
PROPOSED ACQUISITION OF 75% OF THE ISSUED AND FULLY PAID-UP ORDINARY SHARES IN THE CAPITAL OF PASTEL GLOVE SDN. BHD.

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Enviro-Hub Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement made by the Company on 21 May 2021 (the “**Previous Announcement**”) in relation to the entry into the term sheet in relation to the proposed acquisition of shares in Pastel Glove Sdn. Bhd. (“**PGSB**”).
- 1.2 Further to the Previous Announcement, the Board wishes to announce that the Company’s wholly-owned subsidiary, Enviro Healthcare Pte. Ltd. (the “**Purchaser**”) has, on 3 August 2021, entered into a sale and purchase agreement (the “**SPA**”) with Mr. Law Siau Woei (“**LSW**”) and Mr. Choo Kuan Ping (“**CKP**”, and together with LSW, shall be referred to as the “**Vendors**”), the Company and PGSB in relation to the proposed acquisition of 1,500,000 ordinary shares (the “**Sale Shares**”) that are held by the Vendors, and which represent 75% of the issued and paid-up share capital of PGSB (the “**Proposed Acquisition**”).
- 1.3 The aggregate consideration for the purchase of the Sale Shares is S\$46,800,000 (the “**Consideration**”). The Consideration is to be satisfied by the Purchaser partially in cash and partially by the issuance and allotment of 292,500,000 ordinary shares in the Company (the “**Consideration Shares**”) to the Vendors at an issue price of S\$0.08 per Consideration Share (the “**Issue Price**”). The Issue Price represents a discount of approximately 5% to the volume weighted average price (“**VWAP**”) of S\$0.084 for trades done on the shares of the Company (the “**Shares**”) on 2 August 2021, being the full market day on which the Shares were traded immediately preceding the date of the SPA. Further details on the Consideration Shares can be found in paragraph 3.2 of this announcement (the “**Announcement**”).
- 1.4 As the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rules 1006(c) and (d) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”) exceed 20% but do not exceed 100%, the Proposed Acquisition is classified as a “major transaction” within the meaning of Rule 1014 of the Listing Manual, and is subject to the approval of the shareholders of the Company (the “**Shareholders**”). Please refer to paragraph 6 of this Announcement for further details on the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual. Following the completion of the Proposed Acquisition, PGSB will become an indirect wholly-owned subsidiary of the Company.

Approvals

- 1.5 Based on the Issue Price, the number of Consideration Shares to be issued to the Vendors on completion of the Proposed Acquisition (the “**Completion**”) is 292,500,000 new ordinary shares in the Company, representing approximately 23.58% of the issued share capital of the Company

of 1,240,495,342 Shares as at the date of the SPA and which shall represent approximately 19.08% of the enlarged issued share capital of the Company of 1,532,995,342 Shares on the completion date, being the date falling seven (7) business days after the Conditions Precedent (as defined below) have been fulfilled or waived, or such other date as the parties to the SPA (the “Parties”, and each a “Party”) may mutually agree but in any event, being not later than the Long-Stop Date (as defined below) (the “Completion Date”), assuming that no further Shares in the Company are issued prior thereto. Subsequent to the issuance of the Consideration Shares, LSW will become a controlling shareholder of the Company (“Controlling Shareholder”), as he will hold 283,725,000 Shares, representing approximately 22.87% of the issued Shares of the Company as at the date of the SPA and which shall represent approximately 18.51% of the enlarged issued share capital of the Company on the Completion Date.

- 1.6 The Board will convene an extraordinary general meeting (the “EGM”) in due course to seek Shareholders’ approval for:
- (i) the Proposed Acquisition;
 - (ii) the proposed allotment and issuance of the Consideration Shares at the Issue Price to the Vendors (the “Proposed Issuance of Consideration Shares”); and
 - (iii) the proposed transfer of Controlling Interest (as defined in the Listing Manual) in the Company to LSW pursuant to the Proposed Issuance of Consideration Shares,
- (collectively, the “Proposed Transactions”).

A circular setting out, *inter alia*, further details of the Proposed Transactions (the “Circular”), together with a notice of the EGM (the “EGM Notice”), will be released to the Shareholders in due course.

The Company will also make an additional listing application to the SGX-ST for the listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST in due course.

2. INFORMATION ON PGSB, THE VENDORS AND THE PURCHASER

2.1. Information on PGSB

PGSB is a private company limited by shares incorporated in Malaysia on 28 September 2020. PGSB is principally involved in the manufacture, sale and distribution of rubber gloves (the “PGSB Business”). The Company previously acquired a 25% shareholding interest in PGSB, which was completed on 31 January 2021 (the “Initial Investment”). The Company’s 25% stake in PGSB was subsequently transferred to the Purchaser on 7 July 2021.

As at the date of this Announcement, PGSB has an issued and paid-up share capital of RM2,000,000 comprising 2,000,000 ordinary shares and is a 25% associated company of the Company. The shareholders of PGSB are LSW, CKP and the Purchaser, who respectively hold 72.75%, 2.25% and 25% of the issued and paid-up share capital of PGSB. The directors of PGSB are LSW, CKP and Mr. Adrian Toh Jia Sheng, a director nominated by the Company.

