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- (A) **THE PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT PULAH INDAH, SELANGOR; AND**  
(B) **THE PROPOSED DISPOSAL OF THE PLANT AND EQUIPMENT LOCATED AT PULAU INDAH, SELANGOR**
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## 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) De-luxe Food Services Sdn Bhd (“**DFSSB**”), a wholly-owned subsidiary of the Company, has on 31 March 2021 entered into a manufacturing, operations, supply and purchase agreement (the “**OEM Agreement**”) with Aryzta Food Solutions Malaysia Sdn Bhd (the “**Purchaser**”);
- (b) Polygold Beverages Sdn Bhd (“**PBSB**”), a wholly-owned subsidiary of the Company, has on 31 March 2021 entered into a conditional option sale and purchase agreement (the “**Property SPA**”) with the Purchaser for the sale of the land located at Pulau Indah, Selangor (the “**Property**”) for a consideration of RM12,000,000 (the “**Proposed Property Disposal**”); and
- (c) DFSSB has on 31 March 2021 entered into a conditional plant and equipment purchase agreement (the “**Plant SPA**”) with the Purchaser for the sale of a single storey factory with all the manufacturing equipment therein and a two storey office with all the fixtures and fittings erected thereon located at Pulau Indah, Selangor (collectively, the “**Plant**”) for a consideration of RM76,000,000 (the “**Proposed Plant Disposal**”).

## 2. THE OEM AGREEMENT

The Purchaser will appoint DFSSB as an authorised manufacturer to manufacture and produce certain pre frozen bakery products in accordance to its specifications, requirements and under its operational supervision for sale to the Purchaser or its group companies on the terms and conditions of the OEM Agreement. The Purchaser carries on a business as manufacturer, seller and exporter of frozen bakery, par-baked artisan breads and specialty bakery products, while DFSSB is a Malaysian local bakery manufacturer seller and exporter of specialized frozen bakery and puff products with the Plant located at Pulau Indah.

It is a term of the OEM Agreement that DFSSB procures that PBSB enters into the Property SPA and DFSSB enters into the Plant SPA on the date of the OEM Agreement.

## 3. THE PROPOSED PROPERTY DISPOSAL

### 3.1. Information on the Property

The Property is leasehold and located at PT 129328 (Lot 158512), Jalan Sungai Pinang 4/7/KS11, Taman Perindustrian Pulau Indah, 42920 Pulau Indah, Selangor with a land area of 20,733.34 square metres. The Property is presently being used by the Group for the manufacturing and distribution of convenient value-added frozen food and bakery products.

Based on the latest audited consolidated financial statements for the financial year ended 30 September 2020 ("**FY2020**"), the net book value of the Property is approximately RM8,047,000.

### 3.2. Information on the Purchaser

*The information on the Purchaser was provided by the Purchaser and/or extracted from publicly available sources. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

The Purchaser is a company incorporated in Malaysia and a subsidiary of Aryzta AG, which is a Swiss listed international food bakery business. Aryzta manufactures a wide range of convenience bakery food to the food service, retail and QSR sectors from its 54 bakeries located across Europe, North America, South America, Asia, Australia and New Zealand.

### 3.3. Principal Terms of the Proposed Property Disposal

#### (a) The Proposed Property Disposal

The Purchaser has agreed to purchase and PBSB has agreed to sell the Property, free from all encumbrances and with vacant possession, on the terms and conditions of the Property SPA. The Purchaser shall issue a notice to proceed with the sale and purchase of the Property (the "**Property Purchase Notice**") from the period between 2 years to 5 years from the date of the Property SPA and PBSB undertakes to sell the Property exclusively to the Purchaser within 2 years to 5 years from the date of the Property SPA and not to sell the Property to any other parties within 5 years from the date of the Property SPA other than to the Purchaser.

#### (b) Consideration

The consideration for the Proposed Property Disposal is RM12,000,000 and is payable by the Purchaser to PBSB in the following manner:

- (i) RM1,200,000, on the Property Purchase Notice being issued by the Purchaser to PBSB (the "**Deposit**"); and
- (ii) RM10,800,000, within 3 months from the date on which the Property SPA becomes unconditional as described in paragraph 3.3(c) below (the "**Completion Period**") (the "**Balance Consideration**").

