



ENVICTUS INTERNATIONAL HOLDINGS LIMITED
(Company Registration No: 200313131Z)

**PROPOSED DISPOSAL OF 72.35% OF THE ISSUED AND PAID-UP
SHARE CAPITAL OF ENVICTUS DAIRIES NZ LIMITED**

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**”) of Envictus International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Envictus NZ Limited (the “**Vendor**”), a subsidiary of the Company, has entered into a conditional sale and purchase agreement (the “**SPA**”) with Neil Geoffrey McGarva (as the sole trustee of the Neil McGarva Trust) (the “**Purchaser**”) on 12 April 2019 for the proposed disposal by the Vendor of its entire shareholding interest of 6,802,382 ordinary shares in Envictus Dairies NZ Limited (“**EDNZ**”), representing 72.35% of the issued and paid-up share capital of EDNZ (the “**Sale Shares**”) for an aggregate consideration of NZD7,000,000, on the terms and conditions of the SPA (the “**Proposed Disposal**”).
- 1.2. As the Sale Shares represent the entire shareholding interest of the Vendor in EDNZ, EDNZ will cease to be a subsidiary of the Company following the completion of the Proposed Disposal.

2. INFORMATION ON EDNZ

- 2.1. EDNZ was incorporated in New Zealand on 13 January 2009. It has an issued and paid-up share capital of NZD8,755,840, comprising 9,402,563 ordinary shares. As of the date of this announcement and prior to the completion of the Proposed Disposal, the share capital of EDNZ is held as follows:

	No. of Shares	Shareholding Percentage
Vendor	6,802,382	72.35%
Minority Shareholders	2,600,181	27.65%
Total	9,402,563	100.00%

- 2.2. EDNZ carries out the dairy and juice manufacturing business which comprises primarily of the state-of-the-art, UHT Aseptic PET bottling line for dairy, juice and water products. EDNZ’s bottling operations plant located at Whakatu Industrial Park, near Hastings, New Zealand, was officially opened on 1 September 2011 and currently produces UHT milk and flavoured milk for the China, Taiwan and Australasian markets, pet milk for Japan, and fruit juice for local and Asian markets. Recently, the plant has also expanded into non-dairy alternatives, such as coconut and almond milk.

3. INFORMATION ON THE PURCHASER

Mr Neil Geoffrey McGarva is the trustee of the Neil McGarva Trust and is a founding shareholder and the current General Manager of EDNZ.

4. RATIONALE AND USE OF PROCEEDS

- 4.1. The Proposed Disposal provides a good opportunity for the Group to unlock value in the Sale Shares and consequently maximize returns to the shareholders of the Company (the “**Shareholders**”). The Board is of the view that the consideration offered represents an attractive price for the value of the Sale Shares.
- 4.2. The proceeds from the Proposed Disposal will go towards strengthening the financial position of the Group, financing the growth of the remaining businesses and capitalising on other business opportunities to enhance the long term value for Shareholders.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1. Sale and Purchase of the Sale Shares

Under the terms of the SPA, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, free of all encumbrances, for an aggregate consideration of NZD7,000,000 (approximately RM19,442,000¹) on the terms and conditions of the SPA.

The transfer of the Sale Shares will take place on the date of the SPA.

On the date of the SPA, the Vendor will deliver to the Purchaser, amongst others:

- (a) the escrow agreement (the “**Escrow Agreement**”) between the Vendor and the Purchaser which sets out the terms on which certain documents, including the EDNZ Board Resolution (as defined below) and the Deeds of Forgiveness of Debt (as defined below) (collectively, the “**Escrow Documents**”), duly executed by the Vendor;
- (b) a board resolution of EDNZ (“**EDNZ Board Resolution**”) approving the entry by EDNZ into the SPA and the transfer of the Sale Shares under the SPA, duly signed by the directors of EDNZ and to be held by the Vendor’s solicitors in accordance with the Escrow Agreement;
- (c) a share transfer form (“**Escrow Share Transfer Form**”) pursuant to which the Sale Shares will transfer from the Vendor to the Purchaser on the date of the SPA, duly executed by the Vendor and to be held in escrow by the Vendor’s solicitors in accordance with the Escrow Agreement; and
- (d) deeds of forgiveness of debt (“**Deeds of Forgiveness of Debt**”) between (i) EDNZ and Neil Pulford and Claire Vogtherr, (ii) EDNZ and Doug Leyser and (iii) EDNZ and John Thompson, pursuant to which the relevant counterparties forgive all amounts owed by EDNZ to them, duly executed by all parties (other than EDNZ)

