

ASSET ACQUISITIONS AND DISPOSALS::THE PROPOSED DISPOSAL OF ISSUED SHARE CAPITAL AND DISPOSAL OF LEASEHOLD LAND**Issuer & Securities****Issuer/ Manager**

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Securities

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THE PROPOSED DISPOSAL OF ISSUED SHARE CAPITAL AND DISPOSAL OF LEASEHOLD LAND

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Designation

COMPANY SECRETARIES

Description (Please provide a detailed description of the event in the box below)

Please refer to the attachment.

Attachments[Announcement on disposal of share and assets in Pulau Indah 10 May 2023.pdf](#)

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- (A) THE PROPOSED DISPOSAL OF 100% OF THE ISSUED SHARE CAPITAL OF GOURMESSA SDN. BHD., AND CERTAIN ASSETS OF POK BROTHERS SDN. BHD, EACH A WHOLLY OWNED INDIRECT SUBSIDIARY OF THE COMPANY
- (B) THE PROPOSED DISPOSAL OF LEASEHOLD LAND LOCATED IN PULAU INDAH, SELANGOR
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1. INTRODUCTION

1.1. 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) Envictus Foods (M) Sdn. Bhd. (“**Envictus MY**”), a wholly owned subsidiary of the Company, and Pok Brothers Sdn. Bhd. (“**Pok Brothers**”), an indirect wholly owned subsidiary of the Company, have on 10 May 2023 entered into a conditional share and asset purchase agreement (the “**Shares and Assets SPA**”) with PrimaBaguz Foods Sdn. Bhd. (the “**Purchaser**”) in relation to the sale of the Sale Shares (as defined below) by Envictus MY and the sale of the Assets (as defined below) by Pok Brothers (the “**Proposed Shares and Assets Disposal**”); and
- (b) Polygold Beverages Sdn Bhd (“**PBSB**”), a wholly owned indirect subsidiary of the Company, has on 10 May 2023 entered into a conditional sale and purchase agreement (the “**Properties SPA**”) with the Purchaser for the sale of the (i) piece of leasehold land held under HSD 135849, PT 129334, Mukim and District of Klang, State of Selangor (the “**Gourmessa Occupied Property**”) and (ii) piece of leasehold land held under HSD 135850, PT 129335, Mukim and District of Klang, State of Selangor (the “**Pok Brothers Occupied Property**” and together with the Gourmessa Occupied Property, the “**Properties**”) (the “**Proposed Properties Disposal**” and together with the Proposed Shares and Assets Disposal, the “**Proposed Disposals**”).

1.2. The Proposed Disposals (on an aggregated basis) constitute a “major transaction” under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”). The Company intends to seek shareholders’ approval at an extraordinary general meeting (“**EGM**”) to be convened for the Proposed Disposals. Please refer to paragraph 5 below for further details on the relative figures in respect of the Proposed Disposals computed on the bases set out in Rule 1006 of the Listing Manual.

2. THE PROPOSED SHARES AND ASSETS DISPOSAL

2.1. Information on the Sale Shares and Assets

The Sale Shares comprise 14,470,636 ordinary shares owned by Envictus MY in Gourmessa Sdn. Bhd. (the “**Sale Company**”), representing 100% of the issued shares in the Sale Company. Envictus MY is a wholly owned subsidiary of the Company and the Sale Company is in turn the wholly owned subsidiary of Envictus MY.

The Sale Company is a company incorporated in Malaysia on 18 September 2014. It is part of the Group’s Food Processing Division (Butchery) and is a manufacturer of convenient value-added frozen foods, including no mechanical deboned meat (MDM) food products marketed under the brand name Gourmessa and supplied to leading hypermarkets in Malaysia, hotels, upmarket restaurants and gourmet caterers by its distributor, Pok Brothers.

The Assets are owned by Pok Brothers and comprise of:

- (a) the single storey detached warehouse, the cold storage facility, an annexed double storey office building, the guard house, covered car parking shed and all other buildings and structures erected (if any) on the Pok Brothers Occupied Property¹ (the **"Warehouse and Cold Storage Facility"**);
- (b) all assets in relation to the operations of the Warehouse and Cold Storage Facility, and all rights, powers or privileges relating or attaching thereto as at the date of completion of the Proposed Shares and Assets Disposal (**"Shares and Assets Completion"**), including:
 - (i) all loose items of office and factory equipment, tools, furniture and furnishings, the plant and machinery set out in the Shares and Assets SPA, trade fixtures and all other assets owned or used by Pok Brothers which exist in tangible or physical form in connection with the operations of the Warehouse and Cold Storage Facility as at date of the Shares and Assets Completion (**"Fixed Assets"**); and
 - (ii) all agreements, contracts or arrangements entered into on or prior to the date of the Shares and Assets Completion by or on behalf of Pok Brothers in relation to the operations of the Warehouse and Cold Storage Facility, which are subsisting as at the date of the Shares and Assets Completion, and to be identified by the Purchaser prior to the Shares and Assets Completion for novation to the Purchaser on the Shares and Assets Completion (the **"Contracts"**) including those set out in the Shares and Assets SPA.

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. PrimaBaguz Foods Sdn Bhd, is an indirect wholly-owned subsidiary of Johnsonville Holding Inc, via Johnsonville Singapore Pte. Ltd., whose main business activities consist of manufacturing and selling of meat-based products.

