 1,022,362 | **–** | – | **86,743** | 1,022,362 |
| Inventories written off | **73,767** | 197,139 | **132,000** | 1,007 | **205,767** | 198,146 |

## 34 LOSS FOR THE YEAR (continued)

| | Continuing Operations | | Discontinued Operations | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM |
| Property, plant and equipment written off | **98,547** | 157,190 | **–** | 26,774 | **98,547** | 183,964 |
| Loss on disposal of property, plant and equipment | **–** | – | **–** | 372,673 | **–** | 372,673 |
| Loss on disposal of subsidiary | **–** | – | **–** | 5,411,362 | **–** | 5,411,362 |
| Loss on deconsolidation of subsidiary | **–** | – | **860,880** | – | **860,880** | – |
| Intangible assets written off | **–** | 55,272 | **–** | – | **–** | 55,272 |
| Impairment of property, plant and equipment | **834,423** | 18,715 | **–** | – | **834,423** | 18,715 |
| Impairment of goodwill | **1,301,926** | – | **–** | – | **1,301,926** | – |
| Allowance for doubtful VAT receivables | **290,098** | – | **–** | – | **290,098** | – |
| Expected credit loss allowance | **1,180,635** | 103,106 | **23,339** | 1,581 | **1,203,974** | 104,687 |
| Loss on disposal of finance lease | **–** | – | **–** | 43,591 | **–** | 43,591 |
| Receivables written off | **109,896** | 495,941 | **–** | 103,400 | **109,896** | 599,341 |
| Exchange loss | **–** | 479,700 | **–** | 421,852 | **–** | 901,552 |
| Audit fees: | | | | | | |
| Auditors of the Company | **288,750** | 224,621 | **16,153** | 11,656 | **304,903** | 236,277 |
| Other auditors | **179,954** | 223,583 | **12,000** | 101,943 | **191,954** | 325,526 |
| Non-audit fees: | | | | | | |
| Auditors of the Company | **19,432** | 12,712 | **5,786** | 5,679 | **25,218** | 18,391 |
| Other auditors | **26,241** | 29,739 | **3,500** | 8,218 | **29,741** | 37,957 |

## 35 DISCONTINUED OPERATIONS

In 2017, the Group made the strategic decision to discontinue its activities in the exploration and production and renewable energy sectors.

On 1 June 2018, the Group entered into a sale agreement to dispose of PT IEV Gas, which carried out all the Group's mobile natural gas business. The disposal was effected in order to generate cash flow for the expansion of the Group's other businesses. The disposal was completed on 22 November 2018, on which date control of PT IEV Gas passed to the acquirer.

The loss attributable to the owners of the Company from discontinued operations is analysed as follows:

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **RM** | RM |
| Loss from Mobile Natural Gas sector | **–** | (7,625,750) |
| Gain from deconsolidation of subsidiary in Exploration and Production sector | **10,448,613** | – |
| Loss from Exploration and Production sector (discontinued in 2017) | **–** | (257,975) |
| Loss from liquidation of subsidiary in Renewable Energy sector | **(23,467)** | – |
| Loss from Renewable Energy sector (discontinued in 2017) | **–** | (362,767) |
| | **10,425,146** | (8,246,492) |

## 35 DISCONTINUED OPERATIONS (continued)

The results of the discontinued operations for the year are as follows:

| | Note | Group 2019 RM | Group 2018 RM |
|---|---|---|---|
| Revenue | 30 | **–** | 18,437,713 |
| Cost of sales | | **–** | (17,794,578) |
| Gross profit | | **–** | 643,135 |
| Other operating income | 31 | **12,018,644** | 360,923 |
| Selling and distribution costs | | **–** | – |
| Administrative expenses | | **(403,097)** | (3,147,781) |
| Other operating expenses | | **(1,189,905)** | (5,975,741) |
| Share of results of associate | | **–** | – |
| Finance costs | 32 | **–** | (9,832) |
| Profit (Loss) before tax | | **10,425,642** | (8,129,296) |
| Income tax | 33 | **(496)** | (117,196) |
| Profit (Loss) for the year | 34 | **10,425,146** | (8,246,492) |
| Non-controlling interests | | **–** | – |
| Profit (Loss) attributable to owners of the Company | | **10,425,146** | (8,246,492) |
| Other comprehensive income | | **–** | – |
| Total comprehensive income (loss) | | **10,425,146** | (8,246,492) |

The discontinued operations cash flows for the year are as follows:

| | Group 2019 RM | Group 2018 RM |
|---|---|---|
| Net cash used in operating activities | **(1,369,070)** | (3,832,713) |
| Net cash (used in) from investing activities | **(2,751)** | 1,901,917 |
| Net cash used in financing activities | **–** | (62,947) |

## 36 DIVIDENDS

No dividends were declared and paid to shareholders in 2018 and 2019.

## 37 EARNINGS (LOSS) PER SHARE

Earnings (Loss) per share is calculated by dividing the Group's net income (loss) attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| From continuing and discontinued operations | | |
| Income (Loss) attributable to owners of the Company (RM) | **487,484** | (17,052,344) |
| Weighted average number of ordinary shares [(1)] | **337,820,658** | 285,512,632 |
| Basic and Diluted earnings (loss) per share (Malaysian sen) | **0.14** | (5.97) |
| From continuing operations | | |
| Income (loss) attributable to owners of the Company (RM) | **487,484** | (17,052,344) |
| Less: | | |
| Income (loss) for the year from discontinued operations (RM) | **10,425,146** | (8,246,492) |
| Loss for the year from continuing operations (RM) | **(9,937,662)** | (8,805,852) |
| Weighted average number of ordinary shares for purposes of basic earnings per share [(1)] | **337,820,658** | 285,512,632 |
| Basic and Diluted loss per share (Malaysian sen) | **(2.94)** | (3.08) |

[(1)] The weighted average number of ordinary shares has been adjusted for the financial year ended 2019 to take into effect the new issuance of share capital of 80,000,000 and 46,161,962 on 13 May 2019 and 17 December 2019 respectively (Note 26).