As at 30 June 2021, PGSB has a book value and net tangible asset (“NTA”) value of RM1,511,458 (equivalent to approximately S\$487,567), based on its unaudited management accounts.

Based on the latest available unaudited management accounts of PGSB, as at 30 June 2021, the book value and the net tangible asset value of the Sale Shares is RM1,133,594 (equivalent

to approximately S\$365,675). There is no open market value for the Sale Shares as they are not publicly traded.

The net losses before tax attributable to the Sale Shares is RM366,406 (equivalent to approximately S\$118,196), based on PGSB's results for the period of 9 months ended 30 June 2021.

No independent valuation on the Sale Shares was carried out for the purpose of the Proposed Acquisition, as it involves an acquisition of shares and not assets.

2.2. Information on the Vendors

The Vendors are Malaysian citizens. They are directors and shareholders of PGSB. As at the date of this Announcement, to the best of the Board's knowledge, the Vendors do not have any shareholding interest, direct or indirect in the Company, nor are the Vendors related to any of the Directors, the substantial shareholders of the Company, or their respective associates.

2.3. Information on the Purchaser

The Purchaser is a private limited company incorporated in Singapore on 7 July 2021 which is primarily engaged in the principal activities of (i) other holding companies and the provision of (ii) management consultancy services. The Purchaser is a wholly-owned subsidiary of the Company. The sole director of the Purchaser is Mr. Raymond Ng Ah Hua, who is also the Executive Chairman of the Company.

3. PRINCIPAL TERMS OF THE SPA

The principal terms of the SPA are set out below.

3.1 Acquisition of the Sale Shares

Pursuant to the terms of the SPA, the Vendors shall sell and the Purchaser shall purchase the Sale Shares with effect from the Completion Date, free from all encumbrances and together with all rights, dividends and entitlements attaching to the Sale Shares as at the Completion Date and thereafter, including the right to any dividends or other distributions declared and payable thereon or after the Completion Date.

3.2 Consideration for the Proposed Acquisition

The Consideration of S\$46,800,000 shall be satisfied partially in cash and partially by the issuance and allotment of the Consideration Shares, in the manner prescribed as follows:

- (a) **1st tranche payment:** the Purchaser shall make an aggregate payment of S\$29,250,000 to the Vendors on the Completion Date, comprising (i) S\$5,850,000 which shall be satisfied in cash (the "**1st Tranche Cash Payment**") and (ii) S\$23,400,000 which shall be satisfied by the allotment and issuance by the Company to the Vendors (and/or their nominees as they may direct) of the Consideration Shares at the Issue Price and to be credited as fully paid-up, in each case, *pro rata* to the proportion of the Sale Shares held by the Vendors, as illustrated below:

	Number of Consideration Shares to be	Value of the Consideration Shares (based	Cash Consideration to be Paid to the Vendors	Total Consideration to be paid to the Vendors
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	issued to the Vendors	on the Issue Price)		
1st tranche payment				
LSW	283,725,000 Consideration Shares	S\$22,698,000	S\$5,674,500	S\$28,372,500
CKP	8,775,000 Consideration Shares	S\$702,000	S\$175,500	S\$877,500

The Issue Price represents a discount of approximately 5% to the VWAP of S\$0.084 for trades done on the Shares on 2 August 2021, being the full market day on which the Shares were traded immediately preceding the date of the SPA.

The Consideration Shares, when allotted and issued, shall be credited as fully paid-up and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing issued ordinary shares of the Company, the record date for which falls on or after the Completion Date, and in all other respects shall rank *pari passu* with the existing issued ordinary shares of the Company then in issue.

(b) Subject to paragraph 3.4 of this Announcement, the balance Consideration of S\$17,550,000 shall be payable by the Purchaser to the Vendors in cash in several tranches (each, a “**Subsequent Tranche Cash Payment**”), in the manner set out below:

- (i) within thirty (30) days after the audited accounts of PGSB for the relevant financial year has been provided to the Purchaser by PGSB, the Purchaser shall pay to the Vendors a Subsequent Tranche Cash Payment (payable to each Vendor *pro rata* to the proportion of the Sale Shares held by the Vendor) in accordance with the formula set out below, save that no Subsequent Tranche Cash Payment shall be made by the Purchaser for a financial year in which PGSB incurs any NLAT (i.e. financial reported losses after tax for the operating business of PGSB in the ordinary course, which excludes non-recurring items of income or expenditure comprising (i) gains or losses from the disposal of assets, liabilities or investments; (ii) government grants and incentives; (iii) appreciation of fixed assets; and (iv) any shareholder loan interest expenses):

$$\begin{array}{l}
 \text{Amount payable} \\
 \text{by the Purchaser} \\
 \text{to the Vendors at} \\
 \text{the end of each} \\
 \text{financial year} \\
 \text{under the Profit} \\
 \text{Guarantee Period}
 \end{array}
 = \frac{\text{NPAT achieved by PGSB for the} \\
 \text{relevant financial year (in S\$)}}{\text{S\$23,400,000 (approximately} \\
 \text{US\$18,000,000)}} \times \text{S\$17,550,000}$$

; and

- (ii) upon the end of the Profit Guarantee Period (as defined below), if there remains any balance Consideration (the “**Balance Tranche Cash Payment**”), the Balance Tranche Cash Payment shall be set-off against any Cash Compensation (as defined in paragraph 3.4 of this Announcement) due and payable from LSW to the Purchaser. For the avoidance of doubt, the Balance Tranche Cash Payment shall be deemed to be fully paid following the set-off.