As at the date of this announcement, to the best of the Company's knowledge, the Purchaser (a) does not have any existing interest (whether direct or deemed) in shares of the Company (**"Shares"**); and (b) is not related to any of the Directors or controlling shareholders of the Company.

2.3. Principal Terms of the Proposed Shares and Assets Disposal

(a) The Proposed Shares and Assets Disposal

The Purchaser has agreed to purchase and Envictus MY has agreed to sell the Sale Shares, free from encumbrances and with all rights and advantages attached to them as at the Shares and Assets Completion, on the terms and conditions of the Shares and Assets SPA.

The Purchaser has also agreed to purchase, and Pok Brothers has agreed to sell the Assets, free from encumbrances and with all rights and advantages attached to them as at the Shares and Assets Completion, on the terms and conditions of the Shares and Assets SPA. The Warehouse and Cold Storage Facility and the Fixed Assets will

¹ The Warehouse and Cold Storage Facility erected on the Pok Brothers Occupied Property is owned by Pok Brothers but the Pok Brothers Occupied Property is owned by PBSB. Pok Brothers currently leases the Pok Brothers Occupied Property from PBSB.

be transferred to the Purchaser by means of delivery of the physical possession and control of the Warehouse and Cold Storage Facility and the Fixed Assets respectively, while the Contracts will be transferred by means of novation or by replacing any such Contract with a new agreement, contract or arrangement on the same or substantially the same terms, provided that Pok Brothers shall not be required to incur any liability to the Purchaser in respect of any termination of a Contract between Pok Brothers and a counterparty.

The sale of the Shares, the sale of the Assets and the sale of the Properties are all inter-conditional and are to be completed simultaneously.

(b) Consideration for the Proposed Shares and Assets Disposal

The total consideration for the Proposed Shares and Assets Disposal (the “**Shares and Assets Consideration**”) is RM57,000,000, of which RM33,808,051 represents the consideration for the sale of the Sale Shares (the “**Shares Consideration**”) and RM23,191,949 represents the consideration for the sale of the Assets (the “**Assets Consideration**”).

The Shares and Assets Consideration shall be payable by the Purchaser in the following manner:

- (i) RM100 of the Share Consideration shall be paid by the Purchaser to Envictus MY within 5 business days following the date when all the conditions precedent to the Shares and Assets Completion have been fulfilled and/or waived (the “**Advance Payment for Shares**”);
- (ii) RM100 of the Assets Consideration shall be paid by the Purchaser to Pok Brothers within 5 business days following the date when all the conditions precedent to the Shares and Assets Completion have been fulfilled and/or waived (the “**Advance Payment for Assets**”);
- (iii) RM33,000,000 of the Shares Consideration less such portion of the Redemption Sum (as defined below) that is owing or required to be paid by the Sale Company to redeem the existing charges created by the Sale Company (“**Redemption Sum for Shares**”) less the Tradeline Facilities Amount (as defined below) and less the Advance Payment for Shares (“**Completion Payment for Shares**”) shall be paid by the Purchaser to Envictus MY on the Shares and Assets Completion;
- (iv) RM9,500,000 of the Assets Consideration less such portion of the Redemption Sum (as defined below) that is owing or required to be paid by Pok Brothers to redeem the existing charges created by Pok Brothers (“**Redemption Sum for Assets**”) less the Advance Payment for Assets (“**Completion Payment for Assets**”) shall be paid by the Purchaser to Pok Brothers on the Shares and Assets Completion; and
- (v) RM808,051 of the Shares Consideration (the “**Deferred Payment for Shares**”) less the Amount Outstanding (as defined below) and RM13,691,949 of the Assets Consideration (the “**Deferred Payment for Assets**” and together with the Deferred Payment for Shares, the “**Deferred Payments**”) less (if the Amount Outstanding is greater than the Deferred Payment for Shares) the balance of the Amount Outstanding (after deducting the Deferred Payment for Shares) shall be paid in the manner described below.

The Redemption Sum refers to the amount required to redeem the existing charges which were created by the Sale Company and Pok Brothers in respect of the Warehouse and Cold Storage Facility (as the case may be) from Maybank Islamic Berhad (“**Maybank Islamic**”). As at 30 April 2023, the amount required to redeem such charges is approximately RM34.8 million and RM8.3 million respectively.

The Tradeline Facilities Amount refers the amount required to be paid by the Sale Company to Maybank Islamic in respect of the Islamic banking facilities given by Maybank Islamic to Pok Brothers with a combined tradeline limit of RM30,000,000, out of which up to RM5,000,000 is available for utilisation by the Sale Company (the **"Tradeline Facilities"**) to settle the Tradeline Facilities on the Shares and Assets Completion.

- (1) If the Completion Payment for Shares (less the Advance Payment for Shares) is insufficient to fully settle the Redemption Sum for Shares and the Tradeline Facilities Amount, the Purchaser shall be entitled to deduct any amount equivalent to the shortfall, from the Completion Payment for Assets and/or the Properties Completion Payment (as defined below), and apply the deduction towards the settlement of the Redemption Sum for Shares and/or the Tradeline Facilities Amount.
- (2) If the Completion Payment for Assets (less the Advance Payment for Assets) is insufficient to fully settle the Redemption Sum for Assets, the Purchaser shall be entitled to deduct any amount equivalent to the shortfall, from the Completion Payment for Shares and/or the Properties Completion Payment and apply the deduction towards the settlement of the Redemption Sum for Assets.
- (3) If the Completion Payment for Land (less the Properties Advance Payment) is insufficient to fully settle the Properties Redemption Sum, the Purchaser shall be entitled to deduct any amount equivalent to the shortfall, from the Completion Payment for Shares and/or the Completion Payment for Assets and apply the deduction towards the settlement of the Properties Redemption Sum.