As there are no outstanding dilutive potential ordinary shares, the diluted earnings per ordinary share is accordingly the same as the basic earnings per ordinary share for the respective financial years.

## 38 DISPOSAL/DECONSOLIDATION OF SUBSIDIARIES

**2019**

*Disposal of IEV Technologies Vietnam Liability Limited Company and IEV Engineering (India) Pvt. Ltd.*

During the year, the Company's wholly-owned subsidiary, IEV Group Sdn. Bhd., subscribed for additional shares in IEV Engineering (India) Pte Ltd amounting to RM155,249 and in IEV Technologies Vietnam LLC amounting to RM206,700. On 22 October 2019, IEV Group Sdn. Bhd. entered into a Share Sale Agreement with a related party, Disruptech Holdings Sdn. Bhd., for the disposal of its 100% equity in IEV Technologies Vietnam Liability Limited Company ("IEV Tech LLC") and 50% plus 1 share equity capital in IEV Engineering (India) Pvt Ltd ("IEV India").

The consideration of the disposal is SGD69,000 for IEV Tech LLC (approximately RM212,000) and SGD47,000 for IEV India (approximately RM144,000) which will be fully satisfied by way of cash.

The disposals of the 2 entities were completed on 30 November 2019.

## 38 DISPOSAL/DECONSOLIDATION OF SUBSIDIARIES (continued)

**2019 (continued)**

*Disposal of IEV Technologies Vietnam Liability Limited Company and IEV Engineering (India) Pvt. Ltd.* (continued)

Details of the disposal are as follows:

**Carrying amounts of net assets over which control was lost**

| | IEV Tech LLC 30 November 2019 RM | IEV India 30 November 2019 RM | Total 30 November 2019 RM |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 3,309 | 7,300 | 10,609 |
| Other receivables and prepayment | 28,396 | – | 28,396 |
| Total non-current assets | 31,705 | 7,300 | 39,005 |
| **Current assets** | | | |
| Inventories | 32,053 | – | 32,053 |
| Trade receivables | 44,690 | – | 44,690 |
| Other receivables and prepayment | – | 45,071 | 45,071 |
| Cash and bank balances | 252,246 | 753 | 252,999 |
| Total current assets | 328,989 | 45,824 | 374,813 |
| **Current liabilities** | | | |
| Other payables | (28,275) | (95,737) | (124,012) |
| Total current liabilities | (28,275) | (95,737) | (124,012) |
| Net assets (liabilities) derecognised | 332,419 | (42,613) | 289,806 |
| Consideration received | 211,968 | 144,384 | 356,352 |

| | | Group 2019 | |
|---|---|---|---|
| | IEV Tech LLC RM | IEV India RM | Total RM |
| **Loss on disposal** | | | |
| Consideration received | 211,968 | 144,384 | 356,352 |
| Net (assets) liabilities derecognised | (332,419) | 42,613 | (289,806) |
| Non-controlling interest derecognised | – | (21,264) | (21,264) |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary | 1,588 | (7,027) | (5,439) |
| (Loss) Gain on disposal | (118,863) | 158,706 | 39,843 |

## 38 DISPOSAL/DECONSOLIDATION OF SUBSIDIARIES (continued)

**2019 (continued)**

*Disposal of IEV Technologies Vietnam Liability Limited Company and IEV Engineering (India) Pvt. Ltd. (continued)*

| | Group 2019 RM |
|---|---|
| **Net cash inflow arising on disposal** | |
| Cash consideration | **356,352** |
| Cash and cash equivalents disposed of | **(252,999)** |
| | **103,353** |

The net gain on disposal of the subsidiaries is recorded as part of other operating income in the statement of profit or loss and other comprehensive income.

*Deconsolidation of PT IEV Pabuaran KSO and IEV Vietnam Liability Limited Company*

As referred to in Note 35, the Group discontinued its activities in the exploration and production and renewable energy sectors.

On 13 September 2019, the Group announced the commencement of member's voluntary liquidation of PT IEV Pabuaran KSO ("IEV KSO") and accordingly deconsolidated IEV KSO on 30 September 2019.

The Group commenced the liquidation of IEV Vietnam Liability Limited Company ("IEV Vietnam LLC") during the year and completed the process in November 2019. Accordingly, the Group deconsolidated the entity on 30 November 2019.

Details of the deconsolidation are as follows:

IEV KSO

**Carrying amounts of net assets over which control was lost**

| | IEV KSO 30 September 2019 RM |
|---|---|
| **Current assets** | |
| Cash and bank balances | **2,751** |
| Net assets derecognised | **2,751** |

IEV KSO's gain for the year amounting to RM11,629,486 arising mainly from write back of payables (Note 21) is recorded as part of loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

# NOTES TO FINANCIAL STATEMENTS

31 December 2019

## 38 DISPOSAL/DECONSOLIDATION OF SUBSIDIARIES (continued)

**2019 (continued)**

IEV Vietnam LLC

As of 30 November 2019, IEV Vietnam LLC has zeroised all the assets and liabilities by returning its net cash position of RM870,877 to the Group prior to deregistration. The entity's loss for the year amounting to RM361,760 is recorded as part of loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

| | Group 2019 | | |
|---|---|---|---|
| | IEV KSO RM | IEV Vietnam LLC RM | Total RM |
| **Loss on deconsolidation** | | | |
| Consideration received | – | – | – |
| Net assets derecognised | (2,751) | (21,250) | (24,001) |
| Non-controlling interest derecognised | 21,724 | – | 21,724 |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary | (879,853) | 321,556 | (558,297) |
| (Loss) Gain on deconsolidation | (860,880) | 300,306 | (560,574) |