5.2. Consideration

The aggregate consideration for the purchase of the Sale Shares is NZD7,000,000 (approximately RM19,442,000) (the “**Consideration**”) which shall be satisfied in cash by the Purchaser in the following manner:

- (a) NZD1,400,000 (approximately RM3,888,000) plus the working capital peg of negative NZD72,481.63 (approximately RM201,000) (the “**First Payment**”), to be paid by the Purchaser to the Vendor on the date of the SPA; and
- (b) NZD5,600,000 (approximately RM15,554,000) plus all interest accrued between the date that the Vendor notifies the Purchaser of the fulfilment of the condition set out in paragraph 5.3(a) and the Final Completion Date (as defined below) and plus or less (as the case may be) the relevant adjustments amount as described directly below (the

¹ All figures converted from NZD to RM in this announcement are based on an exchange rate of NZD1:RM2.77743 as at 11 April 2019 as extracted from www.oanda.com

“**Second Payment**”), to be paid by the Purchaser to the Vendor on the date of completion of the Proposed Disposal (the “**Final Completion Date**”) which shall take place on or before 31 August 2019 (or such other date as agreed between the parties in writing).

The Consideration will be subject to adjustments on the Final Completion Date to account for the differential between the amount of the working capital as at 31 March 2019 as stated in a working capital statement (to be prepared by the Vendor and delivered to the Purchaser) and the working capital peg of negative NZD72,481.63.

The Consideration was based on arm’s length negotiations and took into account that the dairy and juice business of EDNZ has been loss-making since the commencement of operations and the Proposed Disposal represents a good opportunity to divest the Sale Shares at an attractive price.

5.3. **Conditions Precedent**

The completion of the Proposed Disposal is conditional upon:

- (a) the Vendor having obtained (i) approval from the Shareholders in respect of the Proposed Disposal, if so required under the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**Listing Manual**”) or (ii) a waiver or confirmation from the SGX-ST that the Proposed Disposal does not require approval from the Shareholders, in each case within a period of 6 months from the date of the SPA; and
- (b) the parties having obtained consent from all the shareholders of EDNZ for the waiver of their pre-emptive rights under the shareholders’ agreement between the shareholders of EDNZ and constitution of EDNZ in relation to the transfer of the Sale Shares under the Proposed Disposal,

(collectively, the “**Sale Conditions**”).

The Vendor is entitled to waive the Sale Conditions described at paragraph 5.3(a) above, and the Vendor and the Purchaser are entitled to waive the Sale Conditions described at paragraph 5.3(b) by their mutual consent.

If the Sale Conditions are not satisfied or waived by 31 May 2019 (or such later date as agreed in writing by the Vendor and the Purchaser), save as otherwise provided in the SPA, the SPA may be terminated by either party in which case the Sale Shares shall be transferred back to the Vendor.

Where the SPA is terminated by the Purchaser on the basis that the Sale Condition set out in paragraph 5.3(a) above has not been satisfied, the Vendor shall:

- (i) refund the First Payment to the Purchaser; and
- (ii) refund any working capital amounts paid into EDNZ by the Purchaser in the period between the date of the SPA and the date of termination of the SPA (less any amounts that the Purchaser would otherwise be required to pay into EDNZ in this period).

Where the SPA is terminated by the Vendor or the Purchaser on the basis that the Sale Condition set out in paragraph 5.3(b) above has not been satisfied, the Vendor shall not be required to refund the First Payment to the Purchaser or to refund any working capital amounts paid into EDNZ by the Purchaser in the period between the date of the SPA and the date of termination of the SPA.

5.4. **Completion of the Proposed Disposal**

Following payment of the Second Payment by the Purchaser on the Final Completion Date, the Vendor will deliver the Escrow Documents and resignation letters from each director of EDNZ to the Purchaser.

5.5. **Non-Compete Provision**

The Vendor agrees that for a period of 24 months from the date of the SPA it will not (without first obtaining the written consent of the Purchaser) either directly or indirectly:

- (a) carry on, engage in or be concerned with a Specified Business (being any business which competes directly or indirectly with the business of contract manufacturing and bottling dairy and juice products on behalf of customers carried on by EDNZ in New Zealand) within New Zealand, whether on its own account or as a consultant or other contractor to or a partner, agent, employee, shareholder or director of, or equity participant with, any other person; or
- (b) induce or endeavour to induce any customer of EDNZ to cease doing business with, or reduce its level of business with EDNZ or the Purchaser.

