



IEV HOLDINGS LIMITED

(Company Registration Number 201117734D)

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

PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF LADY PARADISE (M) SDN BHD AND PROPOSED DIVERSIFICATION OF BUSINESS

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**" or "**Directors**") of IEV Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the holding announcement made on 25 June 2019 in relation to discussions held with third parties pertaining to a contemplated transaction which will result in the diversification of the Group's business into the healthcare and wellness business sector ("**Holding Announcement**"). Further to the Holding Announcement, the Board wishes to announce that its wholly-owned subsidiary, Healthpro Pte. Ltd. (the "**Buyer**") has, on 16 September 2019, entered into a sale and purchase agreement ("**SPA**") with Lim Sew Lei ("**LSL**") and Liw Chai Yuk ("**LCY**") (collectively, the "**Sellers**" and each a "**Seller**") relating to the proposed acquisition of the entire issued share capital of Lady Paradise (M) Sdn Bhd (the "**Target**") from the Sellers (the "**Proposed Acquisition**").
- 1.2 Upon completion of the Proposed Acquisition, the Target will become a wholly-owned subsidiary of the Buyer. Accordingly, the Company is making this announcement pursuant to Rule 704(16) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**").
- 1.3 In addition, the Proposed Acquisition constitutes a "disclosable transaction" under Chapter 10 of the Catalist Rules. Please refer to section 6 of this announcement for further details on the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules.
- 1.4 In connection with the Proposed Acquisition, the Board wishes to announce that, subject to the approval of shareholders of the Company ("**Shareholders**"), the Company intends to diversify its business ("**Proposed Diversification**") into the healthcare, postpartum care and wellness business ("**New Business**").
- 1.5 The Company intends to convene an extraordinary general meeting to seek the approval of Shareholders for the Proposed Acquisition and the Proposed Diversification in due course.

2. INFORMATION ON THE TARGET AND THE SELLERS

- 2.1 The Target was incorporated in Kuala Lumpur, Malaysia on 2 July 2003. The Target has an issued and paid up share capital of Malaysian Ringgit ("**MYR**") 180,000 divided into 180,000 units of ordinary shares of MYR 1.00 each.
- 2.2 LSL and LCY are unrelated individuals holding 3.0% and 97.0% of the issued and paid

up share capital of the Target respectively. None of the Sellers are related to the Group, the Directors, the Company's substantial shareholders and/or their respective associates.

The Target 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.

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

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

3. RATIONALE FOR THE PROPOSED ACQUISITION AND PROPOSED DIVERSIFICATION

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

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

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

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

work in this industry has shrunk over the years.

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

As such, the Company believes that there is an increasing demand for postpartum care and the Group can benefit from being invested in this sector.

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

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

(i) Additional and recurrent revenue streams

The Group is of the view that the New Business is expected to provide additional revenue streams for the Group which are independent of the oil and gas sector thereby reducing the Group's reliance on its core business for its revenue streams.

(ii) Enhanced Shareholders' value

The Proposed Acquisition and the Proposed Diversification are part of the Group's corporate strategy to provide the Shareholders with diversified returns and long-term growth.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 Consideration and Valuation

- (a) The consideration for the Sale Shares is Malaysian Ringgit Three Million and Five Hundred Thousand (MYR 3,500,000) (the "**Consideration**") (equivalent to approximately S\$1,154,049 based on an exchange rate of SGD 1 : MYR 3.0328 as at 13 September 2019). The Consideration shall be satisfied by the issuance and allotment of an aggregate of 46,161,962 new ordinary shares ("**Shares**") in the capital of the Company (the "**Consideration Shares**") at S\$0.025 per Consideration Share (the "**Issue Price**") to the Sellers in accordance with their respective shareholdings in the Target on completion of the Proposed Acquisition (the "**Completion**").
- (b) The Consideration was arrived at after arm's length negotiations between the Buyer and the Sellers and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the latest available valuation on the Target (as further described under paragraph 4.1(c) below) and the Profit Guarantee (as defined in paragraph 4.5 below).
- (c) In connection with the Proposed Acquisition, the Group has engaged Cushman & Wakefield VHS Pte Ltd (the "**Valuer**") as an independent valuer to assess

and determine the market value of the 100% equity interest in the capital of the Target. Based on a preliminary valuation conducted by the Valuer, the indicative value of the 100% equity interest in the capital of the Target is between MYR3.1 million to MYR3.5 million as at 31 May 2019. The valuation is based primarily on the income approach.