The net loss on deconsolidation of the subsidiaries is recorded as part of loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

| | Group 2019 RM |
|---|---|
| **Net cash outflow arising on deconsolidation** | |
| Cash consideration | – |
| Cash and cash equivalents disposed of | (2,751) |
| | (2,751) |

**2018**

As referred to in Note 35, on 22 November 2018, the Group discontinued its mobile natural gas operation at the time of the disposal of its subsidiary, PT IEV Gas:

Details of the disposal are as follows:

**38 DISPOSAL/DECONSOLIDATION OF SUBSIDIARIES (continued)**

**2018 (continued)**

**Carrying amounts of net assets over which control was lost**

| | 22 November 2018 RM |
|---|---|
| **Non-current assets** | |
| Property, plant and equipment | 3,922,646 |
| Other receivables and prepayment | 1,217,152 |
| Deferred tax assets | 125,229 |
| Total non-current assets | 5,265,027 |
| **Current assets** | |
| Inventories | 353,095 |
| Trade receivables | 1,648,335 |
| Other receivables and prepayment | 1,273,471 |
| Tax recoverable | 577,855 |
| Cash and bank balances | 805,967 |
| Total current assets | 4,658,723 |
| **Non-current liabilities** | |
| Finance lease obligations | (18,089) |
| Provision for post-employment benefit obligations | (1,344,555) |
| Total non-current liabilities | (1,362,644) |
| **Current liabilities** | |
| Trade payables | (3,251,433) |
| Other payables | (651,529) |
| Finance lease obligations | (67,280) |
| Total current liabilities | (3,970,242) |
| Net assets derecognised | 4,590,864 |
| Consideration received | 277,010 |
| **Loss on disposal** | |
| Consideration received | 277,010 |
| Net assets derecognised | (4,590,864) |
| Non-controlling interest derecognised | (166,931) |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary | (930,577) |
| Loss on disposal | (5,411,362) |

The loss on disposal of the subsidiary is recorded as part of loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

| | **Group** 2018 RM |
|---|---|
| **Net cash outflow arising on disposal** | |
| Cash consideration | 277,010 |
| Cash and cash equivalents disposed of | (805,967) |
| | (528,957) |

## 39 ACQUISTION OF SUBSIDIARY

*Acquisition of Lady Paradise (M) Sdn. Bhd.*

On 16 September 2019, HealthPro Pte. Ltd. entered into a sales and purchase agreement ("SPA") to acquire the entire issued share capital of Lady Paradise (M) Sdn. Bhd. ("Lady Paradise") at a purchase consideration of RM3,500,000. In accordance with the SPA, the consideration was to be satisfied by the issuance and allotment of an aggregate of 46,161,962 new ordinary shares of the Company at SGD0.025 per share to the sellers.

Lady Paradise was incorporated in Malaysia. It 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, confinement baby daycare, traditional post-natal massage, ante natal and post-natal classes, baby care products and post-natal nursing centres in Malaysia. The Group seeks to pursue the acquisition of Lady Paradise as its first foray into the healthcare, postpartum care and wellness business sector.

On 17 December 2019, the Group completed its acquisition of Lady Paradise and settled the consideration via the issuance and allotment of 46,161,962 new ordinary shares in the capital of the Company at SGD0.025 per share (Note 26) and the share price of the Company at the date of completion of acquisition was SGD0.050. The difference in share price resulted in a recognition of SGD1,154,049 (RM3,526,051) in capital reserve (Note 29). The cost of investment totalling SGD2,308,098 (approximately RM7,052,103) in Lady Paradise was determined based on the closing share price of SGD0.050 on 17 December 2019. Accordingly, the final consideration settled via issuance of shares increased from RM3,500,000 to RM7,052,103.

This transaction has been accounted for by the acquisition method of accounting.

Consideration transferred (at acquisition date fair values)

| | Total<br>RM |
|---|---|
| Consideration settled via issuance of new shares | **7,052,103** |
| Contingent consideration arrangement [i] | **–** |
| Total | **7,052,103** |

[i] The sellers have guaranteed HealthPro Pte. Ltd. ("HealthPro") that Lady Paradise's cumulative earnings before interest, tax, depreciation and amortisation (EBITDA) for the period of three consecutive financial years ending 31 December 2020, 31 December 2021 and 31 December 2022 shall not be less than RM2,100,000 ("Profit Target"). In the event that the Profit Target is not achieved, the sellers undertake that they will make good to HealthPro the shortfall with respect to the Profit Target ("Profit Guarantee"). The management does not consider it probable that there will be any payment arising from the shortfall to be made to the Group. The fair value of the Profit Gurantee after applying the Black-Scholes model in estimating the fair value is nil.

Acquisition-related costs amounting to RM112,356 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the "other operating expenses" line item in the statement of profit or loss and other comprehensive income.

## 39 ACQUISTION OF SUBSIDIARY (continued)

Assets acquired and liabilities assumed at the date of acquisition

| | 17 December 2019 RM |
|---|---|
| **Non-current asset** | |
| Property, plant and equipment | **94,410** |
| **Current assets** | |
| Inventories | **71,694** |
| Trade and other receivables | **39,797** |
| Cash and bank balances | **115,350** |
| **Current liabilities** | |
| Trade and other payables | **(375,666)** |
| Accrual | **(261,004)** |
| Deposit received | **(38,100)** |
| Contract liabilities | **(24,667)** |
| Provision for taxation | **(4,165)** |
| Net liabilities assumed | **(382,351)** |

Goodwill arising from acquisition

| | 17 December 2019 RM |
|---|---|
| Consideration transferred | **7,052,103** |
| Add: Fair value of identifiable net liabilities assumed | **382,351** |
| Goodwill arising on acquisition | **7,434,454** |

Goodwill arose in the acquisition of Lady Paradise because the cost of the combination included a control premium and the movement in share prices as mentioned above. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, the assembled workforce of Lady Paradise, the know-how and operational knowledge of running confinement centres as Lady Paradise is one of the pioneer of confinement centres in Malaysia. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

Net cash inflow from acquisition of subsidiary

| | 2019 RM |
|---|---|
| Consideration paid in cash | **–** |
| Add: Cash and cash equivalent balances acquired | **115,350** |
| | **115,350** |

## 39 ACQUISTION OF SUBSIDIARY (continued)

Impact of acquisition on the results of the Group

Included in the loss for the year is a loss of RM31,056 attributable to the additional business generated by Lady Paradise. Revenue for the period from Lady Paradise amounted RM27,852.