The above restriction shall not prevent the Vendor from:

- (i) continuing to be a partner, agent, employee, shareholder or director of any company if the Vendor held such shares or position at the date of the SPA;
- (ii) acquiring shares in any public company the shares of which are listed on any stock exchange in New Zealand so long as the shareholding does not exceed 5% of the share capital of any such public company, or acquiring shares listed on any stock exchange in a country other than New Zealand;
- (iii) sourcing products from New Zealand, or sourcing existing or future products of Naturalac Nutrition Limited; or
- (iv) continuing employment with EDNZ or a related company of EDNZ.

6. **VALUE OF THE SALE SHARES**

6.1. **Book Value and Net Asset Value**

Based on the latest unaudited financial statements of the Group for the financial period ended 31 December 2018 (“Q1FY2019”), the net asset value (“NAV”) of the Sale Shares was RM10,251,000.

6.2. **Net Profits**

Based on the latest unaudited financial statements of the Group for Q1FY2019, the net loss attributable to the Sale Shares by the Vendor is RM1,622,000.

6.3. **Gain on Disposal**

The Consideration represents an excess of RM9,241,000 over the adjusted NAV of the Sale Shares, and the amount of gain from the Proposed Disposal is estimated to be approximately RM9,130,000 having taken into account estimated incidental costs.

6.4. **Valuation**

No independent valuation was performed in respect of the Sale Shares.

7. FINANCIAL EFFECTS

7.1. Assumptions

The pro forma financial effects of the Proposed Disposal on the Group have been prepared based on the figures derived from the Group's audited consolidated financial statements for 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 Disposal.

7.2. Net Tangible Assets

For illustrative purposes and assuming the Proposed Disposal 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 Disposal	After the Proposed Disposal
NTA (RM)	249,943,000	259,073,000
Number of shares	141,918,499	141,918,499
NTA per share (RM)	1.76	1.83

7.3. Earnings

For illustrative purposes and assuming the Proposed Disposal 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 Disposal	After the Proposed Disposal
Net loss attributable to shareholders after tax (RM)	(26,408,000)	(17,278,000)
Number of weighted average shares	130,983,901	130,983,901
Earnings per share (RM sen)	(20.16)	(13.19)

7.4. Share Capital

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

8. RELATIVE FIGURES CALCULATED UNDER RULE 1006

8.1. The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 ("Rule 1006") of the Listing Manual are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the Sale Shares to be disposed of, compared with the Group's net asset value	3.1 ⁽¹⁾
(b)	Net loss attributable to the Sale Shares disposed of, compared with the Group's net loss before tax and minority	-24.5 ⁽²⁾

interests

- (c) The aggregate value of the Consideration received, 18.6⁽³⁾ compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares
- (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) Based on the net asset value of the Sale Shares disposed of pursuant to the Proposed Disposal and the net asset value of the Group as at Q1FY2019 of RM10,251,000 and RM328,726,000 respectively.
- (2) Based on the loss before tax of the Sale Shares disposed of pursuant to the Proposed Disposal and the loss before tax of the Group for Q1FY2019 of RM1,622,000 and RM6,615,000 respectively.
- (3) Based on the Consideration and the issued share capital of the Company of 247,114,403 ordinary shares in the capital of the Company ("**Shares**") and the weighted average price of S\$0.1391 transacted on the Mainboard of the SGX-ST on 11 April 2019 (being the last market day for which the Shares were traded prior to the day the SPA was entered into).

8.2. As the relative figure computed pursuant to Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Disposal constitutes a "discloseable transaction" as defined in Chapter 10 of the Listing Manual. However, as the relative figure computed pursuant to Rule 1006(b) of the Listing Manual is negative, the Company had consulted with the SGX-ST in accordance with Rule 1007(1) of the Listing Manual and will update Shareholders on the outcome of such consultation.

9. INTERESTS OF 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 Disposal.

10. SERVICE CONTRACTS

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

11. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807, for a period commencing three (3) months from the date of this announcement.

12. 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

KHOR SIN KOK
Group Chief Executive Officer

12 April 2019