4.2 Consideration Shares

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

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

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

4.3 Conditions Precedent

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

- (a) the results of legal, financial and commercial due diligence investigations in respect of the Target being satisfactory to the Buyer (in its sole discretion);

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

4.4 Longstop Date

If all of the conditions precedent under the SPA (save for those compliance with which has been waived in accordance with the terms of the SPA) have not been fulfilled on or before 5.00 p.m. on 31 December 2019, the SPA shall lapse and no party shall have any claim against any other party under it, save for any claim arising from antecedent breaches of the SPA.

4.5 Profit Guarantee

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

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

5. DISCLOSURE UNDER RULE 1013(1) OF THE CATALIST RULES

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

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

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

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

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

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

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

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

As noted above, the Shortfall will be made good by way of cash payment by the Sellers. As security for the due observance and performance of the Profit Guarantee, the Sellers have agreed under the SPA to execute a deed of security, pursuant to which:

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

6. CHAPTER 10 OF THE CATALIST RULES

Based on the Company's latest announced financial results for the six months ended 30 June 2019 ("HY2019"), the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition are set out below.

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

Notes:

- (1) Based on the unaudited financial statements of the Company for HY2019, the net loss of the Group was approximately MYR 4.043 million. Based on the management accounts of the Target for HY2019, including adjustments made subsequent to a financial due diligence exercise conducted by the Company, the net loss of the Target was approximately MYR0.116 million.
- (2) The Consideration of MYR3,500,000 (equivalent to approximately S\$1,154,049 based on an exchange rate of SGD 1 : MYR 3.0328 as at 13 September 2019) is compared against the Company's market capitalisation of S\$8,041,278, which is computed based on 365,512,632 Shares (excluding treasury shares) in issue and the weighted average price of S\$0.022 on 13 September 2019, being the last market day preceding the date of the SPA.
- (3) The amount of 46,161,962 Consideration Shares is compared against 365,512,632 Shares (excluding treasury shares) currently in issue.

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

7. FINANCIAL INFORMATION AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

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

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

7.1 NTL

	Before the Proposed Acquisition	After the Proposed Acquisition
NTL attributable to owners of the Company (MYR'000)	(10,176,192)	(10,251,516)
Number of Shares (excluding treasury shares) ('000)	365,512,632 ¹	411,674,594
NTL per Share (Malaysia cents)	(0.028)	(0.025)

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

7.2 Loss per Share ("LPS")

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to owners of the Company (MYR'000)	(17,052,344)	(16,980,565)
Weighted average number of Shares ('000)	365,512,632 ¹	411,674,594
LPS (Malaysia cents)	(0.047)	(0.041)

Notes: (1) The weighted average number of Shares have been adjusted for an issuance of 80,000,000 Shares pursuant to a share subscription exercise completed on 15 May 2019 increasing the weighted average number of Shares

(excluding treasury shares) from 285,512,632 Shares as at 31 December 2018 to 365,512,632 Shares.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date hereof, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective directorships and shareholdings in the Company, if any.

9. SERVICE CONTRACT

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

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the SPA, the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

11. EGM AND CIRCULAR

As set out in paragraph 3 read with paragraph 4.3 of this announcement, completion of the Proposed Acquisition will be conditional upon approval of the Shareholders having been obtained for the Proposed Diversification.

A circular to the Shareholders containing further details on the Proposed Acquisition and the Proposed Diversification and enclosing a notice of extraordinary general meeting in connection therewith will be dispatched to the Shareholders in due course.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at 80 Robinson Road #02-00 Singapore 068898, for a period of three months from the date of this announcement.

By Order of the Board

Christopher Do
President & CEO
16 September 2019

MEDIA CONTACT

For media queries, please contact;

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*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement 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 announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

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.