Had the business combination during the year been effected at 1 January 2019, the revenue of the Group from continuing operations would have been RM10,546,976, and the loss for the year from continuing operations would have been RM10,596,516.

On 8 April 2020, HealthPro increased its investment in Lady Paradise by way of capitalisation of intercompany advances amounting to RM70,000 extended by HealthPro to Lady Paradise, which was mainly used for working capital purposes. With the issuance of 70,000 new ordinary shares at RM1.00 per share to HealthPro, the issued and paid-up share capital of Lady Paradise increased from RM180,000 (comprising 180,000 ordinary shares) to RM250,000 (comprising 250,000 ordinary shares).

## 40 OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | **Group** |
|---|---|
| | 31 December 2018 |
| | RM |
| Within one year | 328,357 |
| In the second to fifth years inclusive | 371,070 |
| | 699,427 |

The Group as lessor

Operating leases, in which the Group is the lessor, relate to the office unit leased by the Group with lease term of 1 year, with no extension option.

During the year ended 31 December 2019, office rental income earned was RM137,400 (2018: RM100,720) (Note 5). The office space held had committed tenant for the next one year. The lessee does not have the option to renew at the expiry of the lease period.

| | **Group** | |
|---|---|---|
| | **31 December 2019** | 31 December 2018 |
| | **RM** | RM |
| Within one year (Note 5) | **137,400** | 137,400 |

## 41 COMMITMENTS

In October 2019, the Group entered into a contract for renovation work of its confinement centre in Singapore amounting to SGD3.18 million including GST. As at the end of the reporting period, the commitment for the remaining renovation work amounts to SGD1.6 million (RM4,828,410).

## 42 SEGMENT INFORMATION

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

For management purposes, the Group is organised into business units based on their products and services. In 2018, the Group only has one segment - Asset Integrity Management segment. The Mobile Natural Gas, Exploration and Production and Renewable Energy segments had been discontinued in prior years. As at 31 December 2019, the Group has a new Healthcare segment following its acquisition of Lady Paradise (M) Sdn. Bhd. during the year (Note 39).

Segment revenue represents revenue generated from external customers and inter-segment sales. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment after allocation of central finance costs and share of results of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than tax assets.

Information regarding each of the Group's reportable segments is presented below.

**Continuing Operations**

| | **Asset Integrity Management** | | **Healthcare** | | **Corporate** | | **Consolidated** | |
|---|---|---|---|---|---|---|---|---|
| **Group** | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM | **RM** | RM |
| **Revenue** | | | | | | | | |
| Total sales | **14,191,057** | 14,142,338 | **27,852** | – | **–** | – | **14,218,909** | 14,142,338 |
| Inter-segment sales | **(4,451,325)** | (11,180,875) | **–** | – | **–** | – | **(4,451,325)** | (11,180,875) |
| External sales | **9,739,732** | 2,961,463 | **27,852** | – | **–** | – | **9,767,584** | 2,961,463 |
| **Results** | | | | | | | | |
| Segment results | **(6,139,403)** | (33,247,190) | **(1,814,282)** | – | **(1,802,122)** | 25,060,927 | **(9,755,807)** | (8,186,263) |
| Finance costs | **(280,403)** | (505,705) | **(56,402)** | – | **–** | – | **(336,805)** | (505,705) |
| Share of results of associate | **(75,393)** | 49,798 | **–** | – | **–** | – | **(75,393)** | 49,798 |
| Loss before tax | **(6,495,199)** | (33,703,097) | **(1,870,684)** | – | **(1,802,122)** | 25,060,927 | **(10,168,005)** | (8,642,170) |
| Income tax expense | | | | | | | **58,513** | (163,682) |
| Loss for the year | | | | | | | **(10,109,492)** | (8,805,852) |
| Loss attributable to: | | | | | | | | |
| Owners of the Company | | | | | | | **(9,937,662)** | (8,805,852) |
| Non-controlling interests | | | | | | | **(171,830)** | – |
| Loss for the year | | | | | | | **(10,109,492)** | (8,805,852) |

## 42 SEGMENT INFORMATION (continued)

**Discontinued Operations**

| Group | Exploration and Production | | Mobile Natural Gas | | Renewable Energy | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM | **RM** | RM |
| **Revenue** | | | | | | | | |
| Total sales | **–** | – | **–** | 18,437,713 | **–** | – | **–** | 18,437,713 |
| Inter-segment sales | **–** | – | **–** | – | **–** | – | **–** | – |
| External sales | **–** | – | **–** | 18,437,713 | **–** | – | **–** | 18,437,713 |
| **Results** | | | | | | | | |
| Segment results | **10,449,109** | (257,975) | **–** | (7,498,722) | **(23,467)** | (362,767) | **10,425,642** | (8,119,464) |
| Finance costs | **–** | – | **–** | (9,832) | **–** | – | **–** | (9,832) |
| Share of results of associate | **–** | – | **–** | – | **–** | – | **–** | – |
| Loss before tax | **10,449,109** | (257,975) | **–** | (7,508,554) | **(23,467)** | (362,767) | **10,425,642** | (8,129,296) |
| Income tax expense | | | | | | | **(496)** | (117,196) |
| Loss for the year | | | | | | | **10,425,146** | (8,246,492) |
| Loss attributable to: | | | | | | | | |
| Owners of the Company | | | | | | | **10,425,146** | (8,246,492) |
| Non-controlling interests | | | | | | | **–** | – |
| Loss for the year | | | | | | | **10,425,146** | (8,246,492) |

