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## **PROPOSED ACQUISITION OF LAND IN SELANGOR HALAL HUB, PULAU INDAH**

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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 Polygold Beverages Sdn Bhd (formerly known as Etika Beverages Sdn Bhd) (the “**Purchaser**”), a wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement (the “**S&P Agreement**”) on 17 April 2015 with Central Spectrum (M) Sdn Bhd (the “**Vendor**”) for the proposed acquisition of eight (8) plots of land (the “**New Land**”) in Selangor Halal Hub, Pulau Indah, an industrial park located in Selangor, Malaysia for, amongst others, the construction of new facilities for the Group’s existing businesses and the centralization of the Group’s operating facilities in Malaysia (the “**Proposed Acquisition**”).

### **2. INFORMATION ON THE NEW LAND AND THE VENDOR**

The New Land comprises of eight (8) plots of land in an industrial park located in Pulau Indah, Mukim & District of Klang, State of Selangor Darul Ehsan, Malaysia and is part of the development project known as the Selangor Halal Hub, Pulau Indah. The Selangor Halal Hub, Pulau Indah is a Designated Halal Park and has been accredited with HALMAS status from the Halal Industry Development Corporation (“**HDC**”). HALMAS is an accreditation given to Halal Park operators who have complied with the requirements and guidelines stipulated by the HDC. The New Land is leasehold land with a term of 99 years expiring on 24 February 2097 and is approximately 35.6 acres (1,550,736 square feet) in size.

The Vendor is a company incorporated in Malaysia. It is the developer of 5,300 acres mixed development in Pulau Indah and is a subsidiary of Kumpulan Darul Ehsan Berhad, a government-linked company.

### **3. RATIONALE FOR THE PROPOSED ACQUISITION**

The Group is engaged in, amongst others, the trading and frozen food business, the beverage business, the butchery business and the bakery business. Most of the Group’s food products are halal certified.

Due to the increasing global demand for halal products and the large potential in the halal business, the Malaysian government has put in place initiatives to develop Malaysia into an international Halal Hub with the setting up of Halal Parks to capitalize on the growth potential of the halal industry. The Selangor Halal Hub, Pulau Indah is one of several Halal Hubs being set up by the Malaysian government.

The Group's plans for the relocation and centralization of its operating activities at the Selangor Halal Hub, Pulau Indah seek to explore the benefits and recognition of being located in a Halal Park. The Group may potentially be eligible for special tax incentives available to companies located in the Selangor Halal Hub, Pulau Indah such as income tax exemption on qualifying capital expenditure, income tax exemption on export sales, exemption from import duty and sales tax on raw material used for development and production of halal promoted products and double deduction on expenses incurred in obtaining international quality certification.

The Group is also of the view that the acquisition of the New Land is required to accommodate any future growth of the Group's existing business as current facilities are becoming insufficient in capacity for the Group's business. The New Land is intended to be used for the construction of new production facilities for the Group's existing business divisions, additional warehouses for the trading and frozen division of the Group as well as offices. The existing facilities of the Group which are currently located on leased property can also be relocated to the New Land before or upon the expiry of such leases.

Furthermore, the centralization of the Group's operating facilities will generate more efficiency and savings in terms of procurement and logistics due to economies of scale of operations and intra-group trading.

#### **4. PRINCIPAL TERMS AND SALIENT FEATURES OF THE PROPOSED ACQUISITION**

The Vendor has agreed to sell and the Purchaser has agreed to purchase the New Land on the terms and subject to the conditions of the S&P Agreement.

##### **4.1 Conditions Precedent**

Under the terms of the S&P Agreement, the completion of the Proposed Acquisition is conditional upon, amongst others, the Vendor obtaining approval from the State Authority of Selangor for the sale and transfer of the New Land (the "**Consent to Transfer**").

If the conditions precedents contained in the S&P Agreement are not satisfied within six (6) months of the date of the S&P Agreement, save as otherwise provided in the S&P Agreement, the S&P Agreement shall be deemed to be terminated by the mutual consent of the Vendor and the Purchaser.

##### **4.2 Purchase Consideration**

The purchase consideration for the New Land is RM57,571,074 and was arrived at on a willing buyer willing seller basis, taking into account that the purchase consideration represents a discounted developer price due to the large size of the New Land being purchased.

