



THE PROPOSED DISPOSAL OF 3 LOTS OF LAND LOCATED AT PULAH INDAH, SELANGOR

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 (the “**Vendor**”), a wholly-owned subsidiary of the Company, has on 26 January 2022 entered into 3 separate conditional sale and purchase agreements (the “**SPAs**”) with Syarikat Logistik Petikemas Sdn. Bhd. (the “**Purchaser**”) for the sale of the Land (as defined below) for an aggregate consideration of RM35,328,625.45 (the “**Proposed Disposal**”).

2. THE PROPOSED DISPOSAL

2.1. Information on the Land

The Land is owned by the Vendor and consists of the following 3 lots of land:

- (a) the leasehold vacant industrial land measuring approximately 19,891.21 square meters in area located within Selangor Halal Hub, Kawasan Perindustrian Pulau Indah and held under issue document of title H.S.(D) 135846, PT 129330, Mukim Klang, Daerah Klang, Negeri Selangor (“**Lot 129330**”);
- (b) the leasehold vacant industrial land measuring approximately 18,783.22 square meters in area located within Selangor Halal Hub, Kawasan Perindustrian Pulau Indah and held under issue document of title H.S.(D) 135845, PT 129329, Mukim Klang, Daerah Klang, Negeri Selangor (“**Lot 129329**”); and
- (c) the leasehold vacant industrial land measuring approximately 14,263.31 square meters in area located within Selangor Halal Hub, Kawasan Perindustrian Pulau Indah and held under issue document of title H.S.(D) 135851, PT 129336, Mukim Klang, Daerah Klang, Negeri Selangor (“**Lot 129336**”),

(collectively, the “**Land**”)

The Land is currently zoned under “Selangor Halal Hub, Pulau Indah” which has been designated as “Halal Park Development” and accredited with HALMAS status by the Halal Industry Development Corporation.

Based on the latest audited consolidated financial statements for the financial year ended 30 September 2021 (“**FY2021**”), the net book value of the Land is approximately RM20,289,000.

The Vendor had taken into consideration the most recent transacted prices for vacant land in Pulau Indah which were made available on a public database. As the Consideration (as defined below) offered by the Purchaser was close to the recent transacted prices and was the only available offer made for the Land, no independent valuation was conducted on the Land by the Group for the purpose of the Proposed Disposal.

2.2. 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 is a total logistics service provider, including warehousing, transportation, freight forwarding, customs clearance and ancillary services.

2.3. Principal Terms of the Proposed Disposal

(a) The Proposed Disposal

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Land (consisting of Lot 129330, Lot 129329 and Lot 129336), with vacant possession on an "as-is-where-is" basis, on the terms and conditions of the SPAs.

The sale and purchase of Lot 129330, Lot 129329 and Lot 129336 are inter-conditional.

(b) Consideration

The aggregate consideration for the Proposed Disposal is RM35,328,625.45 (the "**Consideration**"). The Proposed Disposal was negotiated with the Purchaser and arrived at on a willing buyer willing seller basis after taking into consideration, the most recent transacted prices for vacant land in Pulau Indah, the gain on disposal from the Proposed Disposal, the availability of potential buyers and the needs of the Group in raising working capital.

The Consideration is payable by the Purchaser to the Vendor in the manner set out below:

- (i) the sum of RM3,532,862.55 (the "**Deposit**") shall be paid by the Purchaser as follows:
 - (A) RM706,572.45 (the "**Earnest Deposit**") to be paid to the Vendor's agent, Full Homes Realty Sdn Bhd (the "**Vendor's Agent**"), prior to the execution of the SPAs as earnest deposit and part payment of the Consideration;
 - (B) RM1,059,858.77 (the "**RPGT Retention Sum**") to be paid to the Purchaser's solicitors, as stakeholders, upon the execution of the SPAs which shall be paid to the Director-General of Inland Revenue (the "**Director-General**") in satisfaction of the real property gains tax payable on the disposal of the Land and as part payment of the Consideration; and
 - (C) RM1,766,431.33 (the "**Balance Deposit**") to be paid to the Vendor upon the execution of the SPAs as part payment of the Consideration;
- (ii) the balance sum of RM31,795,762.90 (the "**Balance Sum**") to be paid to the Vendor's solicitors, as stakeholders, within 3 months from the date on which the Conditions Precedent (as defined below) are satisfied (the "**Unconditional Date**") (the "**Completion Period**").

