
ACQUISITION OF PROPERTY AT 3 GUL CRESCENT, SINGAPORE 629519

1. INTRODUCTION

The Board of Directors (the “Board” or the “Directors”) of Enviro-Hub Holdings Ltd (the “Company”, together with its subsidiaries, the “Group”) refers to the Company’s announcement dated 20 December 2018 where it was announced that HLS Electronics Pte. Ltd., a 80.25% owned subsidiary of the Company, had incorporated a wholly-owned subsidiary, HLS Property Pte. Ltd. (“HLSP”), with an issued and paid-up share capital of S\$1.00 comprising 1 ordinary share (the “Previous Announcement”).

Further to the Previous Announcement, the Board wishes to announce that HLSP has entered into a sale and purchase agreement dated 22 January 2019 (the “Agreement”) with Spicers Paper (S) Pte Ltd (the “Vendor”), pursuant to which HLSP had secured the rights to purchase a property known as 3 Gul Crescent, Singapore 629519 (the “Property”) from the Vendor for an aggregate cash consideration of S\$10,100,000 (the “Purchase Price”) excluding Goods and Services Tax (“GST”) (the “Acquisition”). HLSP was incorporated on 20 December 2018 for the purpose of securing the rights to purchase the Property.

The Vendor is not related to any of the Directors or controlling shareholders of the Company and their respective associates.

2. DETAILS OF THE PROPERTY, RATIONALE FOR THE ACQUISITION AND CONDITIONS OF SALE

The Property has a land area of approximately 11,000 square meters and a build-up area of approximately 6,000 square meters comprising covered warehouses and office building. It is presently leased by the Vendor from Jurong Town Corporation (“JTC”) for a tenure period of 30 years from 1 March 2011. The Property is currently used for the storage and distribution of paper.

Subject to the completion of the Acquisition, the Company intends to use the Property for the Group’s recycling business.

The Acquisition is conditional upon, *inter alia*, the followings:

- (i) JTC’s approval for the Vendor to sell and the Purchaser to purchase the Property;
- (ii) Satisfactory replies having been obtained to legal requisitions from government departments.

3. THE PURCHASE PRICE AND FINANCING

The Purchase Price was determined based on arm's length negotiations between the parties, and arrived at on a "willing-buyer and willing-seller" basis, after taking into consideration *inter alia* the location of the Property, the prevailing market conditions, the terms and conditions of the sale as set out in the Agreement and the latest available open market value of the Property based on an independent valuation report commissioned by the Vendor (the "Valuation Report").

According to the Valuation Report, the open market value of the Property as at 1 June 2018 based on the market comparison approach was S\$12,000,000. The market comparison approach entailed *inter alia* inspection and analysis of comparable transactions around the vicinity and elsewhere.

HLSP is paying the sum of S\$540,350 including GST as deposit towards the Purchase Price. The remaining balance of the Purchase Price of S\$10,266,650 including GST shall be payable on completion of the sale and purchase in accordance with the terms of the Agreement.

The Purchase Price will be funded by a combination of internal resources and bank borrowings.

4. FINANCIAL EFFECTS OF THE ACQUISITION

(a) Illustrative effects of the Acquisition on the Net Tangible Assets ("NTA") and Earnings Per Share ("EPS") of the Group

The pro forma financial effects of the Acquisition on the Group have been prepared based on the Group's audited consolidated financial statements for the financial year ended 31 December 2017. These pro forma financial effects are purely for illustrative purposes only and do not reflect the future actual financial position and results of the Group after the Acquisition.

(i) Net Tangible Assets ("NTA")

Assuming that the Acquisition had been completed on 31 December 2017, the pro forma financial effects of the Acquisition on the NTA per share of the Group as at 31 December 2017 would have been as follows:

	Before the Acquisition	After the Acquisition
NTA⁽¹⁾ (S\$ '000)	42,969	42,969
Number of issued shares excluding treasury shares ('000)	1,026,650	1,026,650
NTA per share (cents)	4.19	4.19

Note:

⁽¹⁾ "NTA" means total tangible assets less total liabilities.

(ii) Earnings per Share ("EPS")

Assuming that the Acquisition had been completed on 1 January 2017, the pro forma financial effects of the Acquisition on the EPS of the Group for the financial year ended 31 December 2017 would have been as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss after tax attributable to equity holders of the Company (S\$'000)	(10,190)	(10,455)
Weighted average number of shares ('000)	1,026,650	1,026,650
EPS (cents)	(0.99)	(1.02)

(b) Relative Figures Calculated on the Bases set out in Rule 1006 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST")

Rule 1006(a)	Net asset value ("NAV") ⁽¹⁾ of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	Not applicable
Rule 1006(b)	The net profit ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits ⁽¹⁾⁽²⁾	Not applicable ⁽⁵⁾
Rule 1006(c)	The aggregate value of consideration given of S\$8,105,250 ⁽³⁾ , compared with the issuer's market capitalisation ⁽⁴⁾ based on the total number of issued shares excluding treasury shares (based on the weighted average	16%

price of the Company's shares on the SGX-ST of S\$0.0478⁽⁴⁾)

Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁶⁾
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Rule 1006(e)	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 or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable ⁽⁷⁾
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Notes:-

- (1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Based on the audited profit and loss accounts for the financial year ended 31 December 2017.
- (3) The consideration adjusted by 80.25% proportionate shareholding interests of the Company.
- (4) Under Rule 1002(5) of the Listing Manual, the market capitalisation of the Company is determined by multiplying the 1,033,746,142 shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.
- (5) Rule 1006(b) of the Listing Manual is not applicable as the Property is not a revenue-generating asset.
- (6) Rule 1006(d) of the Listing Manual is not applicable as no equity securities will be issued by the Company as consideration for the Acquisition.
- (7) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure calculated under Rule 1006(c) of the Listing Manual is more than 5% but is not more than 20%, the Acquisition is considered a discloseable transaction under Chapter 10 of the Listing Manual.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

6. SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7. DOCUMENTS FOR INSPECTION

A copy of the Agreement and the Valuation Report will be made available for inspection during normal business hours at the Company's registered office at 200 Pandan Loop #05-01 Pantech 21 Singapore 128388 for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

Raymond Ng Ah Hua
Executive Chairman
23 January 2019