Envictus MY, Pok Brothers and PBSB each confirms and undertakes with the Purchaser that the aggregate of the Completion Payment for Shares (less the Advance Payment for Shares), the Completion Payment for Assets (less the Advance Payment for Assets) and the Properties Completion Payment for Land (less the Advance Payment for Lands) (collectively, the **"Aggregate Net Completion Payment"**) shall be sufficient to fully settle all of the Redemption Sum for Shares, the Redemption Sum for Assets, the Redemption Sum for Land and the Tradeline Facilities Amount (collectively, the **"Aggregate Redemption Sum"**). If the Aggregate Net Completion Payment is less than the Aggregate Redemption Sum, Envictus MY, Pok Brothers and PBSB shall immediately prior to the Shares and Assets Completion and Properties Completion, pay an amount equivalent to the shortfall to the Purchaser towards the payment for or settlement of any part of the Aggregate Redemption Sum.

Payment of Deferred Payments

The Purchaser shall, within one month prior to the date falling 18 months from the date of the Shares and Assets Completion (or if such date is not a business day, the first business day thereafter, or such other date as may be agreed between the parties) (the **"Relevant Date"**), deliver to Envictus MY and Pok Brothers a statement setting out the Amount Outstanding², including the Amount Outstanding (Perinsu)³, the Amount

² **"Amount Outstanding"** means the total aggregate amount owing by the Sale Company to Envictus MY, Pok Brothers or any of their subsidiaries, the Company and its subsidiaries or any of their affiliates, director of the Sale Company or person connected with the foregoing persons, which remain outstanding as at the Shares and Assets Completion, including the Amount Outstanding (Perinsu), the Amount Outstanding (Pok Brothers) and the Amount Outstanding (Polygold).

³ **"Amount Outstanding (Perinsu)"** means the total aggregate amount owing by the Sale Company to Perinsu (Broker Insurans) Sdn. Bhd. in respect of insurance brokering services provided as at the Shares and Assets Completion.

Outstanding (Pok Brothers)⁴, and the Amount Outstanding (Polygold Beverages)⁵, if any.

- (1) If the Deferred Payment for Shares is an amount which is higher than the Amount Outstanding, the Purchaser shall pay Envictus MY such amount equal to the difference between the Deferred Payment for Shares and the Amount Outstanding on the Relevant Date.
- (2) If the Amount Outstanding is greater than the Deferred Payment for Shares (but not greater than the aggregate amount of the Deferred Payment for Shares and the Deferred Payment for Assets), (A) the Purchaser shall not be required to pay any portion of the Deferred Payment for Shares to Envictus MY, (B) the balance of the Amount Outstanding (after deducting the Deferred Payment for Shares) shall be deducted from and set-off against the Deferred Payment for Assets such that the Deferred Payment for Assets shall be reduced by an amount equal to the difference between the Deferred Payment for Shares and the Amount Outstanding and (C) the Purchaser shall pay to Pok Brothers the balance (if any) of the Deferred Payment for Assets after deducting the balance of the Amount Outstanding (as set out in subparagraph (B)) on the Relevant Date.
- (3) If the Amount Outstanding is greater than the Deferred Payments (such that the aggregate amount of the Deferred Payment for Shares and the Deferred Payment for Assets is insufficient to settle the Amount Outstanding), the Sellers shall pay the Purchaser an amount equal to the difference between the Amount Outstanding and the Deferred Payments on the Relevant Date.

The Purchaser shall be entitled to deduct and set-off from and against the Deferred Payments such amount required to satisfy the liability of Envictus MY and Pok Brothers in respect of any claim, provided that if Envictus MY and Pok Brothers dispute the claim, the Purchaser shall not be entitled to deduct or set-off such amount representing the disputed claim until it has been settled and mutually agreed upon between the parties or resolved in accordance with the dispute resolution provisions set out in the Shares and Assets SPA.

On the Shares and Assets Completion, the Purchaser is required to deliver to Envictus MY a bank guarantee or letter of credit to secure the Deferred Payments and the Deferred Payment for Properties (as defined below), subject to the potential deduction and set-off mentioned above. If the Amount Outstanding is greater than the Deferred Payments and the Deferred Payment for Properties, the bank guarantee or letter of credit shall lapse and be returned to the Purchaser for cancellation.

The Shares and Assets Consideration shall be subject to post-completion adjustments in accordance with the adjustment mechanisms set out in the Shares and Assets SPA. The completion statement shall be prepared and delivered by the Purchaser to Envictus MY within 90 days from the date of the Shares and Assets Completion and the adjustment payment payable by Envictus MY to the Purchaser or by the Purchaser to Envictus MY, if any, shall be paid within 10 business days of the completion of the prescribed procedures for the preparation of the completion statement.

⁴ **"Amount Outstanding (Pok Brothers)"** means the total aggregate amount owing by the Sale Company to Pok Brothers (after setting off the trade payables owing by Pok Brothers to the Sale Company) as at the Shares and Assets Completion.