The Earnest Deposit was paid by the Purchaser to the Vendor's Agent on 20 December 2021 (prior to the signing of the SPAs) and the RPGT Retention Sum was paid by the Purchaser to the Purchaser's solicitors on the date of signing of the SPAs.

In the event that the Retention Sum is insufficient to pay for the real property gains tax payable on the disposal of the Land, the Vendor shall pay the difference to the Director-General.

In the event that the Purchaser fails to pay the Balance Sum by the expiry of the Completion Period, the Purchaser shall be granted an automatic extension of 1 month

from the date immediately following the expiry of the Completion Period ("**Extended Completion Period**") to pay the Balance Sum. The Purchaser shall pay interest on the unpaid portion of the Balance Sum at an interest rate of 8% per annum until the Balance Sum is fully paid.

Within 14 days from the Unconditional Date, the Vendor shall, amongst others, furnish the memorandum of transfer of the Land (the "**Transfer**") to the Purchaser.

The Balance Sum (in the case of Lot 129330 which is unencumbered) and the Balance Sum less the redemption sum (the "**Redemption Sum**") to be paid to ORIX Credit Malaysia Sdn. Bhd. (the "**Existing Chargee**") in order to discharge the charge granted by the Vendor in favour of the Existing Chargee over Lot 129329 and Lot 129336 to secure 2 term loans extended by the Existing Chargee to Texas Chicken (Malaysia) Sdn Bhd, a wholly-owned subsidiary of the Company and part of the same Group as the Vendor (the "**Term Loans**") (in the case of Lot 129329 and Lot 129336 which are presently charged to the Existing Chargee) shall be released by the Vendor's solicitors to the Vendor upon expiry of 14 days from the date of presentation of the Transfer for registration with the relevant authorities or 21 days from receipt by the Purchaser's solicitors or the financier's solicitors, as the case may be, of the original document of title to the Land, the original State Consent (as defined below) and other relevant documents, whichever is earlier. The Redemption Sum is expected to be approximately RM10,425,000, assuming that the settlement date is 31 January 2022.

In the event that the Vendor fails to refund any monies required to be refunded to the Purchaser or the financier's solicitors, as the case may be, the Vendor shall be required to pay the Purchaser interest at the rate of 8% per annum until the sum is fully refunded.

(c) Conditions Precedent

The completion of the Proposed Disposal is conditional on:

- (i) the Vendor obtaining the consent of the relevant authority to the sale and transfer of the Land to the Purchaser ("**State Consent**");
- (ii) the Vendor obtaining (if required) the consent of any of the Vendor's financiers for the sale of the Land by the Vendor; and
- (iii) the receipt of a waiver or confirmation from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") that the Company is not required to seek shareholders' approval for the sale of the Land or in the event that such waiver or confirmation is not given by SGX-ST, the passing of a shareholders' resolution by the Company approving the sale of the Land as required under the Listing Manual of the SGX-ST (the "**Listing Manual**"),

(collectively, the "**Conditions Precedent**").

The above conditions are to be satisfied within 6 months from the date of the SPAs or such longer period as may be agreed by the parties. In the event the Condition Precedent is not or cannot be fulfilled by the end of such period, either party may be entitled to terminate the relevant SPA. In the case of such termination, the Deposit less the RPGT Retention Sum shall be refunded to the Purchaser (free from interest).

(d) Termination of the SPAs

In the event that the Purchaser fails to pay the Consideration in accordance with the terms of the relevant SPA or breaches any of the covenants and/or obligations under the relevant SPA and fails to remedy such breach within 14 days of written notice from the Purchaser or Purchaser's solicitors, the Vendor shall be entitled to terminate the relevant SPA. In the case of such termination by the Vendor, the Deposit shall be forfeited to the Vendor as agreed liquidated damage and the Vendor shall refund the

Purchaser all monies paid towards the Consideration less the Deposit (free from interest).