In this Announcement, “NPAT” means the financial reported earnings after tax for the operating business of PGSB in the ordinary course which excludes non-recurring items of income or expenditure comprising (i) gains or losses from the disposal of assets, liabilities or investments; (ii) government grants and incentives; (iii) appreciation of fixed assets; and (iv) any shareholder loan interest expenses.

Solely for illustrative purposes only

Solely for illustrative purposes only, assuming that the NPAT achieved by PGSB for each year under the Profit Guarantee Period is, respectively, S\$3,000,000, S\$5,000,000 and S\$6,000,000:

- (I) the amount of the Subsequent Tranche Cash Payment for each year under the Profit Guarantee Period, applying the formula in paragraph 3.2(b)(i) of this Announcement, shall be as follows:

Year under Profit Guarantee Period	NPAT achieved by PGSB at the end of each relevant year (S\$)	Subsequent Tranche Cash Payment (S\$)
1	S\$3,000,000	$\frac{3,000,000}{23,400,000} \times S\$17,550,000 = S\$2,250,000$
2	S\$5,000,000	$\frac{5,000,000}{23,400,000} \times S\$17,550,000 = S\$3,750,000$
3	S\$6,000,000	$\frac{6,000,000}{23,400,000} \times S\$17,550,000 = S\$4,500,000$
	Total = S\$14,000,000	Total = S\$10,500,000

Each of the above Subsequent Tranche Cash Payments shall be paid by the Purchaser to the Vendors (*pro rata* to the proportion of the Sale Shares held by each Vendor) in accordance with the timeline set out in paragraph 3.2(b)(i) of this Announcement.

- (II) the Balance Tranche Cash Payment, and the amount of Cash Compensation after deducting the Balance Tranche Cash Payment, shall be as follows:

Total Subsequent Tranche Cash Payments for each year under the Profit Guarantee Period	= S\$10,500,000
Balance Tranche Cash Payment payable by the Purchaser (S\$17,550,000 – S\$10,500,000)	= S\$7,050,000
Total NPAT achieved at the end of the Profit Guarantee (pro-rated based on the number of Sale Shares as a percentage of the total shares in PGSB, i.e. 75%)	= S\$14,000,000 x 75% = S\$10,500,000
Cash Compensation, pursuant to paragraph 3.4 of this Announcement ((S\$23,400,000 x 75%) – S\$10,500,000)	= S\$7,050,000

Cash Compensation after deducting the Balance Tranche Cash Payment, pursuant to paragraph 3.4 of this Announcement	= S\$7,050,000 – S\$7,050,000 = 0
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Accordingly, in the scenario illustrated above, as there is no nett balance after deducting the Balance Tranche Cash Payment from the Cash Compensation, no amounts are required to be paid by LSW to the Purchaser under the SPA and the Balance Tranche Cash Payment shall be deemed to be fully paid by the Purchaser.

The Consideration was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations, taking into consideration the net assets position of PGSB, the control premium, the market outlook of the gloves manufacturing and trading industry, the Profit Guarantee provided by LSW to the Purchaser (details of which are set out in paragraph 3.4 of this Announcement), the NLAT Undertaking (as defined below) given by LSW to the Purchaser (details of which are set out in paragraph 3.6 of this Announcement) and the rationale for and benefits of the Proposed Acquisition (details of which are set out in paragraph 4 of this Announcement).

3.3 Moratorium

The Consideration Shares will also be subject to a moratorium. Under the SPA, each of the Vendors has jointly and severally undertaken to the Company that he and/or his respective nominees shall not for a period of one (1) year from the Completion Date (or such longer period as may be imposed by the SGX-ST, if applicable) directly or indirectly transfer, sell, dispose, realise or encumber any of the Consideration Shares held by them.

3.4 Profit Guarantee

Pursuant to the SPA, LSW warrants to the Purchaser that PGSB shall achieve a NPAT of not less than S\$23,400,000 (equivalent to approximately US\$18,000,000) (the "**Profit Guarantee**") for the period from 1 January 2022 to 31 December 2024 (both dates inclusive) (the "**Profit Guarantee Period**").

In the event that the aggregate audited NPAT achieved by PGSB for the Profit Guarantee Period is less than the Profit Guarantee, LSW shall be liable to make payment to the Purchaser of an amount equivalent to the shortfall between the Profit Guarantee and the NPAT achieved by PGSB for the Profit Guarantee Period, pro-rated based on the number of Sale Shares as a percentage of the total number of shares in PGSB (i.e. 75%), in cash (the "**Cash Compensation**"), within six (6) months from the end of the Profit Guarantee Period, after deducting the Balance Tranche Cash Payment (if any) payable by the Purchaser to the Vendors (that shall be set-off against the Cash Compensation in accordance with paragraph 3.2(b) of this Announcement).