⁵ **"Amount Outstanding (Polygold Beverages)"** means the total aggregate amount owing by the Sale Company to PBSB in respect of the rental arrangement between the Sale Company and PBSB for the use of the Gourmessa Occupied Property (as defined below) under the Gourmessa Tenancy Agreement (as defined below) between 1 March 2023 and the Shares and Assets Completion.

In the event that the Sale Company receives any excess cash or refund from Maybank Islamic as the Tradeline Facilities Amount paid by the Purchaser to Maybank Islamic on the Shares and Assets Completion is more than the actual amount owing by the Company to Maybank Islamic in respect of the Tradeline Facilities, as at the Shares and Assets Completion ("**Excess Amount**"), the Purchaser shall pay an amount equivalent to the Excess Amount to Envictus MY within 10 business days following the Company's receipt of the Excess Amount from Maybank Islamic.

The Shares and Assets Consideration was arrived at on a willing-buyer willing-seller basis taking into account, amongst others, the valuation of the Assets.

(c) Conditions Precedent to the Proposed Shares and Assets Disposal

The Shares and Assets Completion is conditional on, amongst others:

- (i) the satisfaction or waiver (as the case may be) of the conditions precedent under the Properties SPA (save for the condition precedent relating to the Shares and Assets SPA becoming unconditional);
- (ii) the shareholders' approval of the Company for the disposal of the Sale Shares, the Assets, the Properties (the "**Disposal Assets**") and any other transactions contemplated under the Shares and Asset SPA and the Properties SPA respectively having been obtained pursuant to the requirements under the Listing Manual;
- (iii) all the expired halal certifications issued by the Department of Islamic Development Malaysia to the Sale Company having been renewed and on terms similar to the existing terms imposed on the relevant halal certifications (provided that any additional terms which are not similar to the existing terms do not contain any adverse conditions); and
- (iv) all the requisite employment passes/permits (to the extent that any of its validity period has lapsed as at the date of the Shares and Assets SPA or would have lapsed prior to the Shares and Assets Completion) of the foreign employees of the Sale Company (who remain under the employment of the Sale Company as at the date of the Shares and Assets SPA and who has not given any notice of resignation to the Sale Company as at the such date) having been renewed for a validity period ending after the Shares and Assets Completion.

The Purchaser may at any time waive the above conditions precedent (other than the conditions precedent referred to in Sections 2.3(c)(i) and (ii)).

In the event that that all the above conditions precedent have been fulfilled save for the conditions precedent referred to in Sections 2.3(c)(iii) and (iv), and provided that Envictus MY and Pok Brothers have procured that all the applications for the renewal of the halal certifications and/or the employment passes/permits (as the case may be) have been submitted, together with all fees and payments in relation thereto having been fully paid, and to the extent that there any adverse findings made by the relevant authorities or rectifications that are proposed by the relevant authorities in respect of the renewal of the halal certificates, the necessary remedial measures and rectifications having been made or carried out by the Company, and the renewed halal certifications and/or employment passes/permits (as the case may be) are pending the issuance by the relevant authorities as a matter of course, the Purchaser agrees to waive the conditions precedent referred to in Sections 2.3(c)(iii) and (iv).

If the above conditions precedent are not satisfied or waived on or before 6 months from the date of the Shares and Assets SPA (or such other later date as may be agreed between the parties, the Purchaser, or Envictus MY and Pok Brothers may, terminate the Shares and Assets SPA (other than the surviving provisions).

(d) Termination of the Shares and Assets SPA

The Purchaser is entitled to terminate the Shares and Assets SPA (other than the surviving provisions) when a material adverse event has occurred.

The Purchaser is also entitled to terminate the Shares and Assets SPA other than the surviving provisions) if there is a breach of representation, warranty or statement which is made by Envictus MY and Pok Brothers under the Shares and Assets SPA, or a breach of any terms and conditions of the Shares and Assets SPA by Envictus MY and Pok Brothers (in each case, which is capable of being remedied is not remedied within 14 days from the date of notification by the Purchaser to Envictus MY and Pok Brothers).

If the Properties SPA is terminated in accordance with its terms, the Purchaser is also entitled to terminate the Shares and Assets SPA (other than the surviving provisions).

2.4. Other Principal Terms of the Proposed Shares and Assets Disposal

(a) Transfer of Gourmessa Trademarks

Envictus MY undertakes to procure and ensure that, prior to the Shares and Assets Completion, all the relevant deeds, documentation and instruments required to effect the transfer and assignment of certain "GOURMESSA" trademarks set out in the Shares and Assets SPA together with any other trademark employing, including or consisting of such trademarks (the "**Gourmessa Trademarks**"), with all rights attached and free of any encumbrances, to the Sale Company are executed and filed with the relevant authorities. There is no consideration for the transfer of the Gourmessa Trademarks.

(b) Use of Gourmessa Intellectual Property and Pok Brothers Intellectual Property

On the Shares and Sales Completion, Envictus MY and Pok Brothers shall (and shall cause its affiliates to) cease to use the name "Gourmessa" and any trademark or intellectual property referring to "Gourmessa" (including the Gourmessa Trademarks) for any purpose.

On the Shares and Sales Completion, the Purchaser shall take all reasonable steps to cause the Sale Company to cease to use the name "Pok Brothers" and any trademark or intellectual property referring to "Pok Brothers" for any purpose.