The Balance Purchase Price shall be held by PBSB's solicitors as stakeholders and released to PBSB upon the expiry of 7 days upon the presentation of the memorandum of transfer in respect of the Property in favor of the Purchaser.

If the Purchaser fails to pay the Balance Purchase Price on or before the expiry of the Completion Period, PBSB shall automatically grant to the Purchaser an extension of 1 month from the expiry of the Completion Period to pay the Balance Purchase Price. The Purchaser shall pay interest on the unpaid Balance Purchase Price at an interest rate of 8% per annum until the Balance Purchase Price is fully paid.

No independent valuation was conducted on the Property by the Group for the purpose of the Proposed Property Disposal.

#### (c) Conditions Precedent

The completion of the Proposed Property Disposal is conditional on:

- (i) PBSB having obtained the written consent of the relevant State Authority for the sale and transfer of the Property to the Purchaser; and

- (ii) the Company having obtained the approval of its shareholders for the disposal of the Property on the terms and conditions of the Property SPA (or a waiver from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in respect thereof), if so required under the Listing Manual of the SGX-ST.

The above conditions are to be satisfied within 9 months from the date of the Property Purchase Notice within 2 years to 5 years from the date of the Property SPA. A further 3 months’ extension is granted to PBSB to obtain the consent referred to in paragraph 3.3(c)(i).

In the event that the consent above cannot be obtained by PBSB within the stated time period or the application to the State Authority is rejected, the Property SPA shall be terminated and PBSB’s solicitors shall refund the Deposit (free from interest) to the Purchaser within 14 days, failing which interest at the rate of 8% per annum shall be paid by PBSB on the unpaid sums until the Deposit is fully refunded.

(d) Other Salient Terms

In the event the Purchaser decides not to purchase the Property at the end of the 5-year period from the date of the Property SPA, the Purchaser shall notify PBSB or its solicitors in writing and PBSB shall upon demand from the Purchaser or its solicitors within 14 days refund all monies paid by the Purchaser without interest, failing which interest at the rate of 8% per annum shall be paid by PBSB on the unpaid sums until the monies are fully refunded.

In the event of any breach by PBSB of the provisions of the Property SPA, the Purchaser may terminate the Property SPA and PBSB shall be required to pay the Purchaser agreed liquidated damages of RM1,200,000, equivalent to 10% of the consideration for the Proposed Property Disposal.

In the event that the Purchaser fails to pay the Balance Purchase Price (or any late interest) within the stipulated time, PBSB shall be entitled to forfeit a sum of RM1,200,000 shall be forfeited as agreed liquidated damages and shall refund all monies paid by the Purchaser (after deducting the agreed liquidated damages).

#### **4. THE PROPOSED PLANT DISPOSAL**

##### **4.1. Information on the Plant**

The Plant comprises a single storey factory with all the manufacturing equipment therein and a two storey office with all the fixtures and fittings erected thereon located at PT 129328 (Lot 158512), Jalan Sungai Pinang 4/7/KS11, Taman Perindustrian Pulau Indah, 42920 Pulau Indah, Selangor with a floor area of 12,051.94 square metres. The Plant is presently being used by the Group for the manufacturing and distribution of convenient value-added frozen food and bakery products.

Based on the latest audited consolidated financial statements for FY2020, the net book value of the Plant (excluding motor vehicles, ovens and trolleys) is approximately RM74,163,000 and the net book value of the Plant and the Property (on an aggregated basis) is approximately RM82,210,000.

##### **4.2. Information on the Purchaser**

Please refer to paragraph 3.2 above for information on the Purchaser.

##### **4.3. Principal Terms of the Proposed Plant Disposal**

(a) The Proposed Plant Disposal

The Purchaser has agreed to purchase and DFSSB has agreed to sell the Plant on the terms and conditions of the Plant SPA. The Purchaser shall issue a notice to proceed with the sale and purchase of the Plant (the “**Plant Purchase Notice**”) from

the period between 2 years to 5 years from the date of the Plant SPA and DFSSB undertakes to sell the Plant exclusively to the Purchaser within 2 years to 5 years from the date of the Plant SPA and not to sell the Plant to any other parties within 5 years from the date of the Plant SPA other than to the Purchaser.

