
PROPOSED DISPOSAL OF ENTIRE INTEREST IN F2S1 INVESTMENT PTE. LTD.

1. INTRODUCTION

The board of directors ("**Board**") of Enviro-Hub Holdings Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") refers to its announcement on 20 September 2017 in relation to the proposed disposal of the Company's entire interest in F2S1 Investment Pte. Ltd. ("**F2S1 Investment**") and wishes to announce that the Company, BS Capital Pte. Ltd. ("**BS Capital**") and EH Property and Investments Pte. Ltd. (the "**Vendor**") have, on 17 November 2017, entered into a sale and purchase agreement (the "**SPA**") with Everfit Sage Pte. Ltd. (the "**Purchaser**") for the sale of 102,106,000 issued and fully paid ordinary shares in the capital of F2S1 Investment, representing the entire issued shares in F2S1 Investment (the "**Sale Shares**") to the Purchaser (the "**Proposed Disposal**").

The Proposed Disposal is in the ordinary course of business, and does not constitute a disposal of the Group's core business or asset, and thus it does not fall under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

2. THE PROPOSED DISPOSAL AND SALIENT TERMS

2.1 Information on the Vendor, BS Capital and F2S1 Investment

The Vendor is ultimately owned by the following entities:

- (i) the Company, which owns 51% of the equity interest in the Vendor; and
- (ii) BS Capital, which owns 49% of the equity interest in the Vendor.

BS Capital is a private company incorporated in Singapore on 8 November 2003 and is principally engaged in real estate activities and in providing services as general contractor for building construction works. As at the date of this announcement, BS Capital has a total issued and paid up share capital of S\$200,000 comprising 200,000 ordinary shares.

Mr. Raymond Ng Ah Hua, a controlling shareholder and the Executive Chairman of the Company, is currently the sole shareholder and a director of BS Capital.

F2S1 Investment is a private limited company incorporated in Singapore on 13 October 2010 and has an issued and paid up share capital of S\$102,106,000 comprising 102,106,000 ordinary shares. The Vendor owns the entire equity interest in F2S1 Investment.

F2S1 Investment owns the whole of land lot number 440M of Town Subdivision 19, together with PoMo, a shopping mall cum office building currently erected on the land, and held under Certificate of Title (SUB) Volume 334 Folio 54, situated at 1 Selegie Road, Singapore 188306 (the “**Property**”). The Property is held pursuant to a 99-year lease commencing from 17 March 1983 and is currently being leased out to retail and office tenants.

2.2 Information on the Purchaser

The Purchaser is incorporated in Singapore and has an issued and paid up share capital of S\$1 comprising 1 ordinary shares.

The Purchaser is a special purpose vehicle of a fund managed by Gaw Capital Partners, a Hong Kong-based real estate investment firm.

2.3 Consideration and Payment Terms

The consideration for the sale and purchase of the Sale Shares (the “**Consideration**”) shall be an amount in cash equal to S\$342,000,000 (the “**Asset Value**”). The Consideration shall be fully satisfied in cash and was arrived at after arms’ length negotiations and based on a willing-buyer willing-seller basis, having taken into account, *inter alia*, the book value and net tangible assets value of the Sale Shares as at 31 July 2017 and the independent valuation of the Property conducted by ECG Consultancy Pte. Ltd. as at 31 December 2016. The valuation was commissioned by the Company as part of the Group’s yearly valuation exercise for its portfolio of properties.

The Consideration shall be increased or reduced (as the case may be), upon determination of the amount of other assets less the amount of other liabilities, as shown in a net assets statement of F2S1 Investment as at the close of business on the Completion Date, less contingent cost of \$1,500,000 (“**Consideration Adjustments**”).