(c) Transfer of Relevant Employees

Pok Brothers agrees to render all assistance and co-operation as may be reasonably requested by the Purchaser to effect the transfer of certain identified employees (other than foreign employees) employed by Pok Brothers and who are working at the Warehouse and Cold Storage Facility immediately prior to the Shares and Assets Completion to the Purchaser or (at the election of the Purchaser) the Sale Company, on and with effect from the date of the Shares and Assets Completion, and in compliance with applicable employment laws.

(d) Non-Solicitation

Envictus MY and Pok Brothers undertake with the Purchaser and the Sale Company that they shall not and shall procure that their affiliates and connected persons shall not, induce or seek to induce any employees of the Sale Company or any relevant employees to become employed whether as employee, consultant or otherwise by Envictus MY and Pok Brothers or their affiliates or connected persons, whether or not such employee would thereby commit a breach of his contract of service. The placing of an advertisement of a post available to a member of the public generally and the recruitment of a person through an employment agency shall not constitute a breach of the non-solicitation clause, provided that Envictus MY and Pok Brothers or their affiliates or connected persons do not encourage or advise such agency to approach any employee of the Sale Company or any relevant employee.

3. THE PROPOSED PROPERTIES DISPOSAL

3.1. Information on the Properties

PBSB is the registered proprietor of the Properties which comprises the Gourmessa Occupied Property and the Pok Brothers Occupied Property.

The details of the Gourmessa Occupied Property and the Pok Brothers Occupied Property are set out below;

Gourmessa Occupied Property

Land Title Details & Address	Current Tenant	Category / Current Purpose	Term of the Tenancy
<u>Land Title Details</u> Lot No. PT 129334, Title No. HSD 135849, Mukim and District of Klang, State of Selangor <u>Address</u> 83, Jalan Sungai Pinang 4/2, Taman Perindustrian Pulau Indah, 42920 Pulau Indah, Selangor Darul Ehsan	Sale Company	Industrial / Manufacturing facility	1 March 2021 to 29 February 2024 (3 years) <u>Option to renew</u> Renewable for 3 further terms of 3 years for each further term

Pok Brothers Occupied Property

Land Title Details & Address	Current Tenant	Category / Current Purpose	Term of the Tenancy
<u>Land Title Details</u> Lot No. PT 129335, Title No. HSD 135850, Mukim and District of Klang, State of Selangor <u>Address</u> No. 84, Jalan Sungai Pinang 4/2, Taman Perindustrian Pulau Indah, 42920 Pulau Indah, Selangor Darul Ehsan	Pok Brothers	Industrial / Warehouse and office building	1 February 2021 to 31 January 2024 (3 years) <u>Option to renew</u> Renewable for 3 further terms of 3 years for each further term

The above tenancies will be terminated on completion of the Proposed Properties Disposal (the “**Properties Completion**”) as detailed in paragraph 3.4(a) below.

The Gourmessa Occupied Property is currently tenanted to the Sale Company, as described above. There is a single storey detached factory with an annexed 2-storey office erected on the Gourmessa Occupied Property, which is presently being used by the Sale Company for the manufacturing of convenient value-added frozen foods.

The Pok Brothers Occupied Property is currently tenanted to Pok Brothers, as described above. The Warehouse and Cold Storage Facility is erected on the Pok Brothers Occupied Property and is presently being used by Pok Brothers as a warehouse and office building.

3.2. Information on the Purchaser

Please refer to paragraph 2.2 above for information on the Purchaser.

3.3. Principal Terms of the Proposed Properties Disposal

(a) The Proposed Properties Disposal

The Purchaser has agreed to purchase and PBSB has agreed to sell the Properties, with vacant possession and free from all encumbrances, but subject to the conditions of title and restrictions-in-interest affecting the Properties, on the terms and conditions of the Properties SPA.

The sale of the Shares, the sale of the Assets and the sale of the Properties are all inter-conditional and are to be completed simultaneously.

(b) Consideration for the Proposed Properties Disposal

The total consideration for the Proposed Properties Disposal (the “**Properties Consideration**”) is RM29,000,000, of which RM14,800,000 represents the consideration for the Gourmessa Occupied Property and RM14,200,000 represents the consideration for the Pok Brothers Occupied Property.

The Properties Consideration shall be payable by the Purchaser in the following manner:

- (i) RM870,000 (“**Properties Retention Sum**”) shall be paid by the Purchaser to the Purchaser’s solicitors upon the execution of the Properties SPA;
- (ii) RM8,630,000 (the “**Properties Completion Payment**”) shall be paid by the Purchaser to PBSB on the date of the Properties Completion as follows:
 - (1) RM100 of the Properties Completion Payment (the “**Properties Advance Payment**”) shall be paid by the Purchaser to PBSB within 5 business days from the date on which the last of the conditions precedent to the Properties Completion have been satisfied and/or waived;
 - (2) the Redemption Sum (as defined below) is owing or required to be paid by PBSB to redeem the Properties (the “**Properties Redemption Sum**”) shall be paid by the Purchaser to Maybank Islamic on the Properties Completion; and
 - (3) the Properties Completion Payment less the Properties Redemption Sum less the Properties Advance Payment shall be paid by the Purchaser to PBSB on the Properties Completion; and
- (iii) RM19,500,000 (the “**Properties Deferred Payment**”) shall be paid by the Purchaser to PBSB on the date falling 18 months from the date of the Properties Completion (or if such date is not a business day, the first business day thereafter, or such other date as may be agreed between the parties).

