



(Incorporated in the Republic of Singapore)  
(Company Registration No. 199802709E)

## UPDATES ON THE PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF 75.0% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PASTEL GLOVE SDN. BHD. (THE "ACQUISITION")

Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the announcements made by Enviro-hub Holdings Ltd. (the "**Company**") on 12 January 2021, 21 May 2021, 5 August 2021, 5 October 2021, 27 October 2021 and 5 January 2022 (the "**Announcements**"), and the circular to the Shareholders of the Company dated 11 October 2021 (the "**Circular**") in relation to the Acquisition.

### 1. INTRODUCTION

- 1.1. The board of directors (the "**Board**" or "**Directors**") of Enviro-Hub Holdings Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") refers to the Company's Previous Announcements and Circular in respect of, *inter alia*, the acquisition of 75.0% of the issued and paid-up share capital of PGSB by its wholly owned subsidiary, Enviro Healthcare Pte. Ltd. ("**EHPL**"), from Law Siau Woei ("**LSW**") and Choo Kuan Ping (each a "**Vendor**", and collectively the "**Vendors**").

### 2. THE PROFIT GUARANTEE

- 2.1. As disclosed in the Announcements and the Circular concerning the Acquisition, LSW had, pursuant to the Sale and Purchase Agreement, warranted to EHPL that PGSB shall achieve an aggregate audited NPAT of not less than S\$23,400,000 (equivalent to approximately US\$18,000,000) (the "**Profit Guarantee**") for the Profit Guarantee Period. Where the aggregate audited NPAT achieved by PGSB for the Profit Guarantee Period is less than the Profit Guarantee, then, the 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%) (the "**Offset Amount**") shall be set-off against the amount of consideration that the Vendors are entitled to receive from EHPL after the Profit Guarantee Period, being the balance 37.5% of the Consideration (i.e. S\$17,550,000 (equivalent to approximately US\$13,500,000)).
- 2.2. The balance Consideration of S\$17,550,000 (equivalent to approximately US\$13,500,000) shall be payable by EHPL to the Vendors in cash in several tranches (each, a "**Subsequent Tranche Cash Payment**") based on the proportion of the NPAT attained by PGSB in each financial year. Upon the end of the Profit Guarantee Period, if there remains any balance Consideration (the "**Balance Tranche Payment**"), the Balance Tranche Payment shall be set off against any Offset Amount due and payable from LSW to EHPL. For the avoidance of doubt, the Balance Tranche Payment shall be deemed to be fully paid to each of the Vendors following the set-off.
- 2.3. The results of PGSB's financial performance excluding share of associate's losses in relation to the Profit Guarantee during the Profit Guarantee Period are as follows:

Period of Assessment	NPAT / (NLAT) (S\$)	Subsequent Tranche Cash Payment (S\$)
1 January 2022 to 31 December 2022 (" <b>2022</b> ")	(3,355,000) (equivalent to US\$2,435,000)	0 (equivalent to US\$0)

1 January 2023 to 31 December 2023 (" <b>2023</b> ")	(2,224,000) (equivalent to US\$1,657,000)	0 (equivalent to US\$0)
1 January 2024 to 31 December 2024 (" <b>2024</b> ")	(5,600,000) (equivalent to US\$4,199,000)	0 (equivalent to US\$0)

- 2.4. Accordingly, pursuant to Listing Rule 1013(3)(a), the Board wishes to announce that PGSB had failed to meet the Profit Guarantee in its entirety (i.e. the full S\$23,400,000 (equivalent to approximately US\$18,000,000)) during the Profit Guarantee Period. Pursuant to paragraph 2.1, above, the Balance Tranche Payment, and the Offset Amount after deducting the Balance Tranche Payment, shall be as follows:

Total Subsequent Tranche Cash Payments during the Profit Guarantee Period	=	S\$0 (equivalent to approximately US\$0)
Balance Tranche Payment payable by EHPL	=	S\$17,550,000 (equivalent to approximately US\$ 13,500,000)
Total NPAT achieved at end of Profit Guarantee Period (pro-rated based on the number of Sale Shares as a % of the total shares in PGSB, i.e. 75%)	= =	S\$0 x 75% = S\$0 (equivalent to approximately US\$0)
Offset Amount, as determined in accordance with Section 3.2.1 of the Circular	= =	(S\$23,400,000 x 75%) – S\$0 = S\$17,550,000 (equivalent to approximately US\$13,500,000)
Offset Amount <b>after</b> deducting the Balance Tranche Payment	= =	S\$17,550,000 – S\$17,550,000 = S\$0 (equivalent to approximately US\$0)