3.5 Disclosure under Rule 1013 of the Listing Manual

In view of the Profit Guarantee set out above, the Company provides the following information in accordance with Rule 1013(1) of the Listing Manual:

(a) Rule 1013(1)(a) of the Listing Manual: the views of the Board in accepting the Profit Guarantee and the factors taken into consideration and basis for such a view

The Board's view on the Profit Guarantee is that the Profit Guarantee is reasonable and is beneficial to the Company, and helps to safeguard the interests of the Company and the Shareholders. In accepting the Profit Guarantee from LSW in the SPA, the Board took into account factors including: -

- i. the intrinsic potential for the PGSB Business to grow and PGSB's order book;
- ii. the potential for growth in the gloves manufacturing and trading markets in the near future;
- iii. the experience of the Vendors in the business of gloves manufacturing and distribution;
- iv. the rationale for and benefits of the Proposed Acquisition, as elaborated in paragraph 4 of this Announcement;
- v. the principal assumptions made relating to the Profit Guarantee, as elaborated in paragraph 3.5(b) of this Announcement; and
- vi. safeguards to ensure the Purchaser's right of recourse in the event that the Profit Guarantee is not met, details of which are set out in paragraph 3.5(c) of this Announcement.

(b) Rule 1013(1)(b) of the Listing Manual: the principal assumptions including commercial bases and assumptions upon which the quantum of the Profit Guarantee is based

The principal assumptions, including commercial bases upon which the quantum of the Profit Guarantee is based, include, *inter alia*, the following: -

- i. operating expenses will either remain constant or that there will be a corresponding increase in revenue when operating expenses increase;
- ii. there will be no material changes in the existing political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in Malaysia and Singapore;
- iii. there will be no material changes in the bases or rates of taxation or duties applicable to PGSB in Malaysia or Singapore;
- iv. there will be no material loss of major customers, major suppliers, strategic partners which are essential for the operations of PGSB;
- v. there will be no material capital expenditure during the Profit Guarantee Period, beyond those provided for in PGSB's annual budget;
- vi. there will be no interruption of the operations that will adversely affect PGSB as a result of a shortage in supply of raw materials or any other circumstances such as natural disasters, or changes in the regulatory regime in Malaysia or Singapore which are beyond the control of PGSB's management;
- vii. there will be no material changes in the borrowings of PGSB and the prevailing interest rates; and
- viii. there will be no material changes in the key personnel of PGSB.

(c) Rules 1013(1)(c) and 1013(1)(d) of the Listing Manual: the manner and amount of compensation to be paid by LSW in the event that the Profit Guarantee is not met and the conditions precedent, if any, and the detailed basis for such a compensation

and the safeguards put in place to ensure the Company's right of recourse in the event that the Profit Guarantee is not met, if any.

As mentioned in paragraph 3.4 of this Announcement, in the event PGSB fails to achieve an aggregate audited NPAT of not less than S\$23,400,000 (equivalent to approximately US\$18,000,000) for the Profit Guarantee Period, LSW shall be liable to pay the Cash Compensation to the Purchaser, within six (6) months from the end of the Profit Guarantee Period. To safeguard the interests of the Company and the Shareholders, the balance 37.5% of the Consideration (i.e. S\$17,550,000) will be paid to the Vendors based on the proportion of the NPAT of PGSB attained for each financial year under the Profit Guarantee Period against the total Profit Guarantee, as illustrated by the formula in paragraph 3.2(b) of this Announcement.

(d) Financial advisor to the Proposed Transactions

Evolve Capital Advisory Private Limited has been appointed as the Company's financial adviser in relation to the Proposed Transactions.

3.6 Undertaking by LSW to the Purchaser to compensate for any NLAT incurred by PGSB for any of the financial years during the Profit Guarantee Period

Under the SPA, LSW has undertaken to the Purchaser that, to the extent that PGSB incurs a NLAT for any of the financial years under the Profit Guarantee Period, he shall be liable to make payment to PGSB of an amount equal to the NLAT for that relevant financial year within sixty (60) days after the audited accounts of PGSB for the relevant financial year has been provided to the Purchaser by PGSB (the "NLAT Undertaking").

3.7 Waiver of shareholder's loans granted by LSW in favour of PGSB

LSW has granted PGSB certain interest-free cash loans in an aggregate amount of approximately RM2,762,910 (the "LSW Shareholder's Loan"), of which RM10,000 was granted by LSW directly and RM2,752,910 was granted by LSW to PGSB through his related company, AQL Medical Sdn Bhd, as at 30 June 2021. To demonstrate his commitment to PGSB and the Company, LSW has agreed that on and subject to Completion, the sum owing by PGSB to LSW and AQL Medical Sdn Bhd under the LSW Shareholder's Loan shall be waived absolutely by LSW, and LSW shall ensure and procure that AQL Medical Sdn Bhd waive absolutely the relevant amount under the LSW Shareholder's Loan, thereby discharging PGSB absolutely from paying to LSW and AQL Medical Sdn Bhd the aforesaid sum.