The Properties Retention Sum is to be paid by Purchaser’s Solicitors to the Director General of Inland Revenue, Malaysia (“**DGIR**”) within 45 days from the date of the State Authority Approval or the date of the Section S433B Approval, whichever is later. In the event that the State Authority Approval or the Section S433B Approval is not obtained, the Purchaser’s Solicitors shall refund the Properties Retention Sum free of interest to the Purchaser. In the event that the real property gains tax assessed as being payable in connection with the disposal of the Properties exceeds the Properties Retention Sum, PBSB undertakes that it will pay to the DGIR the difference immediately upon notification of the amount of tax payable by the DGIR.

The Properties Retention Sum remitted to the DGIR is deemed to be payment made to PBSB and in the event that the Properties SPA is terminated, PBSB shall be the party

to claim the refund of the Properties Retention Sum from the DGIR and PBSB shall refund the Retention Sum to the Purchaser within 5 business days of receiving the Retention Sum from the DGIR.

The Properties Redemption Sum refers to the amount to be paid to Maybank Islamic for the redemption of the Properties. As at 30 April 2023, the amount required to redeem the Properties is approximately RM6.6 million.

The Purchaser shall be entitled to deduct and set-off from and against the Properties Deferred Payment such amount required to satisfy the liability of PBSB in respect of any claim, provided that if PBSB disputes the claim, the Purchaser shall not be entitled to deduct or set-off such amount representing the disputed claim until it has been settled and mutually agreed upon between the parties or determined by a final judgment of a court of competent jurisdiction.

The Properties Consideration was arrived at on a willing-buyer willing-seller basis taking into account, amongst others, the valuation of the Properties.

(c) Conditions Precedent to Proposed Properties Disposal

The Properties Completion is conditional on, amongst others:

- (i) the satisfaction or waiver (as the case may be) of the conditions precedent under the Shares and Assets SPA, and the completion of the Proposed Shares and Assets Disposal under the Shares and Assets SPA (save for the condition precedent relating to the Properties SPA becoming unconditional);
- (ii) the receipt by the PBSB of the written consent of the State Authority for the transfer of the Properties to the Purchaser pursuant to the restriction-in-interest endorsed on the issue documents of title to the Properties ("**State Authority Approval**");
- (iii) the receipt by the Purchaser of the written consent of the State Authority pursuant to Section 433B of the National Land Code for the acquisition of the Properties by the Purchaser ("**Section 433B Approval**");
- (iv) the receipt by the Purchaser of the written confirmation of the EPU that EPU's approval is not required for the purchase of the Properties ("**EPU Confirmation**");
- (v) the receipt by PBSB of the shareholders' approval of the Company for the disposal of the Disposal Assets and any other transactions contemplated under the Properties SPA and the Shares and Assets SPA having been obtained pursuant to the requirements under the Listing Manual.

The Purchaser may at any time waive the condition precedent set out in paragraphs 3.3(c)(i) and (iv) .

If the above conditions precedent are not satisfied or waived on or before 6 months from the date of the Properties SPA (or such later other date as may be agreed between the parties, the Purchaser or PBSB may, terminate the Properties SPA (other than the surviving provisions) and PBSB shall refund any monies paid by the Purchaser to PBSB towards the Properties Consideration within 7 business days from the date of termination of the Properties SPA.

(d) Termination of the Proposed Properties Disposal

In the event that: (i) the Purchaser shall fail to pay the Properties Completion Payment or any part thereof within the time stipulated for payment; or (ii) in the event the memorandum of transfer in respect of each of the Properties (the "**Transfer**") is not accepted or is rejected from registration or is not registered for any reason whatsoever due to fault on the part of the Purchaser, and such failure or reason for non-acceptance or rejection or non-registration is not remedied by the Purchaser within 14 days from the date of notification by PBSB to the Purchaser, PBSB shall be entitled to terminate

the Properties SPA.

In the event that the Properties or any part thereof shall before the payment of the Properties Completion Payment by the Purchaser or the presentation of the Transfer for registration in favour of the Purchaser with the relevant land registry, whichever may be the earlier, be or become affected by any notice of acquisition or intended acquisition under the Land Acquisition Act, the Purchaser shall have the option to terminate the Properties SPA.

If the Shares and Assets SPA is terminated in accordance with its terms, the Purchaser is also entitled to terminate the Properties SPA (other than the surviving provisions).

Upon such termination in each of the above cases, PBSB shall, refund to the Purchaser all monies (if any) paid by the Purchaser to PBSB towards the Properties Consideration (save for the Properties Retention Sum if it has been paid to the DGIR in which case PBSB shall refund the Properties Retention Sum to the Purchaser in accordance with paragraph 3.3(b) above.

3.4. Other Principal Terms of the Proposed Properties Disposal

On the date of the Properties Completion, PBSB shall be required to, amongst others, execute termination agreements for the termination of the (i) tenancy agreement dated 26 March 2021 between the Sale Company (as tenant) and PBSB (as landlord) in respect of the Gourmessa Occupied Property (the “**Gourmessa Tenancy Agreement**”) and (ii) tenancy agreement dated 1 February 2021 between Pok Brothers (as tenant) and PBSB (as landlord) in respect of the Pok Brothers Occupied Property.

The Purchaser has the option to negotiate with the subtenant of the coldroom situated on the Pok Brothers Occupied Property for a tenancy of the coldroom prior to Properties Completion. In the event the Purchaser and the subtenant are not able to agree on the terms of the tenancy agreement by date on which the conditions precedent to the Properties Completion have been satisfied and/or waived, the Purchaser shall inform PBSB accordingly upon which PBSB shall terminate any subtenancy entered into between the Vendor and the subtenant prior to Properties Completion.

