

ENTRY INTO TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF SHARES IN PASTEL GLOVE SDN. BHD.

1. INTRODUCTION

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 announcements made by the Company on 12 January 2021, 18 January 2021, 31 January 2021 and 16 March 2021 in relation to, *inter alia*, the Company’s previous subscription of 25% of the issued and paid-up share capital in Pastel Glove Sdn. Bhd. (the “**Target**”), which had completed on 31 January 2021.

The Board wishes to announce that the Company had on 19 May 2021 entered into a term sheet (the “**Term Sheet**”) with Mr. Law Siau Woei (“**LSW**”) and Mr. Choo Kuan Ping (“**CKP**”) (LSW and CKP shall be collectively known as the “**Vendors**”) for the proposed acquisition (the “**Proposed Acquisition**”) of the balance shares in the Target, being 1,500,000 ordinary shares representing 75% of the entire issued and paid-up share capital of the Target that are held by the Vendors. As at the date of this announcement, the Target is a 25% associated company of the Company. Following the completion of the Proposed Acquisition (the “**Completion**”), the Target will become a wholly-owned subsidiary of the Company.

The Proposed Acquisition shall be subject to, *inter alia*, the Company and the Vendors (the “**Parties**”) entering into definitive agreements on terms to be agreed (the “**Definitive Agreements**”). For the avoidance of doubt, the terms and conditions of the Proposed Acquisition are not limited to that set out in the Term Sheet and the agreed terms of the Proposed Acquisition in the Definitive Agreements (if and when entered into) may or may not differ from that set out in the Term Sheet.

2. INFORMATION ON THE VENDORS AND THE TARGET

2.1. Information on the Target

The Target is a private company limited by shares incorporated in Malaysia on 28 September 2020. The Target is principally involved in the manufacture, sale and distribution of rubber gloves.

As at the date of this announcement, the Target 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 the Target are LSW, CKP and the Company, who respectively hold 72.75%, 2.25% and 25% of the issued and paid-up share capital of the Target. The directors of the Target are LSW, CKP and Mr. Adrian Toh Jia Sheng, a director nominated by the Company.

2.2. Information on the Vendors

The Vendors do not have any shareholding interest, direct or indirect in the Company, nor are the Vendors related to any of the Directors, chief executive officer, or controlling shareholders of the Company, or their respective associates.

3. RATIONALE FOR THE PROPOSED ACQUISITION

As further elaborated in the Company's circular to its shareholders (the "**Shareholders**") dated 3 May 2021, the Company intends to diversify the Group's business to include the business of the manufacturing, sale, distribution and marketing of the healthcare products, as part of the Group's corporate strategy for diversified and long-term growth, by adding new revenue and earning streams to the Group. The Group believes that such diversification has the potential to enhance its profitability, shareholder value and returns, and improve its growth prospects. The Company had on 18 May 2021 obtained the approval of its Shareholders for its said diversification into the healthcare products business.

The Proposed Acquisition is in line with the diversification of the Group's business into the healthcare products business. The Board believes that the Proposed Acquisition would provide the Company with additional and recurrent revenue streams, and 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 (as defined below) by way of the allotment and issuance of the Consideration Shares (as defined below) will also reduce the cash outlay to be incurred by the Company in relation to the Proposed Acquisition.

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

4. PRINCIPAL TERMS OF THE TERM SHEET

The principal terms of the Term Sheet are set out below:

4.1. Consideration

The aggregate consideration for the Proposed Acquisition is S\$46,800,000 (the "**Consideration**"), which shall be satisfied by a combination of cash and issuance of new ordinary shares in the Company in the following manner:

- (a) a cash payment of S\$5,850,000 payable to the Vendors on Completion;
- (b) a cash payment of S\$17,550,000 payable to the Vendors on a staggered basis (details of which are to be further agreed and set out in the Definitive Agreements) upon the Target achieving the Profit Guarantee (as defined below); and
- (c) the remaining S\$23,400,000 shall be payable to the Vendors and/or their nominees in the form of 292,500,000 new ordinary shares in the Company to be issued to the Vendors at the issue price of S\$0.08 per share (the "**Consideration Shares**"). The Vendors may not sell, divest or transfer the Consideration Shares for a period of one (1) year from the Completion.

4.2. Profit Guarantee

Under the Term Sheet, it is intended that the Target shall guarantee to the Company that its cumulative audited net profit after tax for the three (3) forthcoming financial years shall not be less than US\$18,000,000 in aggregate (the "**Profit Guarantee**").

4.3. Conditions Precedent

Completion shall be conditional upon, *inter alia*:

- (a) all necessary approvals, consents and conditions from all relevant regulatory authorities in Singapore and Malaysia (including the SGX-ST where relevant) in connection with the Proposed Acquisition being obtained;

- (b) the approval by the Board in connection with the Proposed Acquisition being obtained; and
- (c) if required, the approval by the Shareholders in connection with the Proposed Acquisition being obtained.

4.4. Exclusivity

The Parties have agreed to an exclusivity period of 60 days commencing from the date of the Term Sheet (unless otherwise agreed between the Parties) (the “**Exclusivity Period**”) pursuant to which the Parties shall negotiate exclusively with each other with respect to the Proposed Acquisition, and shall not (directly or indirectly through its directors, employees, agents or representatives, where applicable) negotiate or engage in discussions with, solicit or entertain an offer from, or enter into any agreement or arrangement with any other person or entity, in relation to any expression of interest, offer or proposal by any person which is in competition with the Proposed Acquisition.

4.5. Duration and Termination

The Parties will use their best endeavours and negotiate in good faith to finalise and execute the Definitive Agreements before the expiry of the Exclusivity Period, provided that the Term Sheet shall automatically terminate upon the earliest of the (a) execution of the Definitive Agreements by the Parties; (b) mutual consent in writing of the Parties; and (c) expiry of the Exclusivity Period (unless otherwise extended by the parties in writing).

4.6. Governing Law

The Term Sheet is governed by Malaysia law and the Parties agree to submit to the exclusive jurisdiction of the Malaysian courts.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company, if any.

6. 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 Acquisition and the Group, 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.

7. FURTHER ANNOUNCEMENTS

The Board wishes to emphasise that the Term Sheet is subject to the Parties’ entry into the Definitive Agreements. The Proposed Acquisition is subject to further negotiations and conditions, and there is no certainty or assurance as at the date of this announcement that the Parties will eventually enter into any Definitive Agreement as contemplated under the Term Sheet.

The Proposed Acquisition, should it proceed, is envisaged to constitute a major transaction as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and will accordingly be subject to, amongst others, the approval of the Shareholders at an extraordinary general meeting to be convened.

The Company will make further announcements as and when appropriate in compliance with the requirements of the Listing Manual (including, *inter alia*, information required under Chapter 10 of the Listing Manual) if and when the Definitive Agreements in respect of the Proposed have been entered into and/or when there are material developments in respect of the Proposed Acquisition.

8. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company as there is no certainty or assurance as at the date of this announcement that the Definitive Agreements will be entered into, the terms and conditions of the Proposed Acquisition will not differ from that set out in the Term Sheet, or the Proposed Acquisition will be undertaken or completed at all.

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

21 May 2021