

ASSET ACQUISITIONS AND DISPOSALS::PROPOSED DISPOSAL OF PROPERTY AND ASSETS RELATED TO THE TEXAS CHICKEN OUTLETS OPERATING IN INDONESIA

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

Please refer to the attachment.

Attachments

[EIHL%20Annc%20for%20Disposal%20of%20Texas%20Chicken.pdf](#)

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

**PROPOSED DISPOSAL OF PROPERTY AND ASSETS
RELATED TO THE GROUP'S TEXAS CHICKEN OUTLETS OPERATING IN INDONESIA**

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 PT Quick Service Restaurant (the "**Vendor**"), a wholly-owned Indonesian subsidiary of the Company, has entered into a sale and purchase agreement (the "**SPA**") with PT Quick Serve Indonesia (the "**Purchaser**") for the disposal of the assets of the Vendor (the "**Sale Assets**") (the "**Proposed Disposal**") today.
- 1.2. All figures converted from IDR to RM in this letter are based on an exchange rate of MYR1:IDR3,371.17 as extracted from www.oanda.com.

2. INFORMATION ON THE SALE ASSETS

The Vendor is currently operating 6 Texas Chicken outlets located in Indonesia. The Sale Assets will comprise of the master franchise agreement and all the fixtures and fittings, kitchen equipment, deposits and prepayments for the 6 Texas Chicken outlets. The 6 Texas Chicken outlets are:

- (a) Texas Chicken outlet with an area of 206.33 m² located at Green Pramuka Square, Lt. UG 16-17, Jl. Jend. Ahmad Yani Kav 49, Cempaka Putih, Central Jakarta;
- (b) Texas Chicken outlet with an area of 195.66 m² located at Mall Bassura Lt. 1/RE/12 & 15, Jl. Basuki Rahmat No. 40, Jatinegara, East Jakarta;
- (c) Texas Chicken outlet with an area of 248 m² located at Plaza Festival LG - 03A, Jl. HR. Rasuna Said No.22, Karet Kuningan Setiabudi, South Jakarta;
- (d) Texas Chicken outlet with an area of 236 m² located at Trans Studio Mall Cibubur Lt. LG 10 & 11, Jl. Alternative Cibubur No. 230, Harjamukti, Cimanggis, Depok, West Java;
- (e) Texas Chicken outlet with an area of 232.71 m² located at King Shopping Center Lt. 1F03, Jl. Kepatihan, Balonggede, Regol, Bandung, West Java; and
- (f) Texas Chicken outlet with an area of 278.86 m² located at Blok M Plaza Lt. UG No. 25A, Jl. Bulungan No.76, Kebayoran Baru, South Jakarta.

3. INFORMATION ON THE PURCHASER

- 3.1. The Purchaser is a company incorporated in Indonesia and is the franchisee of Texas Chicken in Indonesia for the territory of Surabaya. The Director, President Director and Commissioner of the Purchaser are Melisa Kristi Kristianto, Julius Evan Kristianto and Elisabeth Priska Chairil respectively. The shareholders of the Purchaser are Melisa Kristi Kristianto, Julius Evan Kristianto, Elisabeth Priska Chairil and Amelia Kristi Kristianto.
- 3.2. The Purchaser is not related to any of the directors or controlling shareholders of the Company.

4. RATIONALE AND USE OF PROCEEDS

- 4.1. The Texas Chicken operations in Indonesia have been loss-making since the commencement of business in September 2018 with accumulated losses of approximately IDR15.3 billion (approximately RM4.5 million). The Group intends to cease its Texas Chicken operations in Indonesia in order to focus on its Texas Chicken operations in Malaysia which is starting to show a positive bottom line. The Proposed Disposal represents a good opportunity for the Group to dispose of the assets of a loss-making business and obtain some consideration for it. If the Sale Assets are not sold to a third party, the Group will have to write off the Sale Assets in its books when it ceases its Texas Chicken operations in Indonesia.
- 4.2. The Group intends to use the net proceeds from the Proposed Disposal for general working capital purposes of the Group.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1. Sale and Purchase of the Sale Assets

Under the terms of the Proposed Disposal, the Vendor agrees to sell, and the Purchaser agrees to purchase, the Sale Assets on an “as-is-where-is” basis and the Purchaser agrees that no warranties, representations or guarantees are given as to the qualities of the Sale Assets and the Purchaser is deemed to have inspected them and is satisfied with them.