The Consideration will be satisfied wholly in cash by the Purchaser as follows:

- (i) on the date of signing the SPA to be entered into between the parties of the SPA (collectively the “**Parties**” and each a “**Party**”), the Purchaser shall pay the cash sum of S\$29,200,000, less an amount equal to 50% of the stamp duty payable in connection with the transactions under the SPA and purchase of the Sale Shares (the “**Stamp Duty**”), to an escrow agent jointly appointed by the Parties (the “**Escrow Agent**”) and the Vendor’s solicitors shall transfer the initial deposit received of S\$5,000,000 paid by or on behalf of the Purchaser to the Vendor’s solicitors in early of August 2017 to the Escrow Agent. Upon Completion (as defined herein below), all monies in the account to be opened in the name of the Escrow Agent, excluding a contingent cost of \$1,500,000, shall be released to the Vendor.

- (ii) On the Completion Date (as defined herein below), the Purchaser shall pay the cash sum for approximately S\$8,474,000, which is derived from deducting the Consideration Adjustments and UOB Debt ¹ totaling to approximately S\$299,326,000 from S\$307,800,000², plus an amount equal to 50% of the Stamp Duty but less the costs and expenses in relation to obtaining and maintaining in force the warranty and indemnity insurance policy to the Vendor.
- (iii) the post-completion adjustment payment by the Purchaser, if applicable, in accordance with the terms of the SPA as highlighted in paragraph 4.3.

3 RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF SALE PROCEEDS

Based on the Group's latest announced unaudited third quarter accounts, the Group is in a net current liabilities position of \$55,155,000. The net current deficit is due to the mismatching between the maturity of bank borrowings and realization of the Group's investment properties' fair value appreciation recognized in prior years. The Company is of the view that the Proposed Disposal represents an opportunity for the Group to realise the asset and to improve the Group's financial position.

The Group expects to receive a net proceeds of \$335,005,000 from this Proposed Disposal which are intended to be used mainly as funds to settle the Group's bank borrowings and general working capital of the Group. As a result of the proposed settlement, the Group expects the bank borrowings will be reduced by approximately \$300,800,000 or 73% of the Group's bank borrowings. This would further strengthen the Group's financial position and to provide financial flexibility to the Group for future potential property acquisitions should such opportunities arise.

4. OTHER MATERIAL CONDITIONS OF THE PROPOSED DISPOSAL

4.1 Conditions Precedent

Completion of the sale and purchase of the Sale Shares ("**Completion**") is conditional upon, *inter alia*, the following conditions being satisfied by the Vendor or waived in accordance with the terms of the SPA:

- (i) the approval of the board and shareholders (if necessary) of the Company in its capacity as a shareholder of the Vendor, for the transactions contemplated in the SPA;
- (ii) final agreed forms of discharge and/or release documents relating to all security documents and collateral (including but not limited to mortgages, charges,

¹ This refers to the aggregate of all monies owing by F2S1 Investment, the Company and Cimelia Resource Recovery Pte. Ltd. to UOB under the banking facilities and swap arrangements granted by UOB (including all incidental bank charges).

² This amount representing 90% of the Consideration.

assignments, pledges, undertakings, surety, guarantee, powers of attorney and indemnities) entered into by F2S1 Investment, the Company and Cimelia Resource Recovery Pte. Ltd. in favour of United Overseas Bank Limited (“UOB”) (whether alone or with any other persons), in connection with all banking facilities and swap arrangements granted by UOB to F2S1 Investment;