4. RATIONALE AND USE OF PROCEEDS

4.1. Rationale for the Proposed Disposals

The Proposed Disposals 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 valuation of the Disposal Assets and the reasons for the Proposed Disposals as set out below.

The Proposed Disposals represent a good opportunity to dispose of the Group's Food Processing Division (Butchery) has been operating below capacity when its relocation to Pulau Indah in Selangor, Malaysia and is a loss-making business segment contributing negatively to the bottom line of the Group. The Food Processing Division (Butchery) has incurred accumulated losses of approximately RM12,453,000 as at 30 September 2022. It is expected to continue making losses and to require cash injections to sustain its business operations. It is therefore in the interests of the Group to complete the Proposed Disposals as soon as possible to stem such losses. The Proposed Disposals represent a good opportunity for the Group to realise the gain from disposal as set out in Section 7.4 below.

The Proposed Properties Disposal constitutes a disposal of non-core assets belonging to PBSB as the Land only generates monthly rental income which is insufficient to cover the monthly term loan instalment.

The Group is in the process of streamlining its business operations and the Proposed Disposals are being carried out as part of its efforts to divest its loss-making businesses and assets and to focus on its other existing core businesses.

4.2. Use of Proceeds

The estimated sale proceeds from the Proposed Disposals, is approximately RM83,656,832, of which approximately RM34,000,000, representing the Deferred Payment for Shares and Deferred Payment for Assets⁶, will only be received 18 months after the Shares and Assets Completion.

The Group intends to utilise the sale proceeds from the Proposed Disposals as follows:

Use of Proceeds	RM	Percentage Allocation (%)
(A) Properties Retention Sum		
- To be retained by the Purchaser and applied towards the payment of real property gains tax on the Proposed Properties Disposal	870,000	1.0
(B) Completion Payments (comprising the Completion Payment for Shares and Completion Payment for Assets to be paid on the Shares and Assets Completion and the Properties Completion Payment to be paid on the Properties Completion)		
- Settlement of term loan and trade facilities owing by the Sale Company, term loan owing by Pok Brothers and term loans owing by Polygold Beverages to Maybank Islamic	49,656,832	57.7
- Payment of incidental costs, real property gains tax and income tax	1,473,168	1.7
Sub-Total	51,130,000	59.4
(C) Deferred Payments (comprising the Deferred Payment for Shares and the Deferred Payment for Assets to be paid on the date falling 18 months from the Shares and Assets Completion and the Properties Deferred Payment to be paid on the date falling 18 months from the Properties Completion)		
- Repayment of a third party loan (equivalent to USD1 million)	4,443,840	5.2
- Repayment of director's advances	9,000,000	10.5
- Working capital of the Group	8,556,160	9.9
- Expansion of business – the Group's Food Services Division and Dairies Division	12,000,000	14.0
Sub-Total	34,000,000	39.6
Total	86,000,000	100.0

⁶ The Deferred Payment for Shares and Deferred Payment for Assets will be treated as receivable in the financial statements of the Group pending their receipt from the Purchaser 18 months after the Shares And Assets Completion .

Pending the deployment for the uses identified above, the net proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

5. RELATIVE FIGURES FOR THE PROPOSED DISPOSALS

As the Proposed Shares and Assets Disposal and the Proposed Properties Disposal both involve disposals to the same Purchaser and are inter-conditional, the Proposed Shares and Assets Disposal and the Proposed Properties Disposal have been aggregated and treated as a single transaction.

The relative figures for the Proposed Shares and Assets Disposal, the Proposed Properties Disposal and the Proposed Disposals (i.e. the Proposed Shares and Assets Disposal and the Proposed Properties Disposal on an aggregated basis) computed on the bases set out in Rule 1006 of the Catalyst Rules are as follows:

Rule 1006		Relative Figures		
		Proposed Shares and Assets Disposal	Proposed Properties Disposal	Proposed Disposals
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	41.63% ⁽¹⁾	8.80% ⁽¹⁾	50.43% ⁽¹⁾
(b)	The net profits/(losses) attributable to the assets to be disposed of, compared with the Group's net profits/(losses)	253.30% ⁽²⁾	(403.04)% ⁽²⁾	(149.74)% ⁽²⁾
(c)	The aggregate value of the consideration given received compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	26.77% ⁽³⁾⁽⁴⁾	13.62% ⁽³⁾⁽⁴⁾	40.40% ⁽³⁾⁽⁴⁾
(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 ⁽⁵⁾		
(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 audited consolidated results of the Group as at 30 September 2022, (a) the net asset value of the (i) Sale Shares and Assets; (ii) Properties; and (iii) Disposal Assets is approximately RM66,074,000, RM13,974,000 and RM80,048,000 respectively and (b) net asset value of the Group for FY2022 was RM158,732,000.
- (2) Based on the latest announced audited consolidated results of the Group as at 30 September 2022, (a) the net profits/(loss) attributable to the (i) Sale Shares and Assets; (ii) Properties; and (iii) Disposal Assets (excluding income tax and real property gains tax) is approximately RM(9,324,000), RM14,836,000 and RM5,512,000 respectively and (b) the Group's net loss before tax for the continuing operations for FY2022 is RM3,681,000.
- (3) Based on the Shares and Assets Consideration, the Properties Consideration and the aggregate consideration for the Proposed Disposals of RM57,000,000, RM29,000,000 and RM86,000,000 respectively
- (4) Based on the issued share capital (excluding treasury shares) of the Company of 304,181,353 ordinary shares in the capital of the Company and the weighted average price of S\$0.209 transacted on the Mainboard of the SGX-ST on 9 May 2023, being the last market day preceding the date of the Shares and Assets SPA and the Properties SPA.
- (5) Not applicable as no equity securities are issued by the Company as consideration for the Proposed Disposals.