5.2. Consideration

The aggregate consideration for the Proposed Disposal is IDR31,182,984,742 (approximately RM9,250,000) (the “**Consideration**”) which shall be satisfied by the Purchaser in the following manner:

- (a) IDR3,118,298,474 (approximately RM 0.925 million) (the “**First Payment**”) which will be paid by the Purchaser to the Vendor on 1 October 2019;
- (b) IDR9,354,895,423 (approximately RM 2.775 million) (the “**Second Payment**”) to be paid by the Purchaser to the Vendor within 2 (two) months from the date of the First Payment;
- (c) IDR9,354,895,423 (approximately RM 2.775 million) (the “**Third Payment**”) to be paid by the Purchaser to the Vendor within 4 (four) months from the date of the First Payment; and
- (d) IDR9,354,895,422 (approximately RM 2.775 million) (the “**Fourth Payment**”) to be paid by the Purchaser to the Vendor within 6 (six) months from the date of the First Payment.

The Consideration was arrived at by the Vendor and the Purchaser on a willing buyer willing seller basis after taking into consideration the net book value of the Sale Assets with a certain discount.

5.3. Conditions Precedent

The Proposed Disposal is not subject to any conditions precedent.

5.4. Completion of the Proposed Disposal

The ownership of the Sale Assets will be transferred from the Vendor to the Purchaser on 31 March 2020 or such other date as agreed by the Vendor and the Purchaser (the “**Completion Date**”).

The Purchaser agrees to take over the Sale Assets and bear the cost of operations of the Sale Assets from 1 October 2019. The Vendor will not be responsible for any cost of operations from such date and the Purchaser agrees to bear the risk of operating the Sale Assets from 1 October 2019 notwithstanding that the ownership of the Sale Assets have yet to be transferred from the Vendor to the Purchaser.

5.5. Other Material Terms

The Purchaser also agrees to make an offer of employment to all existing employees of the Vendor on the same terms and conditions as the existing employment contract and be responsible for their payroll. If any of the employee rejected the offer of employment from the Purchaser, the Vendor will terminate the employment contract and agrees to bear the costs of any labour claims.

6. VALUE OF THE SALE ASSETS

6.1. Net Book Value

Based on the latest unaudited financial statements of the Group for the financial period ended 30 June 2019 (“**Q3FY2019**”), the net book value of the Sale Assets was RM10,703,000.

6.2. Net Loss

Based on the latest unaudited financial statements of the Group for Q3FY2019, the net loss attributable to the Sale Assets by the Vendor is RM1,453,000.

6.3. Loss on Disposal

The Consideration represents a deficit of RM1,453,000 over the net book value of the Sale Assets.

6.4. Valuation

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

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	248,490,000
Number of shares	141,918,499	141,918,499
NTA per share (RM)	1.76	1.75

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)	(27,861,000)
Number of weighted average shares	130,983,901	130,983,901
Earnings per share (RM sen)	(20.16)	(21.27)

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 (%) based on an aggregate consideration of RM 9.184 million
(a)	The net asset value of the Sale Assets to be disposed of, compared with the Group's net asset value.	3.4 ⁽¹⁾
(b)	The net profits attributable to the Sale Assets disposed of, compared with the Group's net profits.	-8.0 ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	9.5 ⁽³⁾
(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 Assets as at 30 June 2019 and the net asset value of the Group as at 30 June 2019 of RM10,703,000 and RM316,112,000 respectively.

- (2) Based on the net loss before tax of the Sale Assets for the financial period from 1 October 2018 to 30 June 2019 and the net loss before tax of the Group for the financial period from 1 October 2018 to 30 June 2019 of RM1,453,000 and RM18,054,000 respectively.
- (3) Based on the aggregate consideration of IDR31,182,984,742 (approximately RM9,250,000) and the issued share capital of the Company of 247,114,403 shares and the weighted average price of S\$0.1297 transacted on the Mainboard of the SGX-ST on 16 September 2019 being the last market day on which shares of the Company were traded prior to the date of signing of the SPA.

8.2. As the relative figure computed pursuant to Rule 1006(b) of the Listing Manual is negative, the Company had on 22 July 2019 consulted the SGX-ST in accordance with Rule 1007(1) of the Listing Manual. The SGX-ST informed the Company on 16 September 2019 that based on the Company's submissions and representations to the SGX-ST, the Company is not required to obtain shareholders' approval for the Proposed Disposal pursuant to Rule 1014(2) of the Listing Manual but that the Proposed Disposal is a discloseable transaction pursuant to Rule 1010 of the Listing Manual.

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

18 September 2019