

Invicta Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1966/002182/06)
Ordinary Share code: IVT Ordinary Share ISIN ZAE000029773
Preference Share code: IVTP Preference Share ISIN: ZAE000173399
("Invicta" or the "Company")

PROPOSED DISPOSAL OF AN EFFECTIVE 51.19% IN THE KIAN ANN GROUP AND THE ACQUISITIONS BY THE KIAN ANN GROUP OF THE OUTSTANDING INTERESTS IN TWO OF ITS BUSINESS UNITS

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Invicta shareholders are hereby advised that the Company has, via its wholly-owned Singapore subsidiary, Invicta Asian Holdings Pte Ltd ("**IAH**"), entered into a number of agreements on 28 May 2021 ("**Signature Date**") to (i) dispose of an effective 51.19% shareholding in its Singapore-based Kian Ann Group ("**KAG**") to entities controlled by Mr. Zou Jian Liang and his associates ("**ZOU**") of 48.81% and to Mr. Loy Soo Chew ("**LSC**") of 2.38%, and (ii) to simultaneously allow for share subscriptions in KAG by IAH and ZOU to facilitate an increase of KAG's 27.604% shareholding in Kunshan Kensetsu Buhin Co. Ltd ("**KKB**") and its 50.01% shareholding in Modesty Investment Holding Pte. Ltd. ("**MIH**"), to 100% respectively (collectively, the "**Transaction**").

The Transaction will result in Invicta reducing its shareholding in KAG from 100% to 48.81%, which entity will hold 100% of each of KKB and MIH. The Transaction steps are outlined in paragraph 4 below.

2. Description of the businesses that are the subject of the Transaction

- 2.1.** KAG is a global distributor of parts for heavy machinery, diesel engines and automotive, comprising of *inter alia*, wholly owned Kian Ann Engineering Pte. Ltd ("**KAE**") and Kian Ann Investment Pte. Ltd ("**KAI**"), which in turn house KAG's investments in KKB and MIH.
- 2.2.** KKB is a China-based manufacturer manufacturing mainly rollers and idlers for heavy machinery.
- 2.3.** MIH is an investment holding company owning investments in distribution operations in North America of parts for heavy machinery and diesel engines.

3. Rationale and use of proceeds

The primary purpose of the Transaction is to align the interests with the Company's Chinese partners in the primary growth areas of the Company's business, being the United States of America and China, which will allow for improved returns and asset allocation within the Invicta group. KAG will additionally benefit from the vertical integration of KKB and MIH, which will become wholly owned subsidiaries of KAG.

Invicta will apply the net cash proceeds of the Transaction, being Singapore Dollars ("**SGD**") 28 367 916.47 (South African Rand ("**ZAR**") 347 399 178.67)¹ in the short-term, to reduce the offshore debt component of the Invicta group, thereby realigning its funding objectives and enabling the Company to improve its return on capital employed.

Note 1: All SGD amounts stated in this announcement have been converted to ZAR at the rate of SGD/ZAR 12.2462 on 30 September 2020 (Source: <https://www.exchange-rates.org/Rate/SGD/ZAR/9-30-2020>)

4. Transaction components

4.1. Step 1: The Disposals

IAH has entered into agreements with ZOU, to dispose of 142 554 360 of the issued ordinary shares in KAE, (“**ZOU Sale Ordinary Shares**”), being a 31.80% interest (prior to the Subscriptions as defined in paragraph 4.2 below) in KAE (“**ZOU Disposal**”).

Concurrently, IAH has agreed to dispose of 14 985 842 of the issued ordinary shares in KAE (“**LSC Sale Ordinary Shares**”), being a 3.34% interest (prior to the Subscriptions as defined in paragraph 4.2 below) in KAE to LSC, the chief executive officer of KAE (“**LSC Disposal**”).

The ZOU Disposal and the LSC Disposal are together referred to as the “**Disposals**”.

Both IAH and ZOU have granted LSC a guaranteed buy back in 5 years’ time, based on a pre-determined formula, pursuant to which KAE will purchase and cancel the LSC Sale Ordinary Shares and subsequently IAH and ZOU will each hold a 50% shareholding in KAE.

4.2. Step 2: The Subscriptions

In order for KAE to fund the Acquisitions, details of which are set out in paragraph 4.3 below, IAH and ZOU will subscribe for newly issued ordinary shares in KAE as follows:

4.2.1. IAH will subscribe for 16 632 083 (2.64%) newly issued ordinary shares in KAE (“**IAH Subscription**”); and

4.2.2. ZOU will subscribe for 164 781 249 (26.17%) newly issued ordinary shares in KAE (“**ZOU Subscription**”),

The IAH Subscription and the ZOU Subscription are together referred to as the “**Subscriptions**”.

4.3. Step 3: The Acquisitions

KAI has entered into an agreement with ZOU in respect of the acquisition by KAI of a 49.99% interest (“**MIH Sale Shares**”) in MIH (“**MIH Acquisition**”). Post implementation of the MIH Acquisition, KAI will hold 100% of MIH.

KAI has entered into an agreement with ZOU in respect of the acquisition by KAI of a 72.396% interest in KKB (“**KKB Acquisition**”). Post implementation of the KKB Acquisition, KAI will hold 100% of KKB.

The MIH Acquisition and the KKB Acquisition are together referred to as the “**Acquisitions**”.