As the relative figures under Rules 1006 (a) and (c) of the Listing Manual exceed 20%, and the relative figure under Rule 1006(b) is a negative figure with an absolute value exceeding 20% such that the Proposed Disposals (on an aggregate basis) do not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual. Pursuant to Rule 1014 of the Listing Manual, the Proposed Disposals (on an aggregated basis) constitute a "major transaction" and are subject to the approval of the shareholders at an EGM to be convened.

6. FINANCIAL INFORMATION RELATING THE DISPOSAL ASSETS

6.1. Book Value

Based on the latest audited consolidated financial statements for the financial year ended 30 September 2022 ("**FY2022**"):

- (a) the net book value of the Sale Shares and the Assets is approximately RM66,074,000;
- (b) the net book value of the Gourmessa Occupied Property and the Pok Brothers Occupied Property is approximately RM7,423,000 and RM6,551,000 respectively; and
- (c) the net book value of the Disposal Assets is RM80,048,000.

The proceeds from the Proposed Shares and Assets Disposals represents a deficit of RM9,074,000 over the book value of the Sale Shares and Assets, while the proceeds from the Proposed Properties Disposal represents an excess of RM15,026,000 over the book value of the Properties. The proceeds from the Proposed Disposals, in aggregate, represent an excess of RM5,952,000 over the book value of the Disposal Assets.

6.2. Net Tangible Assets

Based on the latest audited consolidated financial statements for FY2022:

- (a) the net tangible assets of the Sale Shares and the Assets is approximately RM66,060,000;
- (b) the net tangible assets of the Gourmessa Occupied Property and the Pok Brothers Occupied Property is approximately RM7,423,000 and RM6,551,000 respectively; and
- (c) the net tangible assets of the Disposal Assets is RM80,034,000.

6.3. Valuation

The Company has appointed Savills (Malaysia) Sdn Bhd and IM Global Property Consultants Sdn Bhd as independent valuers to value the Disposal Assets and the valuation will be made available to shareholders in the Circular (as defined below).

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSALS

7.1. Assumptions

The pro forma financial effects in this paragraph 7 are based on the latest audited consolidated financial statements for FY2022 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 Disposals.

7.2. NTA

For illustrative purposes only and assuming the Proposed Disposals had been completed on 30 September 2022, the pro forma financial effects on the consolidated NTA for FY2022 are as follows:

	Before the Proposed Disposals	After the Proposed Shares and Assets Disposal only	After the Proposed Properties Disposal only	After the Proposed Disposals
NTA (RM)	132,379,000	122,029,000	145,859,000	135,509,000
Number of shares	247,114,403	247,114,403	247,114,403	247,114,403
NTA per share (RM sen)	0.54	0.49	0.59	0.55

7.3. Earnings

For illustrative purposes only and assuming the Proposed Disposals had been completed on 1 October 2021, the pro forma financial effects on the earnings per share of the Group for FY2022 are as follows:

	Before the Proposed Disposals	After the Proposed Shares and Assets Disposal only	After the Proposed Properties Disposal only	After the Proposed Disposals
Net (loss)/profit attributable to shareholders after tax from continuing operations (RM)	(6,387,000)	(16,737,000)	7,093,000	(3,257,000)
Number of weighted average shares	247,114,403	247,114,403	247,114,403	247,114,403
(Loss)/profit per share (RM sen)	(2.58)	(6.77)	2.87	(1.32)

7.4. Gain from Disposals

The amount of (loss)/gain from the Proposed Shares and Assets Disposal and Proposed Properties Disposal (after taking into account estimated incidental costs, real property gains tax and income tax) is estimated to be (RM10,350,000) and RM13,480,000 respectively. The amount of gain from the Proposed Disposals (on an aggregated basis after taking into account estimated incidental costs and real property gains tax) is estimated to be RM3,130,000.

7.5. Share Capital

The Proposed Disposals will not have any impact on the issued and paid-up share capital of the Company.

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 Disposals, 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 Disposals. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. EGM AND CIRCULAR

A circular to the shareholders ("**Circular**") containing further details on the Proposed Disposals and enclosing a notice of EGM in connection therewith will be issued to shareholders in due course.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Shares and Assets SPA and the Properties 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. The valuation reports in respect of the Disposal Assets will be made available for inspection during normal business hours (with prior appointment) at the registered office of the Company from the date of the Circular to the time and date of the EGM.

12. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbroker, bank managers, solicitor or other professional advisers if they have any doubt about the actions that they should take. Completion of the Proposed Disposals is subject to, amongst others, the fulfilment of the conditions precedents in the Shares and Assets SPA and the Properties SPA and, as at the date of this announcement, there is no certainty or assurance that the Proposed Disposals will proceed to completion.

Further announcement(s) will be made as appropriate when there are material developments to the Proposed Disposals.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman
10 May 2023