



ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Company Registration No: 200313131Z)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE UNAUDITED HALF YEAR RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

The Board of Directors (“Board”) of Envictus International Holdings Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 16 May 2024 in relation to the Company’s unaudited half year results for the financial period ended 31 March 2024 which was announced on 30 April 2024.

Question (1)

In respect of the Group’s current trade and other receivables amounting to RM81,372,000 as at 31 March 2024, which increased 51% in comparison to the increase on revenue of only 12%, please disclose a breakdown of the receivables and the reasons for the significant increase in trade and other receivables.

Please also disclose: -

- i) the aging of the Group’s trade and other receivables; and
- ii) the board’s assessment on the collectability of the remaining trade and other receivables and the bases for such an assessment.

Company’s response to Question (1)

The breakdown of the Group’s current receivables as at 31 March 2024 is as follows:

	As at 31.3.2024 RM'000	As at 30.9.2023 RM'000	Increase/ (Decrease) RM'000
Trade receivables	41,901	46,250	(4,349)
Less: allowance on trade receivables	(2,801)	(2,649)	(152)
	39,100	43,601	(4,501)
Other receivables			
Deferred payment from sale of assets (Note 1)	34,000	-	34,000
Deposits for rental, utilities and others	2,320	2,162	158
Prepayments for capital expenditure	1,080	585	495
Other prepayments (Note 2)	2,649	1,991	658
Advances to suppliers	948	2,359	(1,411)
Tax recoverable	901	896	5
Others	374	2,302	(1,928)
	42,272	10,295	31,977
Total receivables	81,372	53,896	27,476

Note 1:

Deferred payment of RM34.0 million is the remaining balance of sale proceeds from disposal of assets, which will be received on the date falling 18 months from the date of sale completion. The payment is expected to be received on 26 April 2025.

Note 2:

Other prepayments of RM2.6 million were mainly comprised prepayment made for insurance, utilities and other operating expenses.

The reasons for the significant increase in receivables was mainly due to the deferred payment of RM34.0 million from the sale proceeds as mentioned in the Note 1 above. This was partly offset against the reduction in trade receivables and advances to suppliers of RM4.5 million and RM1.4 million respectively.

- i) The aging of the Group's trade and other receivables as at 31 March 2024 is as follows:-

Trade Receivables	RM'000
Less than 30 days	19,257
Within 30 to 90 days	18,186
More than 90 days	1,657
Total	39,100

Other Receivables	RM'000
Less than 30 days	2,664
Within 30 to 90 days	1,510
More than 90 days	38,098*
Total	42,272

*Comprising deferred payment of RM34.0 million from the disposal of assets which is payable on 26 April 2025.

- ii) The Group measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables, excluding trade receivables determined to be credit impaired, are based on historical credit loss rate and historical payment pattern, adjusted for current conditions and forecast of future economic conditions that may affect the ability of the customer to settle the trade receivables at the reporting date. The Group has adequately provided for loss allowance for trade receivables for the financial period ended 31 March 2024.

For the overdue trade receivables, the Group will recover the debts through the following actions:

- (a) Contacting the customers regularly to follow up on the payment;
- (b) Negotiating a repayment plan with customers for the overdue debts;
- (c) Reducing the sales order / blocking order for the overdue customers; and
- (d) Lastly, seeking legal advice on possible recourse action to recover the debts.

Question (2):

As disclosed on page 7 of the 1H FY2024 financial statements, "Due to the non-compliance of the financial covenant by a subsidiary in relation to the maintenance of positive tangible net worth as at 31 March 2024, certain long-term bank borrowings with total amount of RM4,209,000 have been reclassified to current liabilities. The Group is still in discussion with the banks and there is no indication that the banks will request for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors."

Please disclose the status of the Company's negotiations with the banks on this breach of financial covenant, whether and how this may have an impact on the other loans of the Group. Please quantify where applicable.

Company's response to Question (2):

The Group will continue to seek indulgence from the banks to rectify the breach of the subsidiary's financial covenant and the banks are continuously monitoring the performance of the group. Based on the latest financial performance for the half year ended 31 March 2024, the subsidiary achieved a net profit of RM8.9 million, a turnaround from a net loss of RM28.8 million recorded for the last financial year ended 30 September 2023. The improvement in the bottom line has reduced the subsidiary's negative tangible net worth to RM19.6 million as at 31 March 2024 from RM28.5 million as at 30 September 2023.

There is no impact on other loans of the Group as our conduct of accounts and dealings with the banks are satisfactory.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman

20 May 2024