

**ASSET ACQUISITIONS AND DISPOSALS::DISPOSAL OF THE PROPERTY AND PLANT AND EQUIPMENT LOCATED AT PULAU INDAH, SELANGOR**

## Issuer &amp; Securities

## Issuer/ Manager

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

## Securities

ENVICTUS INTERNATIONAL HLDGLTD - SG1CF4000007 - BQD

## Stapled Security

No

## Announcement Details

## Announcement Title

Asset Acquisitions and Disposals

## Date &amp; Time of Broadcast

06-Apr-2022 18:01:02

## Status

New

## Announcement Sub Title

DISPOSAL OF THE PROPERTY AND PLANT AND EQUIPMENT LOCATED AT PULAU INDAH, SELANGOR

## Announcement Reference

SG220406OTHRZPI5

## Submitted By (Co./ Ind. Name)

SURENTHIRARAJ S/O SAUNTHARARAJAH AND KOK MOR KEAT

## Designation

COMPANY SECRETARIES

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

Please refer to the attachment.

## Attachments

[EIHL Annc - Reasons for Waiver.pdf](#)

Total size = 126K MB



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

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**(A) DISPOSAL OF THE PROPERTY LOCATED AT PULAU INDAH, SELANGOR; AND**  
**(B) DISPOSAL OF THE PLANT AND EQUIPMENT LOCATED AT PULAU INDAH, SELANGOR**

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The Board of Directors (the “**Board**”) of Envictus International Holdings Limited (“the **Company**” and together with its subsidiaries, the “**Group**”) refers to its earlier announcements dated 31 March 2021, 31 January 2022, 4 February 2022 and 12 February 2022 in relation to the Proposed Property Disposal and the Proposed Plant Disposal (together, the “**Disposals**”) (the “**Disposal Announcements**”).

*All capitalised terms in the announcement shall, unless otherwise defined herein, have the same meaning ascribed to them in the Disposal Announcements.*

As previously announced on 4 February 2022, while the Company’s Waiver Application was rejected by the SGX-ST, the SGX-ST stated that it had no objection to the Company’s request for shareholders’ approval for the Disposals to be sought by way of a ratification resolution at an EGM to be convened after the completion of the Disposals, but no later than 3 months after the completion of the Disposals.

The Company wishes to provide further information on the grounds on which the Waiver Application was sought:

- (a) The frozen bakery business is a loss-making business of the Group, contributing to only 4.5% of the revenue of the Group for FY2020, and contributes negatively to the bottom line of the Group. The frozen bakery business has been consistently making losses over the years due to low sales volume and high overhead and underutilization of production capacity. It has accumulated losses of RM119.7 million (including impairment losses of RM51.7 million for property, plant and equipment) as of 30 September 2020 and has incurred substantial losses for the current 11-months financial period. The frozen bakery business is expected to continue making losses and is expected to require cash injection to sustain its business operations in FY2022 until the completion of the Disposals. It is therefore in the interests of the Group and its shareholders to complete the Disposals as soon as possible to stem such losses.
- (b) Additionally, the OEM Agreement with the Purchaser is not likely to be lucrative as demand from them is affected by the ongoing COVID-19 pandemic.
- (c) The Plant Disposal will also relieve cash resources of the Group as the Company has been continuously making advances to the bakery business to support its working capital requirements, capital expenditure and bank repayments. As at 31 August 2021, the bakery business owes approximately RM37.3 million to the Group.
- (d) The Board is of the view that there will be an improvement in the risk profile of the Company arising from the Disposals as the Disposals constitute the divestment of loss-making business segments of the Group and will stem further losses being incurred by the frozen bakery business.
- (e) The Group is in the process of streamlining its business operations and the Disposals are carried out as part of its efforts to divest its loss-making businesses and assets and to focus on its other existing core businesses. The Disposals therefore represent a good opportunity for the Group to realise the gain arising from the Plant Disposal of RM8.3 million and the Property Disposal of RM3.7 million respectively (based on the financial statements of the Group as of 31 August 2021). The Group intends to use the net

proceeds from the Disposals for the repayment of bank borrowings and creditors for the frozen bakery business.

- (f) In the case of the Disposals, the relative figure for Rule 1006(b) of the Listing Manual is a negative figure because the Group reported a net loss before tax of RM87.069 million for the period from 1 October 2019 to 30 September 2020 while the Disposals will result in a profit on disposal. As such, the Company considers that the relative figures pursuant to Rule 1006(b) of the Listing Manual is not meaningful and should be disregarded.
- (g) The Purchaser is not an interested person as defined under Chapter 9 of the Listing Manual. None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposals, other than their capacity as a director or shareholder of the Company.
- (h) The significant amount of time taken to convene an EGM to obtain shareholders' approval before completing the Disposals will only prolong the losses being incurred by this loss-making business segment.

The Company had also represented to the SGX-ST that the Waiver Application should be granted for the following reasons:

- (i) The Directors are of the view that there will be no adverse material change in the Company's risk profile as the Disposals would in fact result in an improvement in group debt to equity ratio, relieve the Company of the need for further cash injection for working capital of the bakery business and stem the losses arising from this business.
- (j) While the Plant and the Property are not considered non-core assets of the Company, there are other compelling reasons for a waiver be granted. The Disposals represent a disposal of assets of loss-making business which has been draining the cash resources of the Group and has incurred and is continuing to incur substantial losses. This is an opportunity to realise the gain on disposal. The Group intends to exit the bakery business after the completion of the Disposals.
- (k) The Company has obtained voting undertakings from Shareholders holding more than 50% shares in the Company to vote in favor of the Disposals.

The Company also wishes to update Shareholders that it had submitted an application on 5 April 2022 to the SGX-ST seeking (i) a waiver of the valuation requirements under Rule 1014(5) of the Listing Manual in respect of the Disposals and (ii) a 3-month extension of time to complete the ratification of the Disposals. The Company will make further announcements to update its shareholders on the details and the outcome of the foregoing application in due course.

By Order of the Board  
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN  
Executive Chairman

6 April 2022