## 42 SEGMENT INFORMATION (continued)

| | Asset Integrity Management | | Healthcare | | Corporate | | Discontinued operations | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **31 Dec 2019** | 31 Dec 2018 | **31 Dec 2019** | 31 Dec 2018 | **31 Dec 2019** | 31 Dec 2018 | **31 Dec 2019** | 31 Dec 2018 | **31 Dec 2019** | 31 Dec 2018 |
| | **RM** | RM | **RM** | RM | **RM** | RM | **RM** | RM | **RM** | RM |
| **Group** | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| Segment assets | **3,821,039** | 19,515,626 | **24,682,898** | – | **1,330,730** | 94,338 | **66,160** | 2,871,803 | **29,900,827** | 22,387,429 |
| Associates | **–** | 75,393 | **–** | – | **–** | – | **–** | – | **–** | 75,393 |
| Sub-total | **3,821,039** | 19,591,019 | **24,682,898** | – | **1,330,730** | 94,338 | **66,160** | 2,871,803 | **29,900,827** | 22,462,822 |
| Unallocated assets [(a)] | | | | | | | | | **430,034** | 1,762,250 |
| Consolidated total assets | | | | | | | | | **30,330,861** | 24,225,072 |
| **Liabilities** | | | | | | | | | | |
| Segment liabilities | **6,493,735** | 17,785,865 | **19,501,205** | – | **542,289** | 1,825,204 | **147,992** | 11,634,432 | **26,685,221** | 31,246,501 |
| Unallocated liabilities [(b)] | | | | | | | | | **226,878** | 3,162,802 |
| Consolidated total liabilities | | | | | | | | | **26,912,099** | 34,409,303 |

(a) Unallocated assets comprise tax recoverable, value-added tax receivables and deferred tax assets.

(b) Unallocated liabilities comprise withholding tax, value-added tax payables, deferred tax liabilities and income tax payable.

## 42 SEGMENT INFORMATION (continued)

| Group | Asset Integrity Management 2019 RM | Asset Integrity Management 2018 RM | Healthcare 2019 RM | Healthcare 2018 RM | Mobile Natural Gas 2019 RM | Mobile Natural Gas 2018 RM | Exploration and Production 2019 RM | Exploration and Production 2018 RM | Renewable Energy 2019 RM | Renewable Energy 2018 RM | Consolidated 2019 RM | Consolidated 2018 RM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Other information** | | | | | | | | | | | | |
| Capital expenditure | **66,244** | 702,163 | **94,411** | – | **–** | 164,724 | **–** | – | **–** | – | **160,655** | 886,887 |
| Amortisation of intangible assets | **53,844** | 137,397 | **–** | – | **–** | 2,876 | **–** | – | **–** | – | **53,844** | 140,273 |
| Depreciation of property, plant and equipment | **621,654** | 909,486 | **547** | – | **–** | 593,312 | **–** | 24,321 | **–** | 41,743 | **622,201** | 1,568,862 |
| Depreciation of right-of-use assets | **267,215** | – | **425,679** | – | **–** | – | **–** | – | **–** | – | **692,894** | – |
| Impairment of property, plant and equipment | **834,423** | 18,715 | **–** | – | **–** | – | **–** | – | **–** | – | **834,423** | 18,715 |
| Impairment of goodwill | **–** | – | **1,301,926** | – | **–** | – | **–** | – | **–** | – | **1,301,926** | – |
| Write-back of loss allowance | **(1,742)** | – | **–** | – | **–** | – | **–** | – | **–** | – | **(1,742)** | – |
| Expected credit loss allowance | **1,182,377** | 103,106 | **–** | – | **–** | – | **–** | – | **23,339** | 1,581 | **1,205,716** | 104,687 |
| Allowance for inventories | **201,758** | 1,022,362 | **–** | – | **–** | – | **–** | – | **–** | – | **201,758** | 1,022,362 |
| Write-back impairment of inventories | **(115,015)** | – | **–** | – | **–** | – | **–** | – | **–** | – | **(115,015)** | – |
| Inventories written off | **60,276** | 197,139 | **13,491** | – | **–** | – | **–** | – | **132,000** | 1,007 | **205,767** | 198,146 |
| Impairment of VAT receivables | **290,098** | – | **–** | – | **–** | – | **–** | – | **–** | – | **290,098** | – |
| Receivables written off | **109,896** | 495,941 | **–** | – | **–** | – | **–** | 103,400 | **–** | – | **109,896** | 599,341 |
| Property, plant and equipment written off | **79,212** | – | **–** | – | **–** | – | **–** | – | **–** | – | **79,212** | – |
| Gain on settlement of post-employment benefit | **–** | (54,471) | **–** | – | **–** | – | **–** | (94,730) | **–** | – | **–** | (149,201) |
| Write-back of payables | **(107,777)** | – | **–** | – | **–** | – | **(964,455)** | – | **–** | – | **(1,072,232)** | – |
| Write-back accrued expenses | **(65,380)** | – | **–** | – | **–** | – | **(10,532)** | – | **–** | – | **(75,912)** | – |
| Write-back provision for termination liabilities | **–** | – | **–** | – | **–** | – | **(7,839,665)** | – | **–** | – | **(7,839,665)** | – |
| Write-back of provision for extension penalty | **–** | – | **–** | – | **–** | – | **(2,830,349)** | – | **–** | – | **(2,830,349)** | – |
| (Gain) Loss on disposal of subsidiaries | **(39,843)** | – | **–** | – | **–** | 5,411,362 | **–** | – | **–** | – | **(39,842)** | 5,411,362 |
| Loss (Gain) on deconsolidation of subsidiaries | **–** | – | **–** | – | **–** | – | **860,880** | – | **(300,306)** | – | **560,574** | – |
| Loss on finance lease receivables | **–** | – | **–** | – | **–** | – | **–** | – | **–** | 43,591 | **–** | 43,591 |

## 42 SEGMENT INFORMATION (continued)

Geographical information:

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment non-current assets: Segment non-current assets are analysed based on the location of those assets.