- (iii) written confirmation from F2S1 Investment’s shareholder and/or its related corporations (including the Company and BS Capital), in agreed form, on the terms of, and that all loans (if any) owing to and from F2S1 Investment’s shareholder and/or its related corporations (including the Company and BS Capital) have been fully discharged and satisfied and that they have no further claims against F2S1 Investment in respect of such loans;
- (iv) there not having occurred any event which has (or could reasonably be expected to have) the effect of restraining or otherwise prohibiting consummation of the transactions contemplated by the SPA in any material respect, as determined by the Purchaser acting reasonably;
- (v) there not having occurred any event (including the event where (a) non-payment of rental by any lawful and permitted occupier of the Property falling due after the date of the SPA when due and (b) such non-payment, when aggregate with other unpaid rental which is due for payment after the date of the SPA is not paid when due, exceeds an amount equivalent to S\$119,735) between the date of the SPA and Completion which would constitute a breach of any warranty if such warranty were to be repeated at Completion in accordance with the terms of the SPA;
- (vi) the Vendor not having breached any provision of the SPA (other than the provisions relating to the representations, warranties and undertakings in the SPA);
- (vii) between the date of the SPA and Completion, no occurrence of (a) any incident which results in any damage to the Property or any part thereof, such that the estimated cost of rectification to reinstate the Property and/or all plant, machinery, equipment, fixtures, fittings and furniture at the Property (“**Plant and Equipment**”) which is owned by F2S1 Investment to (or as closely as possible to) its original state and condition as at the date of the SPA (the “**Rectification Costs**”) is more than S\$4,000,000 (“**Material Damage**”), or the destruction of, the Property; or (b) any matter, fact or circumstances arising which results in, or is reasonably likely to result in, the revocation or cancellation of, or material amendment to the terms of any licence, permit or ruling held by F2S1 Investment which is necessary to conduct its business or to own its assets or properties in Singapore has arisen;

In the event that any of the conditions precedent is not fulfilled or waived in accordance with the terms of the SPA on or before the date falling three (3) months from the date of the SPA or such other date as the Vendor and the Purchaser may mutually agree in writing, the SPA shall automatically terminate.

4.2 Completion

Completion shall take place at the office of Rajah & Tann Singapore LLP at 11.00 a.m. on the date falling sixty (60) days from the SPA (the “**Completion Date**”) or at such other time or venue as the Vendor and the Purchaser may mutually agree in writing.

4.3 Post-Completion Adjustments

If the Consideration Adjustments as shown in a net asset statement of F2S1 Investment as at the close of business on the Completion Date (the “**Final NAV**”):

- (i) is a negative amount and is greater than the Estimated NAV, the Vendor shall pay the Purchaser an amount equal to the difference between the Final NAV and the Estimated NAV; and
- (ii) is a negative amount and is less than the Estimated NAV, the Purchaser shall pay the Vendor an amount equal to the difference between the Estimated NAV and the Final NAV; and
- (iii) is a positive number, the Purchaser shall pay the Vendor an amount equal to the aggregate of: (i) the amount of the Estimated NAV (without reference to it being a negative figure); and (ii) the Final NAV,

in each case, within 15 business days of the date on which the net asset statement for F2S1 Investment is agreed or determined in accordance with the terms of the SPA.

4.4 Limitation of Liability

Each of the Vendor, BS Capital and the Company (the “**Warrantors**”) shall not be liable in respect of a claim by the Purchaser under or pursuant to the provisions in relation to the representations, warranties and undertakings by the Purchaser and the Warrantors provided in the SPA (the “**Purchaser’s Claim**”) (other than a claim by the Purchaser under or pursuant to the warranties in the SPA in relation to corporate information, Property, the Parties’ due incorporation and power and authority to enter into and perform its obligations, the Parties having taken, fulfilled and done all actions, conditions and things required in order to enable it to lawfully enter into and carry out the provisions of the SPA and ensure that those obligations are valid, legally binding and enforceable, and the Parties’ entry into and/or performance of its obligations under the SPA do not violate (i) any agreement, instrument or document to which it is a party or which is binding on it or its assets and which is material in the context of the transaction contemplated by the SPA; or (ii) any law, regulation or authorisation which is binding on or applicable to it; and (iii) its obligations under the SPA are valid, binding and enforceable in accordance with its respective terms) (“**Fundamental Claim**”):

- (i) in respect of a claim by the Purchaser in relation to the warranties concerning tax under the SPA (the “**Tax Claim**”), unless the Purchaser has notified any Warrantor of the Tax Claim stating in reasonable detail the nature of the Tax Claim (and, if practicable, an

estimate of the amount claimed) within 7 years following Completion;

- (ii) in respect of all Purchaser's Claims (other than a Fundamental Claim or a Tax Claim) unless the Purchaser has notified it of the Purchaser's Claim stating in reasonable detail the nature of the Purchaser's Claim (and, if practicable, an estimate of the amount claimed) within 24 months following Completion; and
- (iii) in respect of any individual claim (or a series of claims arising from substantially identical facts or circumstances) where the liability agreed or determined (disregarding the provisions of the terms of the SPA) in respect of any such claim or series of claims does not exceed S\$20,000 but nonetheless, in the event that the liability exceeds S\$20,000, the Warrantors shall be liable in respect of the total liability arising from such claims or series of claims (and not only for such amount in excess of S\$20,000).