In the event that the Vendor fails to complete the sale of the Land in accordance with the relevant SPA for any reason not attributable to any act or omission of the Purchaser, the Purchaser shall be entitled to terminate the relevant SPA. In the case of such termination by the Purchaser, the Vendor shall refund the Purchaser all monies paid towards the Consideration (free from interest) together with a sum equivalent to the Deposit as agreed liquidated damages.

In the event that the relevant SPA cannot be completed or the Transfer cannot be registered for any reason not attributable to any act or omission of the parties and which cannot be rectified within 1 month from the parties' knowledge or such later date as may be agreed between the parties, either party may terminate the relevant SPA. In the case of such termination, the Vendor shall refund the Purchaser all monies paid towards the Consideration (free from interest).

In the event of termination of one or more of the SPAs due to the default by the Purchaser, the other SPAs shall be terminated and the consequences of termination as described above shall apply.

3. RATIONALE AND USE OF PROCEEDS

3.1. Rationale

The Group is in the process of streamlining its business operations and the Proposed Disposal is being carried out as part of such efforts. The Company is of the view that the Proposed Disposal is a monetization of non-core asset and represents a good opportunity to dispose of and realise the capital appreciation of the Land which is currently vacant and is not being used by the Group. The offer made by the Purchaser was also the only available offer for the Land and was close to the most recent transacted prices for vacant land in Pulau Indah.

3.2. Use of Proceeds

The Group intends to use the net proceeds from the Proposed Disposal to pay the Redemption Sum and fully repay the Term Loans and intends to use the remainder of the net proceeds for the working capital requirements of the Group. The repayment of the Term Loans will result in reduction of borrowing costs to the Group and improve its gearing ratio.

4. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL

The relative figures of the Proposed Disposal 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.	12.56% ⁽¹⁾
(b)	The net profits attributable to the assets disposed of, compared with the Group's net loss	-30.0% ⁽²⁾
(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	36.50% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of	Not applicable

Rule 1006	Bases	Size of Relative Figures (%)
	equity securities previously in issue	
(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 2021.
- (2) Based on the latest announced consolidated results of the Group as at 30 September 2021, the net profits attributable to the Land (excluding income tax and real property gains tax) is approximately RM14,216,000 and the Group's net loss before tax for the continuing operations for the financial year ended 30 September 2021 is RM47,346,000.
- (3) Based on the aggregate consideration for the Proposed Disposal of RM35,328,625 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\$0.126 transacted on the Mainboard of the SGX-ST on 13 January 2022, being the last market day preceding the date of the SPAs.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes 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.

The Company intends to submit an application to the SGX-ST to seek a waiver from the requirement under Rule 1014(2) of the Listing Manual to obtain shareholders' approval for the Proposed Disposal.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

(a) Assumptions

The pro forma financial effects in this paragraph 5 are based on the latest audited consolidated financial statements for FY2021 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 Disposal.

(b) Net Tangible Assets

For illustrative purposes and assuming the Proposed Disposal had been completed on 30 September 2021, the pro forma financial effects on the consolidated net tangible assets ("**NTA**") for FY2021 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RM)	137,710,000	150,657,000
Number of shares	247,114,403	247,114,403
NTA per share (RM sen)	0.56	0.61

(c) Earnings

For illustrative purposes and assuming the Proposed Disposal had been completed on 1 October 2020, the pro forma financial effects on the earnings per share of the Group for FY2021 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to shareholders after tax from continuing operations (RM)	(48,401,000)	(35,454,000)
Number of weighted average shares	247,114,403	247,114,403
Loss per share (RM sen)	(19.59)	(14.35)

(d) Gain from Disposal

The amount of gain from the Proposed Disposal (after taking into account estimated incidental costs and real property gains tax) is estimated to be RM12,947,000.

6. 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 Disposal, other than through their respective shareholdings, if any, in the Company.

7. SERVICE CONTRACTS

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPAs will be made available for inspection during normal business hours (with prior appointment and subject to prevailing COVID-19 regulations) at the registered office of the Company for three (3) months from the date of this announcement.

9. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares in the Company as the Proposed Disposal are subject to the Conditions Precedent and there is no certainty or assurance as at the date of this announcement that the Proposed 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 Disposal.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman

26 January 2022