4.4. Shareholding in KAG post the Transaction

Post implementation of the Transaction the shareholding in KAG will be as follows:

KAG shareholder	Shareholding (%)
IAH	48.81
ZOU	48.81
LSC	2.38
Total	100.0

Post implementation of the Transaction, Invicta's effective indirect shareholding in each of KKB and MIH will therefore be 48.81%.

4.5. Effective date of the Transaction

The Transaction will become effective upon 10 business days after the fulfillment or waiver of the conditions precedent outlined in paragraph 5 below ("**Completion Date**").

5. Conditions precedent to the Transaction

5.1. The Disposals and the MIH Acquisition

Completion of the Disposals and the MIH Acquisition shall be conditional upon the following outstanding conditions precedent having been fulfilled or waived by 28 November 2021:

- 5.1.1. approval of the Transaction by Invicta shareholders;
- 5.1.2. all representations, undertakings and warranties provided by each party, being complied with as at the Signature Date and as at the Completion Date;
- 5.1.3. no relevant government authority taking any action which would or might render the Disposals or the MIH Acquisition void, illegal and/or unenforceable;
- 5.1.4. IAH and ZOU and/or IAH and LSC and/or KAI and ZOU not having received any order restraining or prohibiting the implementation of the Disposals or the MIH Acquisition, or seeking damages in connection therewith;
- 5.1.5. there not arising, between the Signature Date and the Completion Date, any circumstance that would have a cost to KAE and its subsidiaries ("**KAE Group**") involving a liability to the KAE Group in excess of SGD 5 000 000;
- 5.1.6. in respect of the ZOU Disposal, all consents, approvals, record of submissions, certificates or waivers being obtained from any persons, including but not limited to any governmental, state, regulatory body, commission, department or competent authority having jurisdiction over the parties;
- 5.1.7. in respect of the Zou Disposal, an initial payment being made by 28 June 2021; and
- 5.1.8. in respect of the MIH Acquisition, payment of the applicable consideration having been made by KAI by 12 July 2021.

5.2. The Subscriptions

The Subscriptions shall be conditional upon the following outstanding conditions precedent having been fulfilled or waived by the Completion Date:

- 5.2.1. approval of the Transaction by Invicta shareholders;
- 5.2.2. all representations, undertakings and warranties provided by each party to the agreements governing the Subscriptions, being complied with as at the Signature Date and as at the Completion Date;
- 5.2.3. no relevant government authority taking any action which would or might render the Subscriptions void, illegal and/or unenforceable;
- 5.2.4. KAE, IAH and ZOU not having received any order restraining or prohibiting the implementation of the Subscriptions, or seeking damages in connection therewith;
- 5.2.5. there not arising, between the Signature Date and the Completion Date, any circumstance that would have a cost to the KAE Group involving a liability to the KAE Group in excess of SGD 5 000 000; and
- 5.2.6. in respect of the IAH Subscription, payment by IAH of the consideration applicable thereto by 5 July 2021.

6. Undertakings and warranties

The various agreements governing the Transaction contain warranties and undertakings by the parties to such agreements in favor of one another which are typical of a transaction of this nature.

7. Financial information

The value of the net assets and the profits attributable to the net assets that are the subject of the Transaction is as follows:

	Net asset value		Profit after tax	
KAG*	SGD 131 928 366.05	(ZAR 1 615 621 156.32)	SGD 1 259 348.71	(ZAR 15 422 236.17)
KKB	SGD 31 876 059.54	(ZAR 390 360 600.34)	SGD 4 516 883.79	(ZAR 55 314 662.27)
MIH	SGD 3 182 115.97	(ZAR 38 968 828.59)	SGD 1 168 275.40	(ZAR 14 306 934.20)

* These figures exclude the profit after tax and net asset value of KAG's existing 27.604% shareholding in KKB and 50.01% in MIH

The financial information of KAG and MIH has been extracted from each company's unaudited monthly management accounts for the 6-month period ended 30 September 2020 ("**Interim Period**"), which were prepared in terms of International Financial Reporting Standards.

The financial information of KKB has been extracted from the company's unaudited monthly management accounts for the Interim Period, which was prepared in terms of Chinese Accounting Standards.

The results of KAG, MIH and KKB in respect of the Interim Period are the most recent available financial results for each entity and have been used to align with Invicta's latest published results, being its interim period ended 30 September 2020.

The financial information in this announcement is the responsibility of the directors of Invicta and has not been reported on or reviewed by a reporting accountant. Shareholders are warned about the source of the financial information, being unaudited monthly management accounts, however Invicta is satisfied with the quality of these accounts.

8. Circular and General Meeting

The Transaction amounts to a Category 1 transaction for Invicta in terms of the JSE Listings Requirements, which will be subject to Invicta shareholder approval. A circular, containing full details of the Transaction and incorporating a notice convening a general meeting of shareholders ("**General Meeting**") will be issued in compliance with paragraph 9.20 (b) of the JSE Listings Requirements ("**Circular**") in due course. The salient dates and times of the Transaction, including the date of the General Meeting, will also be announced on SENS at the time of distributing the Circular.

9. Withdrawal of cautionary announcement

Shareholders are referred to the cautionary announcements released on SENS, the latest being on 12 May 2021, and are advised that the Company is not pursuing any further asset disposals at this time. Shareholders are therefore no longer advised to exercise caution when dealing in the Company's securities.

Johannesburg
31 May 2021

Company Secretary:
Lize Dubery

Transaction Sponsor:
Nedbank Corporate and Investment Banking, a division of Nedbank Limited