Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: IEV Holdings Limited

Stock code: 5TN

Meeting details:
Date: 24 June 2020
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. On 3 June 2020, the company announced an expanded scope of contract for the provision of Advanced Inspection Solutions in Malaysia. The expanded scope, worth US$1.0 million (estimated), involves the dredging and pipeline coating removal of a subsea pipeline at the oil & gas field in Malaysia. This follows the contract secured by the group in May 2020 to inspect a subsea pipeline and structural clamps using ultrasonic scanner technology deployed by a remotely operated vehicle. The contract value is estimated to be in excess of AUD1.2 million.

In April 2020, the group had also won a contract to inspect a subsea pipeline located at its offshore O&G field in Malaysia. The contract is estimated to have a contract value in excess of US$1.5 million.

(i) **Has the 49% associate, IEV (Malaysia) Sdn. Bhd., received approval from Malaysia's Ministry of International Trade and Industry to resume activities during the Movement Control Order period?**

(ii) **Is the group still on track to commence work in the second half of June 2020?**

(iii) **Can management clarify if the client is the same in all the three contracts? If so, why were the contracts negotiated in USD and AUD?**

(iv) **Would management disclose the overall order book for the AIM segment?**

Q2. At the extraordinary general meeting held on 18 October 2019, shareholders approved the proposed diversification into healthcare, postpartum care and wellness business. On 17 December 2019, the group acquired Lady Paradise (M) Sdn. Bhd. which operates a postpartum care centre in Malaysia

As noted in the unaudited financial statements for the first quarter ended 31 March 2020, the postpartum business generated RM162,000 in revenue and a gross profit of RM82,000.

Administrative expenses from the Healthcare Sector included:
(a) higher depreciation for right-of-use assets of RM1.3 million from the lease of a commercial property in Singapore for a planned postpartum centre;
(b) a RM0.1 million increase in rental expenses for a commercial property in Malaysia and an office space in Singapore; and
(c) a RM0.1 million increase in manpower cost.

(i) **What are the key value drivers for the new postpartum business?**

(ii) **What was the utilisation/occupancy rate of the postpartum centre in Petaling Jaya in 2019? Are the services provided by the postpartum centre deemed essential services?**

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(iii) **What is the market entry strategy for Singapore? What would be the breakeven point for the new Singapore postpartum centre?**

(iv) Currently, the planned capital outlays for the renovation of two new confinement centres add up to approximately RM16.8 million. The group continues to make losses, partly due to the start up costs associated with the new centres. **Does the group have the financial resources to fund the growth in the new healthcare segment?**

Q3. On 14 May 2020, the company announced that there are material differences between the unaudited results (first announced by the company on 28 February 2020) and the audited financial statements for FY2019 after the finalisation of audit.

The material variances were as large as RM6.2 million. Loss for the year from continuing operations increased from RM(7.5) million to RM(10.1) million.

Reasons given for the material differences included:
- impairment of goodwill from other operating expenses
- reclassification of cumulative exchange differences upon deconsolidation of subsidiary
- additional accrued expenses
- offsetting of trade receivables and trade payables
- elimination of inter-company accrued project costs
- reclassification of trade payables to other payables to an associate
- adjustment on repayment of lease liabilities
- adjustment of cash arising from the liquidation of a subsidiary

In fact, the company announced material discrepancies between its audited and unaudited results for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2014 as well.

In each of the past three financial years, the company has had to announce material variances between the audited financial statements of the group and the unaudited results.

(i) **How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?**

(ii) **Has the audit committee (AC) evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**

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(iii) **Is the company (and its officers) familiar with Singapore Financial Reporting Standards (International)?** The reasons for the material discrepancies included simple transaction, such as overprovision of accrued expenses and adjustment on repayment of lease liabilities and cash arising from the liquidation of a subsidiary.

(iv) **Would the members of the AC help shareholders understand their personal recent and relevant accounting or related financial management expertise or experience that would make them appropriately qualified to discharge their responsibilities?**

(v) **Specifically, what was the level of involvement by the AC chairman and each of the AC members in the preparation of the financial statements? Has the AC been effective in the discharge of its responsibilities?**

(vi) **Can the AC update shareholders on the improvements made/to be made to the group's financial reporting systems and processes?**

(vii) **What guidance has the sponsor given to the company in the area of financial and reporting matters and the effectiveness and adequacy of the internal control and procedures (including accounting and financial controls and procedures)?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)