- 2.5. Pursuant to the above, there is no nett balance after deducting the Balance Tranche Payment from the Offset Amount. Accordingly, no amounts are required to be paid by EHPL to LSW under the Sale and Purchase Agreement and the Balance Tranche Payment shall be deemed to be fully paid by EHPL.
- 2.6. LSW who had full discretion over PGSB's operations had informed the Board that the reason for PGSB's failure to meet the Profit Guarantee during the Profit Guarantee Period was due to continued challenges in the gloves industry during the Profit Guarantee Period. The sector had experienced a downturn due to industry-wide overstocking. This resulted in a lower-than-expected average selling price, while material costs continued to rise. Given these circumstances, LSW and his team at PGSB decided to limit production due to the economic unviability. Consequently, PGSB's operations did not achieve economies of scale which further exacerbated the losses.
- 2.7. As mentioned in the Circular, the Profit Guarantee had at all times been a performance target to safeguard the Company's commercial interests. For the avoidance of doubt, the amount of withheld consideration that the Vendors were entitled to receive from EHPL after the Profit Guarantee Period, being the balance 37.5% of the Consideration (i.e. S\$17,550,000 (equivalent to approximately US\$13,500,000)) had the Profit Guarantee be met, will not be paid out to the Vendors in light of PGSB's failure to meet the Profit Guarantee during the Profit Guarantee period.

### 3. THE NLAT UNDERTAKING

- 3.1. Notwithstanding the above, LSW had also undertaken to EHPL that, to the extent that PGSB incurs a NLAT for any of the financial years under the Profit Guarantee Period, LSW shall be liable to make payment to PGSB of an amount equal to the NLAT, adjusted for non-recurring

and non-operational income and expenses (“**Adjusted 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 EHPL by PGSB (the “**NLAT Undertaking**”).

- 3.2. As detailed in paragraph 2.3 above, PGSB had incurred audited NLAT throughout the Profit Guarantee Period. As at the date of this announcement, LSW has made the following payments for the losses incurred in each of the financial years during the Profit Guarantee Period:

Period of Assessment	Adjusted NLAT Incurred (S\$)	Adjusted NLAT Repaid (S\$)
2022	(3,070,000) (equivalent to US\$2,227,000)	(3,070,000) (equivalent to US\$2,227,000)
2023	(1,638,000) (equivalent to US\$1,220,000)	(891,000)* (equivalent to US\$664,000)
2024	(6,066,000) (equivalent to US\$4,548,000)	0 (equivalent to US\$0)

\* Subject to netting arrangement with LSW.

- 3.3. As at the date of this announcement, LSW has made full repayment of the losses incurred for 2022, and partial payment for 2023. LSW has not made payment for the losses incurred for 2024.

#### 4. FURTHER ANNOUNCEMENTS

- 4.1. Under Section 3.2.4 of the Circular, it was envisaged that in the event that the Profit Guarantee is not met and the Company encounters difficulties in enforcing its rights against LSW, depending on the commercial circumstances and reasons for the failure to meet the Profit Guarantee at the relevant point in time, the Parties may, notwithstanding the setting-off of the Balance Tranche Payment against the Offset Amount, enter into a settlement agreement or a supplemental agreement, which could vary the rights of the Company and the EHPL as against LSW.
- 4.2. The Board would like to announce that the Group currently has no intention of entering into any settlement agreement or supplemental agreement which could vary the rights of the Company and the EHPL against LSW.
- 4.3. The Group reserves its right to seek legal recourse to recover any remaining Adjusted NLAT and will keep the shareholders informed of the progress of the matter and make such further announcements as and when appropriate.

#### 5. CAUTIONARY STATEMENT

- 5.1. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors who are in any doubt about the contents of this announcement or as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant, or other professional advisers immediately.

#### BY ORDER OF THE BOARD

**RAYMOND NG**  
Executive Chairman  
4 April 2025