3.8 Conditions Precedent to Completion

Completion under the SPA is conditional upon certain conditions precedent having been satisfied (or waived by the Purchaser), including but not limited to the following: -

- (a) the completion of legal and financial due diligence investigations on PGSB by the Purchaser and its advisors, and the results of such investigations being reasonably satisfactory to the Purchaser in its sole and absolute discretion;
- (b) all consents, approvals, actions or filings or giving of notices to, any governmental agency or any other person required in connection with the transactions contemplated in the SPA or the entry into and completion of the SPA being obtained or made (as the case may be) without any restriction or limitation which is unacceptable to the Purchaser (in the Purchaser's reasonable opinion), in full force and effect, and not withdrawn, suspended, amended or revoked, and if granted or obtained subject to any

conditions, and where such condition(s) affect any of the Parties, such condition(s) being acceptable to the Party concerned and if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before Completion, and the Purchaser being furnished with evidence satisfactory to it of the same, in particular, and without limitation:

- (i) the approval of the board of directors of PGSB for the sale of the Sale Shares from the Vendors to the Purchaser having been obtained;
 - (ii) the approval of the board of directors of the Purchaser in respect of the transactions contemplated in the SPA upon the terms and conditions set out in the SPA having been obtained;
 - (iii) the approval of the board of directors of the Company and of its shareholders in a general meeting in respect of the transactions contemplated in the SPA upon the terms and conditions set out in the SPA having been obtained;
 - (iv) if necessary, approval being granted by the SGX-ST (the “**SGX Approval**”) for the Proposed Acquisition, such approval not having been revoked or amended and if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Parties and, if any such condition shall be required to be fulfilled on or before Completion, such condition being fulfilled on or before Completion to the satisfaction of the SGX-ST unless otherwise waived by the SGX-ST;
 - (v) approval-in-principle being granted by the SGX-ST (the “**Approval In-Principle**”) for, *inter alia*, the listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST, such approval not having been revoked or amended and if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Parties and, if any such condition is required to be fulfilled on or before Completion, such condition being fulfilled on or before Completion to the satisfaction of the SGX-ST unless otherwise waived by the SGX-ST, and the SGX-ST not having made any ruling the effect of which is to restrict or impede the listing of and quotation for the Consideration Shares; and
 - (vi) all waivers, consents and other documents as may be required to enable the Purchaser to be registered as holder of all of the Sale Shares and give full effect to the transactions contemplated in the SPA having been obtained;
- (c) termination of the shareholders’ agreement dated 31 January 2021 entered into between the Company, the Vendors and PGSB in relation to PGSB and all supplemental agreements thereto (if any), on such terms satisfactory to the Company (including such waivers and/or releases as the Company may require), and the Company being furnished with documentary evidence satisfactory to it of such termination;
- (d) all warranties given by the Vendors under the SPA being complied with, and being true, accurate and correct as at the date of the SPA and the Completion Date, as if repeated at Completion and at all times between the date of the SPA and Completion;
- (e) the Vendors having performed all of the covenants and agreements required to be performed or caused to be performed by them under the SPA on or prior to the Completion Date;

- (f) the execution and performance of the SPA by the Parties not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority;
- (g) there being no material adverse change in the prospects, operations, assets, business, results, profits or condition (financial or otherwise) of PGSB occurring on or prior to the Completion Date;
- (h) the Company being continually listed on the Mainboard of the SGX-ST, unless the Vendors otherwise agree in writing;
- (i) PGSB lodging the necessary filings with the Companies Commission of Malaysia in respect of its members' resolution passed on 28 December 2020 relating to the allotment of shares;
- (j) PGSB obtaining the necessary outstanding licence from the Lembaga Getah Malaysia (also known as the Malaysian Rubber Board) required for PGSB to buy and store rubber for the manufacture of rubber products;
- (k) the certificate of fitness or the certificate of completion and compliance required pursuant to the Uniform Building By-Laws 1984 of Malaysia and the Street, Drainage and Building Act 1974 of Malaysia in respect of the manufacturing plant and facilities (the "**PGSB Plant**") situated on the land situated at HS(D) PT 285724, Taman Perindustrian Perabot Negeri Perak, 31550 Pusing, Perak, Malaysia (the "**PGSB Land**") being obtained;
- (l) PGSB obtaining a fire certificate issued by the Fire and Rescue Department of Malaysia pursuant to section 29(4) of the Fire Services Act 1988 of Malaysia in respect of the PGSB Plant;
- (m) PGSB being issued with a valid manufacturing licence under the Industrial Co-Ordination Act 1975 of Malaysia in respect of its manufacturing activities;
- (n) PGSB being issued with a valid business licence by the Majlis Daerah Batu Gajah;
- (o) the issuance of a new document of title for the PGSB Land by the District and Land Office Kinta for the change of express condition under the title to such conditions that allow PGSB to use the PGSB Land for the PGSB Business; and
- (p) PGSB entering into a supplemental letter of employment with its employees to provide the employees with their statutorily entitled leave under the Employment Act 1955 of Malaysia,

(collectively, the "**Conditions Precedent**").