The purchase consideration shall be payable in the following manner:

- (a) 5% of the purchase consideration of RM2,878,553.70, being part payment of the deposit, which has been paid by Purchaser to Vendor prior to execution of the S&P Agreement;
- (b) 15% of the purchase consideration of RM8,635,661.10, being the balance of the deposit, to be paid by the Purchaser to the Vendor on the date of the S&P Agreement; and

- (c) the remaining 80% of the purchase consideration of RM46,056,859.20, being the balance purchase consideration, to be deposited by the Purchaser with the Purchaser's solicitors, as stakeholders, and shall be released by the Purchaser's solicitors to the Vendor in satisfaction of the purchase consideration within 3 months from date of the receipt by the Purchaser's solicitors of the original of the Consent to Transfer.

4.3 Source of Funds

The Consideration will be funded using internal cash.

5. **RULE 1006 CALCULATIONS**

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 (a) to (d) of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Size of Relative Figures (%)</b>
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets.	Not applicable
(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	Not applicable
(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	26.1% <sup>(1)</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

**Notes:**

- <sup>(1)</sup> Based on the purchase consideration of the New Land of RM57,571,074 using an exchange rate of RM2.735:S\$1, the issued share capital of the Company of 630,716,528 shares of the Company and the weighted average price of S\$0.1277 transacted on the Mainboard of the SGX-ST on 16 April 2015. The costs used in the calculation of the relative figure under Rule 1006(c) are land acquisition costs and do not include construction costs.

As the relative figure on the base set out in Rule 1006(c) exceeds 20%, the Proposed Acquisition constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual and unless waived by the SGX-ST, is subject to the approval of shareholders at an extraordinary general meeting ("**EGM**") to be convened.

6. **WAIVER APPLICATION**

- 6.1 The Company submitted an application to the SGX-ST on 25 March 2015 to seek a waiver from compliance with the requirements of Rule 1014(2) of the Listing Manual in connection with the Proposed Acquisition (the "**Waiver**").

6.2 The Waiver was sought from the SGX-ST for the following reasons, amongst others:

- (a) The Company is of the view that the Proposed Acquisition is an acquisition which is in, or in connection with, the ordinary course of the Group's business. The Company considers that the purpose of the acquisition of the New Land is to accommodate a possible future expansion in the Company's existing business and for the relocation of some of the Company's existing facilities. Accordingly, the Proposed Acquisition does not represent an expansion into any new businesses.
- (b) The Company is of the view that the Proposed Acquisition does not result in a change in the risk profile of the Group based on the considerations set out in Practice Note 10.1 of the Listing Manual. The relative figure computed on the base set out in Rules 1006(c) of the Listing Manual in respect of the Proposed Acquisition falls below 100% and does not increase of the scale of the Group's operations significantly. The Proposed Acquisition does not result in a change of control of the Company as there are no securities being issued by the Company for the Proposed Acquisition and does not have a significant adverse impact on the Company's earnings, working capital and gearing as the Company intends to finance the land acquisition costs using internal cash. Additionally, the Proposed Acquisition does not result in an expansion of the Company's business to new geographical markets and/or new business sectors.

6.3 On 30 March 2015, the SGX-ST informed the Company that it did not have any objection to the Waiver application, subject to the following conditions:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and
- (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

Accordingly, the Company will not be convening an EGM to seek the approval of shareholders in connection with the Proposed Acquisition.

## **7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

### **7.1 Assumptions**

The pro forma financial effects in this section are based on the audited consolidated financial statements for the year ended 30 September 2014 ("FY2014") 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.

## 7.2 Net Tangible Assets

For illustrative purposes and assuming the Proposed Acquisition had been completed on 30 September 2014, the pro forma financial effects on the consolidated net tangible assets (“**NTA**”) for FY2014 are as follows:

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NTA (RM'000)	329,293	327,278
Number of shares	630,716,528	630,716,528
NTA per share (RM sen)	52.21	51.89

## 7.3 Earnings

For illustrative purposes and assuming the Proposed Acquisition had been completed on 1 October 2013, the pro forma financial effects on the earnings per share of the Group for FY2014 are as follows:

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Net profit attributable to shareholders after tax from continuing operations (RM'000)	(67,398)	(69,413)
Number of weighted average shares	630,716,528	630,716,528
Earnings per share (RM sen)	(10.69)	(11.01)

## 7.4 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 Consideration is wholly satisfied in cash.

## 7.5 Book Value and Net Asset Value

The pro forma financial effects on the earnings per share of the Group for FY2014 is computed based on the book value and the net asset value of the New Land at RM57,571,074.

## **8. INTERESTS OF THE DIRECTORS, SUBSTANTIAL AND CONTROLLING SHAREHOLDERS**

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

**9. 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.

**10. 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.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the S&P 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.

**12. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares. The Proposed Acquisition is subject to numerous conditions. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements where there are further developments on the Proposed Acquisition. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By order of the Board  
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' KAMAL Y P TAN  
Group Chief Executive Officer

17 April 2015