



ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Company Registration No: 200313131Z)

THE PROPOSED ACQUISITION OF PROPERTY BY POK BROTHERS SDN BHD

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Envictus International Holdings Limited (“the **Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that a wholly-owned subsidiary of the Company, Pok Brothers Sdn. Bhd. (the “**Purchaser**”), has on 28 December 2018 entered into a conditional sale and purchase agreement (the “**Agreement**”) with Nadi Eltra Sdn Bhd (the “**Vendor**”) for the acquisition of a property located in Johor Bahru, Malaysia, together with a factory building erected thereon (the “**Property**”), for a consideration of RM4,752,000 (the “**Proposed Acquisition**”).

2. INFORMATION ON THE PROPERTY AND THE VENDOR

- 2.1. The Property is freehold land measuring approximately 0.1248 hectares held under Lot SD14 HS(D) 546414 PTD 175435 in Tebrau, Johor Bahru, Malaysia and with a two storey semi-detached factory building with mezzanine floor office erected thereon. The Property forms part of a commercial/industrial or mixed commercial development known as Tiong Nam Industrial Park – Tebrau III.
- 2.2. Nadi Eltra Sdn Bhd is a company incorporated in Malaysia with its principal activities in property development. Its shareholders are Ong Yoong Nyock and Yong Kwee Lian and its directors are Ong Yoong Nyock and Yong Wei Lian.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1. The Proposed Acquisition

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Property, free from encumbrances, on the terms and conditions of the Agreement.

3.2. Consideration

The aggregate consideration for the Proposed Acquisition is RM4,752,000. The consideration for the Property was arrived at by the relevant parties on a willing buyer willing seller basis after taking into consideration, amongst other factors, the market value of the Property. For the avoidance of doubt, no formal valuation was conducted by the Purchaser on the Property.

The consideration for the Proposed Acquisition is payable by the Purchaser to the Vendor in the following manner:

- (a) RM475,200 (the “**Initial Consideration**”), representing 10% of the aggregate consideration, to be paid to the Vendor on the date of the Agreement;

- (b) RM4,276,800 (the “**Balance Consideration**”), representing the balance aggregate consideration, to be paid to the Vendor within 6 months from the date of the Agreement (“**Completion Period**”).

In the event that a Purchaser fails to make payment of the Balance Consideration within the Completion Period, the Vendor shall grant to the Purchaser an extension of 1 month commencing immediately after expiration of the Completion Period (the “**Extended Completion Period**”) for the Purchaser to pay the Balance Consideration (or any part thereof), subject to the payment of late payment interest of 10% per annum on the outstanding sum until the date of full payment.

If, amongst others, the Purchaser fails to make payment of the Balance Consideration (or any part thereof) and the late payment interest (if any) within the Completion Period or Extended Completion Period, the Vendor may terminate the Agreement and the Vendor shall be entitled to forfeit or claim from the Purchaser an amount equal to RM1,425,600, representing 30% of the aggregate consideration, as agreed liquidated damages notwithstanding that the actual payment made by the Purchaser to the aggregate consideration is less than 30% of the aggregate consideration.

4. RATIONALE FOR THE PROPOSED ACQUISITION AND SOURCE OF FUNDS

- 4.1. Pok Brothers (Johor) Sdn Bhd, a wholly-owned subsidiary of the Company and a dormant subsidiary of the Purchaser, had on 30 November 2018 entered into the 3 separate conditional sale and purchase agreements with Bayu Sutera, Sdn Bhd, Ng Yoke Peng and Choo Chee Hwa for the disposal of its interests in 3 plots of freehold land located in Mukim Tebrau, Daerah Johor Bahru, Negeri Johor (the “**Land**”) for an aggregate consideration of RM2,100,000 (the “**Proposed Disposal**”). The Proposed Disposal is being undertaken as the individual cold rooms that are currently situated on the Land provide insufficient storage capacity for the operations of the Group’s trading and food division. Please refer to the Company’s announcement dated 30 November 2018 for further details on the Proposed Disposal.
- 4.2. The Purchaser intends to carry out the Proposed Acquisition of the Property to replace the Land that is intended to be disposed pursuant to the Proposed Disposal. The Factory Building will have a single larger cold room facility to meet the storage needs for the operations of the Group’s trading and food division. The new cold room facility will also have a better layout, allowing for centralized control, efficient management of stock and also catering for future storage requirements. There is also additional land area around the Factory Building which will allow for any future expansion of the new cold room facility, if required, and can also be used for the parking of delivery trucks.
- 4.3. The Group intends to use the net proceeds from the Proposed Disposal for the payment of the aggregate consideration for the Proposed Acquisition.

5. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION

- 5.1. The relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006 (a) to (d) of the Listing Manual are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits.	Not applicable ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	4.3% ⁽²⁾
(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	Not applicable

Notes:

- (1) There are no net profits attributable to the Factory Building.
- (2) Based on the aggregate consideration for the Land of RM4,752,000 and the issued share capital (excluding treasury shares) of the Company of 247,114,403 ordinary shares in the capital of the Company and the weighted average price of S\$0.148 transacted on the Mainboard of the SGX-ST on 26 December 2018, being the last market day preceding the date of the Agreement.

5.2. As the relative figures under Rule 1006 of the Listing Manual do not exceed 5%, the Proposed Acquisition constitutes a "non-discloseable transaction" as defined in Chapter 10 of the Listing Manual. For the avoidance of doubt, the Company had consulted with the SGX-ST as to whether shareholders' approval for the Proposed Acquisition is required. The SGX-ST had informed the Company on 21 December 2018 that the Company is not required to obtain shareholders' approval for the Proposed Acquisition pursuant to Rule 1014(2) of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1. Assumptions

The pro forma financial effects in this section are based on the audited consolidated financial statements for the year ended 30 September 2018 ("**FY2018**") and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Proposed Acquisition.

6.2. Net Tangible Assets

For illustrative purposes and assuming the Proposed Acquisition had been completed on 30 September 2018, the pro forma financial effects on the consolidated net tangible assets ("**NTA**") for FY2018 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (RM)	249,943,000	249,943,000
Number of shares	141,918,499	141,918,499

NTA per share (RM)	1.76	1.76
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6.3. Earnings

For illustrative purposes and assuming the Proposed Acquisition had been completed on 1 October 2017, the pro forma financial effects on the earnings per share of the Group for FY2018 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to shareholders after tax from continuing operations (RM)	(26,408,000)	(26,408,000)
Number of weighted average shares	130,983,901	130,983,901
Earnings per share (RM sen)	(20.16)	(20.16)

6.4. Share Capital

The Proposed Acquisition will not have any effect on the share capital and shareholding structure of the Company as the Proposed Acquisition does not involve the allotment and issuance of any new shares in the Company and the aggregate consideration is wholly satisfied in cash.

7. **INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company (other than in their capacity as Directors or shareholders of the Company) has any interest, direct or indirect, in the Proposed Acquisition.

8. **SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

10. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors of the Company (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and the directors of the Company jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of

the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

By order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' KAMAL Y P TAN
Group Chief Executive Officer

28 December 2018