The Vendor's liability in respect of:

- (i) all Fundamental Claims is limited to an amount which is equal to 100% of the Asset Value; and
- (ii) all other Purchaser's Claims (excluding Fundamental Claims) is limited to S\$50,000,000.

Each of BS Capital and the Company's liability in respect of a Purchaser's Claim shall be several and not joint and each of BS Capital and the Company's liability for the total sum recoverable from BS Capital or the Company shall be in the proportion of 49% for BS Capital and 51% for the Company of any losses, liabilities, damages, costs, expenses (including tax), interest, fines and penalties of any nature whatsoever, including each loss, liability and cost reasonably incurred as a result of defending or settling a claim or dispute alleging such a liability but shall exclude any special, punitive, indirect or consequential loss (the "**Loss**") under the relevant Purchaser Claim. Each of BS Capital and the Company's liability in respect of:

- (i) all Fundamental Claims is limited to an amount representing the proportion of BS Capital and the Company of 100% of the Asset Value; and
- (ii) all other Purchaser's Claims (excluding Fundamental Claims) is limited to S\$50,000,000.

The Warrantors shall not be liable for any indirect, special, consequential or remote loss in respect of any Purchaser's Claim.

The Purchaser is not entitled to recover more than once in respect of the same Loss.

4.5 Termination

If before Completion there is any damage to the Property, the Vendor shall notify the Purchaser as soon as reasonably practicable of such occurrence. The Parties shall then jointly appoint an independent quantity surveyor who shall determine:

- (i) the Rectification Costs; and
- (ii) whether the damage is not a Material Damage or amounts to Material Damage or Material Damage in respect of which F2S1 Investment does not have a right of recovery under any insurance policy due to specific exclusions for force majeure or other events under its insurance policies ("**Uninsurable Material Damage**").

Depending on whether the damage amounts to Material Damage or Uninsurable Material Damage, the Completion Date shall be extended pursuant to the terms of the SPA accordingly.

In the event of any Material Damage, the Vendor will procure F2S1 Investment to, *inter alia*, reinstate the Property and/or Plant and Equipment to its original state and condition and the Completion Date shall be extended in accordance to the terms of the SPA.

In the event of damage amounting to Uninsurable Material Damage, either Party shall, *inter alia*, be entitled by notice in writing to the other Party to terminate the SPA.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group are set out below. The *pro forma* financial effects have been prepared based on the figures derived from the Group's audited consolidated financial statements for the financial year ended 31 December 2016 ("**FY2016**") and are purely for illustration purposes only and do not reflect the actual financial position of the Group after Completion. Based on the Group's audited consolidated financial statements for FY2016, the *pro forma* financial effects of the Proposed Disposal are as follows:

5.1 Effect on Group's Net Tangible Assets ("**NTA**") per Share

For illustrative purposes only, had the Proposed Disposal been completed on 31 December 2016 and based on the audited consolidated financial statements of the Group as at 31 December 2016 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group's NTA for FY2016:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$ '000)	83,512	47,650
Number of issued shares excluding treasury shares ('000)	1,026,650	1,026,650
NTA per share (cents)	8.13	4.64

5.2 Effect on Earnings per Share (“EPS”)

For illustrative purposes only, had the Proposed Disposal been completed on 1 January 2016 and based on the audited consolidated financial statements of the Group as at 31 December 2016 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group's EPS for FY2016:

	Before the Proposed Disposal	After the Proposed Disposal
Loss after tax attributable to equity holders of the Company (S\$'000)	(5,255)	(23,545)
Weighted average number of shares ('000)	1,026,650	1,026,650
EPS (cents)	(0.51)	(2.29)

5.3 Effect on Gearing Ratio

For illustrative purposes only, had the Proposed Disposal been completed on 1 January 2016 and based on the audited consolidated financial statements of the Group as at 31 December 2016 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group's gearing ratio for FY2016:

	Before the Proposed Disposal	After the Proposed Disposal
Long term liabilities (S\$'000)	430,941	130,141
Capital employed (S\$'000)	95,888	95,888
Gearing ratio	4.49	1.36

5.4 Value of the Sale Shares

Based on the latest announced unaudited accounts of the Company for the third quarter financial period ended 30 September 2017:

- (i) the NTA value (excluding inter-company balances and agreed adjustments as set out in the SPA) and book value of the Sale Shares is approximately S\$366,293,000 and S\$0.36 respectively;
- (ii) the net profits attributable to the Sale Shares is approximately S\$1,364,000 (excluding inter-company transactions);

- (iii) the deficit of the net proceeds from the Proposed Disposal over the book value is approximately S\$31,288,000; and
- (iv) the net loss on the Proposed Disposal (including estimated transactional expenses and incidental bank charges of approximately S\$3,795,000 to be incurred in connection with the Proposed Disposal) is expected to be approximately S\$35,083,000.

5.5 Use of Proceeds

The Company expects to receive estimated net proceeds of S\$335,005,000 from the Proposed Disposal (excluding estimated transactional expenses to be incurred in connection with the Proposed Disposal).

The Company intends to utilise the proceeds from the Proposed Disposal as general working capital and repayment of bank loans and borrowings of the Group. This would further strengthen the Group's financial position and enhance the Group's financial flexibility to fund potential property acquisitions to enhance the Group's property investment portfolio should such opportunities arise.

6. REQUIREMENTS UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 Rule 1006 of the Listing Manual

The relative figures for the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006(a)	Net asset value ("NAV") ⁽¹⁾ of the assets to be disposed of S\$366,293,000 as at 30 September 2017, compared with the Group's NAV of S\$79,079,000 as at 30 September 2017 ⁽²⁾	463%
Rule 1006(b)	Net profit ⁽³⁾ attributable to the Sale Shares of S\$1,364,000 as at 30 September 2017, compared with the Group's net loss of S\$4,657,000 as at 30 September 2017	-29%
Rule 1006(c)	Aggregate value of the Consideration received of S\$170,853,000 ⁽⁵⁾ , compared with the Company's market capitalisation ⁽⁴⁾ of approximately S\$50,306,000 ⁽⁵⁾ (based on the	340%

weighted average price of the Company's shares on the SGX-ST of S\$0.049 on 15 November 2017)

Rule 1006(d)	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 as this is not an acquisition
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 as this is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:-

- (1) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities.
- (2) Based on the latest announced unaudited NAV (excluding inter-company balances) for the third quarter financial period ended 30 September 2017.
- (3) Under Rule 1002(3)(b), of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (4) Under Rule 1002(5) of the Listing Manual, the market capitalisation of the Company is determined by multiplying the 1,026,650,198 shares of the Company in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA.
- (5) Based on the amount derived from the Asset Value, subject to the Consideration Adjustments, and adjusted by 51% proportionate shareholding interests of the Company.

Notwithstanding that the relative figure computed under Rules 1006(a) and 1006(c) of the Listing Manual exceeds 20%, and the relative figure computed under Rule 1006(b) is a negative figure, the Proposed Disposal is in the ordinary course of the Group's business and does not constitute a disposal of the Group's core business or asset. As such, the requirements under Chapter 10 of the Listing Manual do not apply to the Proposed Disposal and accordingly, the Proposed Disposal does not constitute a major transaction requiring shareholders' approval.

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company (if any).

9. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Valuation Report are 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 (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Raymond Ng Ah Hua
Executive Chairman
17 November 2017