(b) Consideration

The consideration for the Proposed Plant Disposal is RM76,000,000 and is payable by the Purchaser to DFSSB in the following manner:

- (i) RM100,000, on the signing of the Plant SPA;
- (ii) RM37,000,000, on the issuance of the Plant Purchase Notice; and
- (iii) RM38,900,000, on the full satisfaction after due diligence by the Purchaser of the condition of the Plant and upon satisfaction of the conditions described at paragraph 4.3(c)(i) or (ii), whichever is later.

No independent valuation was conducted on the Plant for the purpose of the Proposed Plant Disposal.

(c) Conditions Precedent

The completion of the Proposed Plant Disposal is conditional on:

- (i) an air quality or environmental permit having been obtained by DFSSB on the date of the Plant SPA ;
- (ii) The Company having obtained the approval of its shareholders for the disposal of the Plant on the terms and conditions of the Plant SPA (or a waiver from the SGX-ST in respect thereof), if so required under the Listing Manual of the SGX-ST, no later than nine (9) months from the date of the Plant Purchase Notice; and
- (iii) DFSSB undertaking at its own cost and expense to perform the scheduled preventive maintenance as recommended by the manufacturer on the manufacturing equipment, including but not limited to replace and repair of the manufacturing equipment and their parts within 5 years from the date of the Plant SPA.

(d) Other Salient Terms

In the event the Purchaser decides not to purchase the Plant at the end of the 5-year period from the date of the Plant SPA, the Purchaser shall notify DFSSB in writing and DFSSB shall upon demand from the Purchaser within 14 days refund all monies paid by the Purchaser without interest, failing which interest at the rate of 8% per annum shall be paid by DFSSB on the unpaid sums until the monies are fully refunded.

If the Purchaser has complied with all the terms and conditions of the Plant SPA but DFSSB fails to complete the sale and purchase of the Plant for any reason, the Purchaser shall be entitled to require DFSSB to pay it agreed liquidated damages of RM100,000 failing which interest at the rate of 8% per annum shall be paid by DFSSB on the unpaid sums until the agreed liquidated damages are paid.

## **5. RATIONALE AND USE OF PROCEEDS**

### **5.1. Rationale**

The Proposed Property Disposal, the Proposed Plant Disposal and the OEM Agreement and the consideration for the Proposed Property Disposal and the Proposed Plant Disposal were negotiated with the Purchaser as a package deal and arrived at on a willing buyer willing seller basis after taking into consideration, amongst other factors, the only available offer that the Purchaser was able to obtain for the Property and the Plant as well as the revenue that

would be generated during the term of the OEM Agreement prior to the completion of the Proposed Property Disposal and the Proposed Plant Disposal.

The Proposed Property Disposal and the Proposed Plant Disposal represent a good opportunity to dispose off a loss-making business segment and stem further losses being incurred by the frozen bakery segment. The frozen bakery business is a loss-making business of the Group, contributing to only 4.5% of the revenue of the Group for FY2020. The Group is in the process of streamlining its business operations and the Proposed Property Disposal and the Proposed Plant Disposal are being carried out as part of such efforts. The Board considers that this was the only offer package for the sale of the Property and the Plant with the OEM Agreement generating revenue during the duration of the OEM Agreement prior to the completion of the Proposed Property Disposal and the Proposed Plant Disposal.

## 5.2. Use of Proceeds

The Group intends to use the net proceeds from the Proposed Property Disposal and the Proposed Plant Disposal for the repayment of term loans and working capital for the Group.

## 6. RELATIVE FIGURES FOR THE PROPOSED PROPERTY DISPOSAL AND THE PROPOSED PLANT DISPOSAL

As the Proposed Property Disposal and the Proposed Plant Disposal both involve disposals to the same Purchaser and the Property SPA and Plant SPA are entered into on the same day, the Proposed Property Disposal and the Proposed Plant Disposal have been aggregated and treated as a single transaction.

The relative figures of the Proposed Property Disposal and the Proposed Plant Disposal (on an aggregated basis) computed on the bases set out in Rules 1006 (a) to (e) 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.	39.35% <sup>(1)</sup>
(b)	The net profits attributable to the assets disposed of, compared with the Group's net loss	-6.6% <sup>(2)</sup>
(c)	The aggregate value of the consideration received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	76.2% <sup>(3)</sup>
(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
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

### Notes:

(1) Based on the latest announced consolidated results of the Group as at 30 September 2020.