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | **2019** | 2018 | **31 December 2019** | 31 December 2018 |
| | **RM** | RM | **RM** | RM |
| **Group** | | | | |
| Continuing operations | | | | |
| Nigeria | **3,175,035** | – | **–** | – |
| Singapore | **–** | – | **22,217,252** | – |
| India | **–** | 586,847 | **–** | – |
| Hong Kong | **–** | – | **142,016** | 854,116 |
| Vietnam | **2,848,572** | 624,962 | **–** | 13,824 |
| Malaysia | **2,312,981** | 1,227,051 | **427,883** | 720,769 |
| Thailand | **1,430,996** | 40,485 | **–** | – |
| Ghana | **–** | 272,916 | **–** | – |
| Indonesia | **–** | 209,202 | **–** | 86,900 |
| | **9,767,584** | 2,961,463 | **22,910,536** | 1,675,609 |
| Discontinued operations | | | | |
| Indonesia | **–** | 18,437,713 | **–** | – |
| | **9,767,584** | 21,399,176 | **22,910,536** | 1,675,609 |

Information about major customers:

Included in revenue arising from asset integrity management sector are revenue of approximately RM3,625,369 (2018: asset integrity management-RM1,096,247, mobile natural gas-RM6,649,090) which arose from sales to the Group's largest customer in the respective sectors.

# NOTES TO FINANCIAL STATEMENTS

31 December 2019

## 43 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements that are relevant to the Group and the Company were issued but not effective:

Effective for annual periods beginning on or after 1 January 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

# STATISTICS OF SHAREHOLDINGS

As at 16 April 2020

| | | |
|---|---|---|
| Issued and fully paid-up capital | : | SGD47,397,074.56 |
| Number of Issued and paid-up Shares | : | 487,874,594 |
| Class of share | : | Ordinary shares fully paid |
| Number of issued and paid-up shares excluding treasury shares and subsidiary holdings | : | 487,674,594 |
| Number and percentage of Treasury Shares | : | 200,000 (0.04%) |
| Number and percentage of Subsidiary Holdings | : | Nil |
| Voting rights | : | One vote for each ordinary share |

**DISTRIBUTION OF SHAREHOLDINGS**

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 7 | 0.68 | 283 | 0.00 |
| 100 - 1,000 | 36 | 3.52 | 18,727 | 0.00 |
| 1,001 - 10,000 | 218 | 21.33 | 1,747,500 | 0.36 |
| 10,001 - 1,000,000 | 731 | 71.53 | 87,161,272 | 17.87 |
| 1,000,001 AND ABOVE | 30 | 2.94 | 398,746,812 | 81.77 |
| **TOTAL** | **1,022** | **100.00** | **487,674,594** | **100.00** |

**TWENTY LARGEST SHAREHOLDERS**

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | CITIBANK NOMINEES SINGAPORE PTE LTD | 54,562,800 | 11.19 |
| 2 | THE RAIN MAKER MGMT PTE. LTD. | 51,400,000 | 10.54 |
| 3 | LOW KOON POH | 50,000,000 | 10.25 |
| 4 | LIW CHAI YUK | 44,777,103 | 9.18 |
| 5 | MICHAEL MARCUS LIEW | 36,640,000 | 7.51 |
| 6 | CHRISTOPHER NGHIA DO | 27,788,158 | 5.70 |
| 7 | WILLY CHAN FOO WENG | 22,307,300 | 4.57 |
| 8 | RHB SECURITIES SINGAPORE PTE. LTD. | 10,692,750 | 2.19 |
| 9 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 10,264,442 | 2.10 |
| 10 | UOB KAY HIAN PRIVATE LIMITED | 9,273,900 | 1.90 |
| 11 | PHILLIP SECURITIES PTE LTD | 8,481,800 | 1.74 |
| 12 | PERMBROOK PTY LIMITED | 7,524,000 | 1.54 |
| 13 | CROGAR PTY LIMITED | 7,230,000 | 1.48 |
| 14 | MUVUSI PTY LIMITED | 7,230,000 | 1.48 |
| 15 | MUWORI PTY LIMITED | 7,230,000 | 1.48 |
| 16 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 5,350,400 | 1.10 |
| 17 | RAFFLES NOMINEES (PTE.) LIMITED | 5,278,250 | 1.08 |
| 18 | KHIEM TRONG DO | 4,691,000 | 0.96 |
| 19 | NG LEE ENG | 4,000,000 | 0.82 |
| 20 | POH CHENG SENG OR POH SENG KUI | 4,000,000 | 0.82 |
| | **TOTAL** | **378,721,903** | **77.63** |

**Note:**

The shareholding percentage is computed based on the number of issued and paid-up shares (excluding treasury shares) of 487,674,594 shares as at 16 April 2020.

# SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 16 April 2020

| | | DIRECT INTEREST | | DEEMED INTEREST | |
|---|---|---|---|---|---|
| NO | NAME | NO. OF SHARES | % | NO. OF SHARES | % |
| 1 | TAN SRI DATO' HARI N. GOVINDASAMY | – | – | 53,856,500[(1)] | 11.04 |
| 2. | VIMALA J. GOVINDASAMY | – | – | 53,856,500[(1)] | 11.04 |
| 3. | CHRISTOPHER NGHIA DO | 27,788,158 | 5.70 | 1,736,000[(2)] | 0.36 |
| 4. | LOW KOON POH | 50,000,000 | 10.25 | – | – |
| 5. | MICHAEL MARCUS LIEW | 36,640,000 | 7.51 | – | – |
| 6. | LIW CHAI YUK | 44,777,103 | 9.18 | – | – |
| 7. | THE RAIN MAKER MGMT PTE LTD | 51,400,000 | 10.54 | – | – |

**Notes:**

(1) The deemed interest in 53,856,500 shares are held by Tan Sri Dato' Hari N. Govindasamy and Vimala J. Govindasamy through a joint account in Citibank Nominees Singapore Pte. Ltd.

(2) Christopher Nghia Do is deemed to be interested in 1,736,000 shares held by his spouse, Tran Thi Mai Thao.

## SHARES HELD BY PUBLIC

Based on the information provided to the Company as at 16 April 2020, approximately 44.04% of the issued and paid-up shares of the Company (excluding treasury shares and subsidiary holdings) were held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**") of IEV Holdings Limited (the "**Company**") will be held by way of electronic means on Wednesday, 24 June 2020 at 10.30 a.m. (Singapore time) to transact the following business thereon:

**Ordinary Business**

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2019 and the Directors' Statement together with the Auditors' Report.

**(Resolution 1)**

2. To re-elect Ng Weng Sui Harry who is retiring by rotation pursuant to Article 98 of the Constitution of the Company. *[See Explanatory Note 1]*

**(Resolution 2)**

3. To re-elect Kesavan Nair who is retiring by rotation pursuant to Article 98 of the Constitution of the Company. *[See Explanatory Note 1]*

**(Resolution 3)**

4. To re-elect Low Koon Poh who is retiring pursuant to Article 102 of the Constitution of the Company. *[See Explanatory Note 1]*

**(Resolution 4)**

5. To re-elect Ng Yau Kuen Carmen who is retiring pursuant to Article 102 of the Constitution of the Company. *[See Explanatory Note 1]*

**(Resolution 5)**

6. To re-elect Ahmad Bin Mohd Don who is retiring pursuant to Article 102 of the Constitution of the Company. *[See Explanatory Note 1]*

**(Resolution 6)**

7. To approve the payment of additional Director's fee of S$13,161/- for the financial year ended 31 December 2019. *[See Explanatory Note 2]*

**(Resolution 7)**

8. To approve the payment of Directors' fees amounting to S$201,600/- for the financial year ending 31 December 2020, to be paid quarterly in arrears (2019: S$157,161/-).

**(Resolution 8)**

9. To appoint Messrs Mazars LLP as auditors of the Company in place of the retiring Auditors, Messrs Deloitte & Touche LLP, to hold office until the conclusion of the next AGM of the Company, and to authorise Directors to fix their remuneration. *[See Explanatory Note 3]*

**(Resolution 9)**

**Special Business**

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

10. **Authority to Allot and Issue Shares**

THAT pursuant to Section 161 of the Companies Act (Chapter 50) (the "**Act**") and Rule 806(2) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

I (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that may or would require shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares; and/or

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

II (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided always that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed 100% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising of share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

provided further that adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;

(c) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. *[See Explanatory Note 4]*

**(Resolution 10)**

11. **Authority to grant awards, allot and issue shares pursuant to the IEV Holdings Performance Share Plan (the "Plan")**

THAT pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to offer and grant awards ("**Awards**") in accordance with the provisions of the Plan and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of the Awards granted under the Plan, provided always that the aggregate number of shares to be allotted and issued pursuant to the Plan, shall not exceed 15% of the total issued shares of the Company (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant grant. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. *[See Explanatory Note 5]*

**(Resolution 11)**

12. To transact any other business that may be transacted at an AGM of the Company.

By Order of the Board

Kong Wei Fung
Company Secretary
Singapore
15 May 2020

**Explanatory Notes:**

(1) **Resolutions 2 to 6**

Mr Harry Ng will, upon re-election as a Director, continue to serve as Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Kesavan Nair will, upon re-election as a Director, continue to serve as Independent Director, Chairman of the Nominating and Remuneration Committees and member of the Audit Committee. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Dato' Low Koon Poh will, upon re-election as a Director, continue to serve as Executive Director of the Company. Dato' Low is a substantial shareholder of the Company.

Ms Carmen Ng will, upon re-election as a Director, continue to serve as Independent Director and a member of the Remuneration Committee.

Tan Sri Ahmad will, upon re-election as a Director, continue to serve as Independent Director and a member of the Audit and Nominating Committees. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Detailed information of retiring Directors can be found under sections entitled "Directors' Profile" and "Report on Corporate Governance" of the Company's Annual Report 2019.

(2) **Resolution 7**

The shareholders of the Company had approved the payment of Directors' fees of S$144,000 for the financial year ended 31 December 2019 at the annual general meeting of the Company held on 29 April 2019. The additional Director's fee of S$13,161/- is payable to Ms Ng Yau Kuen Carmen (appointed as Independent Non-Executive Director on 10 July 2019) for the period from 10 July 2019 to 31 December 2019.

(3) **Resolution 9**

This is to approve the appointment of Messrs Mazars LLP as the Company's Auditors in place of the retiring Auditors, Messrs Deloitte & Touche LLP and to authorise Directors to fix their remuneration. Please refer to the Appendix accompanying this Notice dated 15 May 2020 for further information.

(4) **Resolution 10**

This is to empower the Directors of the Company, effective until conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, without seeking any further approval from shareholders in a general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of this Resolution. For issue of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) other than on a *pro rata* basis to existing shareholders, the aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution.

(5) **Resolution 11**

This is to authorise the Directors of the Company, effective until conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant Awards in accordance with the provisions of the Plan and to allot and issue shares under the Plan up to an amount not exceeding 15% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the date preceding the date of the relevant grant.