3.9 Completion Date and Long-Stop Date

Completion of the Proposed Acquisition shall take place on the date falling seven (7) business days after the Conditions Precedent have been fulfilled or waived, or such other date as the Parties may mutually agree but in any event, being not later than the Long-Stop Date (as defined below).

In the event that any of the Conditions Precedent is not fulfilled or waived by the Purchaser on or prior to the 31 December 2021 (or such other date as the Purchaser and the Vendors may mutually agree in writing) (the “**Long-Stop Date**”), the SPA (other than the provisions of the SPA which are expressed to survive termination of the SPA) shall *ipso facto* terminate with effect from the Long-Stop Date (or such other date as the Parties mutually determine in writing).

3.10 Governing law and dispute resolution

The SPA is governed by and construed in all respects in accordance with the laws of Malaysia. The Parties irrevocably agree to submit to the non-exclusive jurisdiction of the courts of Malaysia in all matters arising in connection with the SPA.

3.11 Source of funds

The Consideration as well as the estimated professional and other fees and expenses incurred or to be incurred in connection with the Proposed Transactions will be financed with the internal funds and revenue of the Group. As at 31 December 2020, the cash balance of the Company and the Group were S\$9.32 million and S\$17.25 million respectively.

The Proposed Transactions will not adversely affect the Group’s operations.

3.12 Employment of the Vendors and restrictive covenants binding on the Vendors

Under the SPA, the Vendors jointly and severally undertake to the Purchaser that on or prior to Completion, they shall enter into four (4)-year service agreements with PGSB (the “**Service Agreements**”), commencing from the Completion Date and on such terms that may be mutually agreed between them and the Purchaser and that are at least equivalent to the Vendors’ latest service agreements with PGSB, provided always that any notice of termination of the Service Agreements shall be at least six (6) months.

The Vendors will also undertake customary restrictive covenants in favour of PGSB pursuant to the SPA, which provides *inter alia* that each of the Vendors shall not, for a period of four (4) years commencing from the Completion Date, directly or indirectly:

- (a) persuade or attempt to persuade any employee of PGSB, or any individual who was an employee during the period from the date of incorporation of PGSB up to the Completion Date, to leave the employ of PGSB, or to become employed by any person other than PGSB;
- (b) solicit or attempt to solicit any person, firm, partnership, company, corporation, association, organisation or trust (in each case whether or not having a separate legal personality) who is or has been a customer of PGSB at any time during the period from the date of incorporation of PGSB up to the Completion Date for the purpose of offering to such customer goods or services similar to or competing with those of the business of PGSB;
- (c) either solely or jointly with or on behalf of any other person, firm or partnership, company, corporation, sole proprietorship, association, organisation or trust (in each case whether or not having a separate legal personality) be engaged or attempt to engage or interested in any business in Singapore or Malaysia which is similar to or in competition with the business of PGSB;
- (d) act, or nominate any person to act (as the case may be), as director or (except with the prior written consent of the Purchaser), manager, sales, promotion or marketing agent or consultant or otherwise of any other person, firm or partnership, company, corporation,

association, organisation or trust (in each case whether or not having a separate legal personality) engaging directly or indirectly in any business in Singapore or Malaysia which is in competition with the business of PGSB;

- (e) be employed, engaged or interested in any capacity in any other business, trade or occupation within Singapore or Malaysia that is in competition, whether directly or indirectly, with the business of PGSB; or
- (f) cause or permit any person or company under their control or in which they have any beneficial interests to do any of the foregoing acts or things.

4. RATIONALE FOR THE PROPOSED TRANSACTIONS

On 18 May 2021, the Company obtained Shareholders' approval for the Company's diversification into the healthcare products business (the "**Diversification Mandate**"). The Proposed Acquisition is in line with the diversification of the Group's business into the healthcare products business. Through the Proposed Acquisition, the Group will accelerate the growth of its healthcare product business from the receipt of additional and recurrent revenue streams and existing orders of PGSB. The Board believes that the Proposed Acquisition has the potential to enhance Shareholders' value in the Company and contribute positively to the growth, financial position and long-term prospects of the Group.

The partial satisfaction of the Consideration by way of the allotment and issuance of the Consideration Shares will also reduce the cash outlay to be incurred by the Purchaser in relation to the Proposed Acquisition, thereby allowing the Group to conserve its cash to be utilised for other purposes such as its working capital and for other investment opportunities. As new Shareholders, the interests of the Vendors will also be aligned to that of the Group's.

Safeguards are also in place to protect the interests of the Purchaser, the Company and the Shareholders. For instance, the balance 37.5% of the Consideration (i.e. S\$17,550,000) will be paid to the Vendors based on the proportion of the NPAT of PGSB attained for each financial year under the Profit Guarantee Period against the total Profit Guarantee, as illustrated by the formula in paragraph 3.2(b) of this Announcement. Additionally, as elaborated in paragraph 3.6 of this Announcement, LSW has given the NLAT Undertaking to the Purchaser that he shall compensate PGSB for PGSB's NLAT in any of the financial years during the Profit Guarantee Period.

In view of the above, the Board is of the view that the Proposed Transactions are in the best interests of the Company and the Shareholders.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition on the Group as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Completion.