- (2) Based on the latest announced consolidated results of the Group as at 30 September 2020, the net profits attributable to the Property and Plant disposed off (excluding income tax and real property gains tax) is approximately RM5,740,000 and the Group's net loss before tax for the continuing operations for the financial year ended 30 September 2020 is RM87,069,000.
- (3) Based on the aggregate consideration for the Proposed Property Disposal and the Proposed Plant Disposal of RM88,000,000 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\$0.152 transacted on the Mainboard of the SGX-ST on 30 March 2021, being the last market day preceding the date of the Property SPA.

As the relative figures under Rules 1006 (a) and (c) of the Listing Manual exceed 20%, the Proposed Property Disposal and the Proposed Plant Disposal (on an aggregated basis) constitute a "major transaction" under Chapter 10 of the Listing Manual and is subject to the approval of the shareholders at an extraordinary general meeting ("**EGM**") to be convened.

## 7. FINANCIAL EFFECTS OF THE PROPOSED PROPERTY DISPOSAL AND THE PROPOSED PLANT DISPOSAL

### (a) Assumptions

The pro forma financial effects in this paragraph 7 are based on the latest audited consolidated financial statements for FY2020 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 Property Disposal and the Proposed Plant Disposal.

### (b) Net Tangible Assets

For illustrative purposes and assuming the Proposed Property Disposal and the Proposed Plant Disposal had been completed on 30 September 2020, the pro forma financial effects on the consolidated net tangible assets ("**NTA**") for FY2020 are as follows:

		<b>Before the Proposed Property Disposal and the Proposed Plant Disposal</b>	<b>After the Proposed Property Disposal only</b>	<b>After the Proposed Plant Disposal only</b>	<b>After the Proposed Property Disposal and the Proposed Plant Disposal</b>
NTA (RM)		184,705,000	188,260,930	186,516,778	190,072,708
Number of shares		247,114,403	247,114,403	247,114,403	247,114,403
NTA per share (RM sen)		0.75	0.76	0.75	0.77

(c) Earnings

For illustrative purposes and assuming the Proposed Property Disposal and the Proposed Plant Disposal had been completed on 1 October 2019, the pro forma financial effects on the earnings per share of the Group for FY2020 are as follows:

	<b>Before the Proposed Property Disposal and the Proposed Plant Disposal</b>	<b>After the Proposed Property Disposal only</b>	<b>After the Proposed Plant Disposal only</b>	<b>After the Proposed Property Disposal and the Proposed Plant Disposal</b>
Net loss attributable to shareholders after tax from continuing operations (RM)	(88,542,000)	(84,986,070)	(86,730,222)	(83,174,292)
Number of weighted average shares	247,114,403	247,114,403	247,114,403	247,114,403
Loss per share (RM sen)	(35.83)	(34.39)	(35.10)	(33.66)

(d) Gain from Disposal

The amount of gain from the Proposed Property Disposal and Proposed Plant Disposal (after taking into account estimated incidental costs and real property gains tax) is estimated to be RM3,555,930 and RM1,811,778 respectively. The amount of gain from the Proposed Property Disposal and Proposed Plant Disposal (on an aggregated basis after taking into account estimated incidental costs and real property gains tax) is estimated to be RM5,367,708.

**8. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Property Disposal or the Proposed Plant Disposal, other than through their respective shareholdings, if any, in the Company.

**9. SERVICE CONTRACTS**

No person is proposed to be appointed as a Director in connection with the Proposed Property Disposal or the Proposed Plant Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Property SPA and the Plant SPA will be made available for inspection during normal business hours (with prior appointment) at the registered office of the Company for three (3) months from the date of this announcement.

**11. CAUTION IN TRADING**

Shareholders and potential investors are advised to exercise caution in trading their shares in the Company as the Proposed Property Disposal and the Proposed Plant Disposal are subject to conditions precedent and there is no certainty or assurance as at the date of this

announcement that the Proposed Property Disposal or the Proposed Plant Disposal will be completed. In the event that shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Further announcement(s) will be made as appropriate when there are material developments to the Proposed Property Disposal or the Proposed Plant Disposal

By Order of the Board  
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN  
Executive Chairman

31 March 2021