**Notes:**

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of AGM ("**Notice**") will be mailed out together with the Appendix accompanying this Notice dated 15 May 2020 and Annual Report of the Company after the lifting of the elevated safe distancing period. The Notice may be assessed from the Company's website at the URL https://iev-group.listedcompany.com/ and at the SGX website at URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio-only stream ("**LIVE AUDIO STREAM**")), submission of questions in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy, are set out in the accompanying Company's announcement dated 15 May 2020. This announcement may be assessed at the Company's website at the URL https://iev-group.listedcompany.com/ and at the SGX website at URL https://www.sgx.com/securities/company-announcements.

3. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM may be assessed from the Company's website at the URL https://iev-group.listedcompany.com/ and at the SGX website at URL https://www.sgx.com/securities/company-announcements. The printed copies of proxy form will be mailed out after the lifting of the elevated safe distancing period.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. A Chairman of the AGM, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:

   a) if submitted by post, be lodged 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; or

   b) if submitted electronically, be submitted via email to the Company's Share Registrar at srs.teamd@boardroomlimited.com,

   in either case, not less than forty-eight (48) hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws, failing which the instrument may be treated as invalid.

7. Where the instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. For investors who have used their CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) to buy shares, and wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.

**Personal data privacy:**

By (a) submitting a proxy form appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof or (b) submitting any question prior to the AGM or (c) submitting the pre-registration form in accordance with this Notice, a member of the Company (i) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty; and (ii) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of (collectively, the "**Purposes**"):

I. the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof);

II. processing the pre-registration forms for purposes of granting access to members for the LIVE WEBCAST or LIVE AUDIO STREAM and providing viewers with any technical assistance, where necessary;

III. addressing selected substantive questions from members received during the AGM;

IV. the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

V. enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

The member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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*This notice of AGM ("**Notice**") has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This Notice 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 Notice, including the correctness of any of the statements or opinions made, or reports contained in this Notice.*

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

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# IEV HOLDINGS LIMITED

(Incorporated in the Republic of Singapore
– Company Registration No. 201117734D)

**Important :**

1. Alternative arrangements relating to attendance at the AGM via electronic means, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 15 May 2020. This announcement may be assessed at the Company's website at the URL https://iev-group.listedcompany.com/ and at the SGX website at URL https://www.sgx.com/securities/company-announcements.
2. This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL https://iev-group.listedcompany.com/ and at the SGX website at URL https://www.sgx.com/securities/company-announcements. Printed copy of this form of proxy will be mailed out after the lifting of the elevated safe distancing period.
3. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before this AGM.

## PROXY FORM

*I/We, ____________________ (name) ____________________ (NRIC/Passport/Co Registration No.)

of ____________________________________________ (address)

being a member/members of IEV Holdings Limited (the "**Company**"), hereby appoint Chairman of the Annual General Meeting of the Company ("**AGM**"), as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the AGM to be held by way of electronic means on Wednesday, 24 June 2020 at 10.30 a.m. (Singapore time) and at any adjournment thereof. I/We direct the Chairman of the Meeting, being my/our proxy, to vote for or against, or to abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder.

| No. | Ordinary Resolutions relating to: | For* | Against* | Abstain* |
|---|---|---|---|---|
| **Ordinary Business** | | | | |
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2019 and the Directors' Statement together with the Auditors' Report | | | |
| 2. | To re-elect Ng Weng Sui Harry as a Director of the Company | | | |
| 3. | To re-elect Kesavan Nair as a Director of the Company | | | |
| 4. | To re-elect Low Koon Poh as a Director of the Company | | | |
| 5. | To re-elect Ng Yau Kuen Carmen as a Director of the Company | | | |
| 6. | To re-elect Ahmad Bin Mohd Don as a Director of the Company | | | |
| 7. | To approve the payment of additional Director's fee for the financial year ended 31 December 2019 | | | |
| 8. | To approve the payment of Directors' fees for the financial year ending 31 December 2020, to be paid quarterly in arrears | | | |
| 9. | To appoint Messrs Mazaars LLP as the Company's auditors in place of the retiring Auditors, Messrs Deloitte & Touche LLP, and to authorise the Directors to fix their remuneration | | | |
| **Special Business** | | | | |
| 10. | To approve the authority to allot and issue shares | | | |
| 11. | To approve the authority to grant awards, allot and issue shares pursuant to the IEV Holdings Performance Share Plan | | | |

Note:

* Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes **for** or **against** a resolution, please indicate with "X" in the "**For**" or "**Against**" box in respect of that resolution. Alternatively, please indicate the number of shares **for** or **against** in the "**For**" or "**Against**" box in respect of that resolution. If you wish the Chairman of the AGM as your proxy to **abstain** from voting on a resolution, please indicate with "X" in the "**Abstain**" box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this __________ day of ____________________ 2020

| Total Number of Shares held (Note 1) |
|---|
| |

______________________________
Signature(s) / Common Seal of members(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES TO PROXY FORM:**
**IMPORTANT**

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. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** This proxy form may be assessed from the Company's website at the URL https://iev-group.listedcompany.com/ and at the SGX website at URL https://www.sgx.com/securities/company-announcements. The printed copies of proxy form will be mailed out after the lifting of the elevated safe distancing period.

3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. A Chairman of the AGM, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:

   a) if submitted by post, be lodged 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; or

   b) if submitted electronically, be submitted via email to the Company's Share Registrar at srs.teamd@boardroomlimited.com,

   in either case, not less than forty-eight (48) hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   **In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws, failing which the instrument may be treated as invalid.

7. Where the instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. For investors who have used their CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) to buy shares, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.

9. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy). In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have Shares entered against his/her name in the Depository Register at seventy-two (72) hours before the time appointed for holding the AGM 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 Annual General Meeting dated 15 May 2020.