Based on the Group's audited consolidated financial statements for FY2020, the *pro forma* financial effects of the Proposed Acquisition are as follows:

5.1 Effect on NTA per Share

For illustrative purposes only, had the Proposed Acquisition been completed on 31 December 2020 and based on the audited consolidated financial statements of the Group for FY2020, the Proposed Acquisition would have had the following impact on the NTA per Share of the Company:

- (i) NTA computed based on the FY2020 financial results of the Group and PGSB, and the waiver of the LSW Shareholder's Loan

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾ (S\$)	51,994,000	30,189,000
Number of issued Shares (excluding treasury shares)	1,240,495,342	1,532,995,342
NTA per share (cents)	4.19	1.97

- (ii) NTA computed based on the FY2020 financial results of the Group and PGSB, adjusted to take into account the realisation of the Profit Guarantee, and the waiver of the LSW Shareholder's Loan

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾ (S\$)	51,994,000	53,589,000
Number of issued Shares (excluding treasury shares)	1,240,495,342	1,532,995,342
NTA per share (cents)	4.19	3.50

Note:

- (1) NTA is based on the net asset value of the Group less intangible assets and goodwill.

5.2 Effect on EPS

For illustrative purposes only, had the Proposed Acquisition been completed on 1 January 2020 and based on the audited consolidated financial statements of the Company for FY2020, the Proposed Acquisition would have had the following impact on the EPS of the Company:

- (i) EPS computed based on the FY2020 financial results of the Group and PGSB

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit/(loss) ⁽¹⁾ (S\$)	(619,000)	(1,108,000)
Weighted average number of shares	1,038,830,139	1,532,995,342
EPS (cents)	(0.06)	(0.07)

- (ii) EPS computed based on the FY2020 financial results of the Group and PGSB, adjusted to take into account the realisation of the Profit Guarantee

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit/(loss) ⁽¹⁾ (S\$)	(619,000)	29,681,000 ⁽²⁾
Weighted average number of shares	1,038,830,139	1,532,995,342
EPS (cents)	(0.06)	1.94 ⁽³⁾

Notes:

- (1) Net profits means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (2) This includes the net profits of PGSB before income tax and non-controlling interests for the period of 3 months ended 31 December 2020 (since the incorporation of PGSB), and is calculated on the assumption that the Initial Investment had also been completed on 1 January 2020.
- (3) This is calculated based on the total number of issued shares of 1,532,995,342 Shares, assuming that the Proposed Acquisition had been completed on 1 January 2020.

6. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

Based on the latest announced consolidated accounts of the Group, being the audited financial statements for FY2020, the relative figures in relation to the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual are as follows:

Listing Rule	Bases of computation	Relative figures (%)	
		For the Proposed Acquisition of the 75% shareholding in PGSB	For the Proposed Acquisition of the 75% shareholding in PGSB and the Initial Investment
Rule 1006(a)	NAV ⁽¹⁾ of the assets to be disposed of, compared with the Group's NAV.	Not applicable ⁽²⁾	Not applicable ⁽²⁾
Rule 1006(b)	Net losses attributable to the Sale Shares ⁽³⁾ , compared with the Group's net losses of S\$619,000. ⁽⁴⁾	5.49	5.49
Rule 1006(c)	Aggregate value of the consideration given for the Sale Shares, compared with the Company's market capitalisation ⁽⁵⁾⁽⁶⁾⁽⁷⁾ of approximately S\$104,202,000.	45.18	51.52
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue.	23.58	23.58
Rule 1006(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 and gas assets by a mineral, oil and gas	Not applicable ⁽⁷⁾	Not applicable ⁽⁷⁾

	company, but not to an acquisition of such assets.		
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Notes:

- (1) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities.
- (2) This basis is not applicable as the proposed transaction is an acquisition and not a disposal.
- (3) The net losses attributable to the Sale Shares is based on PGSB's 31 December 2020 unaudited income statement.
- (4) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The Company has based the calculations on the net losses before income tax and non-controlling interests attributable to PGSB as at 31 December 2020.
- (5) Under Rule 1002(5) of the Listing Manual, "market capitalisation" of the Company is determined by multiplying the 1,240,495,342 Shares in issue (excluding treasury shares and subsidiary holdings) by the VWAP of S\$0.084 of such Shares transacted on 2 August 2021, being the full market day immediately preceding the date of the SPA.
- (6) Pursuant to Listing Rule 1003(3), where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is the higher. In this instance, the (i) market value of the 292,500,000 Consideration Shares is S\$24,570,000, based on the VWAP of S\$0.084 on 2 August 2021, being the last full day of trading of the Shares on the SGX-ST prior to the trading halt on the Shares which was called before the start of trading on 3 August 2021; and (ii) based on the latest announced audited financial statements of the Company on 12 April 2021, the NAV represented by such Shares as at 31 December 2020 is approximately S\$9,921,000. The relative figure in relation to Rule 1006(c) of the Listing Manual was therefore computed based on the market value attributable to the Consideration Shares of approximately S\$24,570,000.
- (7) In accordance with paragraph 3.2(b)(iii) of Practice Note 10.1 of the Listing Manual, in computing the aggregate value of consideration given or received under Listing Rule 1006(c), any additional liabilities (whether actual or contingent) to be assumed by the purchaser or waived by the seller under the terms of the transaction shall be included in computing the aggregate value of consideration. Under the SPA, on and subject to Completion, the sum owing by PGSB to LSW and LSW's related company, AQL Medical Sdn Bhd under the LSW Shareholder's Loan shall be waived absolutely by LSW and AQL Medical Sdn Bhd, and PGSB shall be discharged absolutely from paying to LSW and AQL Medical Sdn Bhd the aforesaid sum. In this instance, in computing the "aggregate value of consideration" under Listing Rule 1006(c), the amount of the LSW Shareholder's Loan is deducted from the Consideration of S\$46,800,000.
- (8) This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but the Company is not a mineral, oil and gas company. Furthermore, the proposed transaction is an acquisition and not a disposal.

As the relative figures computed under Rules 1006(c) and 1006(d) of the Listing Manual exceed 20% (but do not exceed 100%), the Proposed Acquisition constitutes a "major transaction" for the purposes of Chapter 10 of the Listing Manual, and is therefore subject to Shareholders' approval in a general meeting.

7. THE PROPOSED ISSUANCE AND ALLOTMENT OF CONSIDERATION SHARES

Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a Controlling Interest without prior approval of its shareholders in general meeting. Based on the Issue Price, the number of Consideration Shares to be issued to the Vendors is 292,500,000

Shares in the Company, representing approximately 23.58% of the existing issued and paid-up share capital of the Company of 1,240,495,342 Shares as at the date of this Announcement and will represent approximately 19.08% of the enlarged issued and paid-up share capital of the Company of 1,532,995,342 Shares on the Completion Date, assuming that no further shares in the capital of the Company are issued prior thereto. Upon Completion and subsequent to the issuance of the Consideration Shares, assuming the Company does not otherwise issue any new Shares from the date of this Announcement up to Completion, LSW will become a Controlling Shareholder of the Company, as he will hold 283,725,000 Shares, representing approximately 22.87% of the issued Shares of the Company as at the date of this Announcement and which shall represent approximately 18.51% of the enlarged issued share capital of the Company on the Completion Date.

As the Proposed Transfer of Controlling Interest will result in LSW's aggregate voting rights crossing 15.0% in the enlarged share capital of the Company, specific approval of the Shareholders for the Proposed Transfer of Controlling Interest is required under Rule 803 of the Listing Manual.

Notwithstanding that LSW will hold a Controlling Interest in the Company after the Proposed Acquisition, the Proposed Acquisition will not result in a change in control of the Company, as LSW will not have the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company. Further, there will be no change to the Company's Board or management as a result of the Proposed Acquisition. Hence, the Proposed Acquisition does not amount to a reverse takeover under Chapter 10 of the Listing Manual.

Section 161 of the Companies Act (Cap. 50 of Singapore) provides that notwithstanding anything in a company's constitution, the directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares. Further, Rule 805 of the Listing Manual provides, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer, unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Listing Manual.

In this instance, the issue and allotment of the Consideration Shares will be made pursuant to a specific mandate and the Company is seeking specific Shareholder's approval for the issue and allotment of the Consideration Shares in accordance with Rule 805 of the Listing Manual. Therefore, the Company will not be relying on the general mandate previously obtained from Shareholders at the annual general meeting of the Company held on 28 April 2021 for the issue and allotment of the Consideration Shares.

An additional listing application will be made to the SGX-ST for the listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST in due course and the Company will make the necessary announcements after the in-principle approval and the Listing and Quotation Notice for the listing and quotation of the Consideration Shares has been obtained from the SGX-ST.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the Directors or the Controlling Shareholders of the Company have any direct or indirect interest in the Proposed Acquisition, other than through their respective directorships and shareholding interests in the Company (if any).

9. DETAILS OF ANY DIRECTORS' SERVICE AGREEMENT(S)

There will be no person(s) proposed to be appointed as director(s) of the Company in connection with the Proposed Acquisition and accordingly, there will be no service agreements to be entered into between the Company and any person in connection with the Proposed Acquisition. Please refer to paragraph 3.12 of this Announcement in relation to the Service Agreements to be entered into by each of the Vendors with PGSB commencing from the Completion Date.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

11. EGM AND CIRCULAR

The Company will convene the EGM to seek Shareholders' approval for the Proposed Transactions. The Circular containing further details on the Proposed Transactions and enclosing the EGM Notice will be released to the Shareholders in due course.

12. DOCUMENT AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the SPA will be made available for inspection at the current registered office of the Company at 3 Gul Crescent, Singapore 629519 during normal business hours from the date of this Announcement for a period of three (3) months from the date of this Announcement.

Shareholders who wish to inspect the SPA at the registered office of the Company are required to send an email request to info@enviro-hub.com to make an appointment in advance. The Company will arrange a date when each Shareholder can come to the registered office to inspect accordingly. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

13. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to exercise caution in trading their Shares. The Proposed Transactions are subject to certain conditions. There is no certainty or assurance as at the date of this Announcement that the Proposed Transactions will be completed. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this Announcement and any further announcements made by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Raymond Ng
Executive Chairman
5 August 2021