

Press Release

**Enviro-Hub enters into term sheet for the acquisition of
shares in
Pastel Glove Sdn. Bhd.**

- 75 per cent of remaining shares proposed to be acquired for a total consideration of S\$46.8 million
- Consideration payable 50 per cent in cash and 50 per cent in form of new Enviro-Hub shares valued at S\$0.08 cents per share
- 25 per cent of cash consideration to be paid up front, remaining 75 per cent to be released on achievement of performance guarantee by PGSB
- PGSB founders to provide a performance guarantee of US\$18 million over three years
- The above-mentioned proposed acquisition is subject to the entry into definitive agreements

SINGAPORE, May 21, 2021 – Enviro-Hub Holdings Ltd (SGX:L23) (“**Enviro-Hub**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) has announced that it has entered into a term sheet for the proposed acquisition of the remaining 75 per cent share capital of its 25 per cent associated company, Pastel Glove Sdn. Bhd. from existing shareholders (“**PGSB**” or the “**Target**”) for a total consideration of S\$46.8 million, payable 50 per cent in cash and 50 per cent in new shares in the Company. The Proposed Acquisition shall be subject to, *inter alia*, the Company and the vendors entering into definitive agreements on terms to be agreed.

Under the term sheet, Enviro-Hub will pay cash consideration of S\$23.4 million, and further issue 292,500,000 new shares at a pre-determined issue price of S\$0.08 per share for a total subscription price of S\$23.4 million. Of the total S\$23.4 million cash consideration, 25 per cent (S\$5.85 million) will be paid on the completion of the deal and the remaining S\$17.55 million will be paid on a staggered basis upon the Target’s achievement of performance guarantee of US\$18 million over the period of fiscal years 2021-2023. There will be a one-year moratorium

for all the 292,500,000 consideration shares issued during which the consideration shares may not be sold or transferred.

PGSB, which is based in Malaysia, is primarily involved in the manufacture and trading of rubber gloves. Enviro-Hub had made an initial investment in PGSB in January 2021 by way of a subscription of an initial 25 per cent equity stake in the Target for approximately US\$0.125 million in equity and the grant of a US\$4.875 million interest-free shareholders' loan to PGSB.

As previously announced by the Company on 16 March 2021, in February this year, PGSB had installed and commissioned its first automated glove-dipping line. A total of six production lines with an expected production capacity of 1.42 billion gloves per annum are expected to be operational by September 2021.

Following the acquisition, the founders of PGSB, Mr. Law Siau Woei, and Mr. Choo Kuan Ping, will remain in charge. The founders have over 20 years of experience in the gloves manufacturing industry. Prior to setting up PGSB, Mr. Law and Mr. Choo were involved in the glove supply business as traders, with a network of global multinational customers. Once the deal is completed, Mr. Law will be substantial shareholder in Enviro-Hub, thus aligning his interest strongly with shareholders of EHH.

“The COVID-19 pandemic has resulted in an unprecedented increase in the demand for gloves and Personal Protective Equipment (PPE), due to the increasing usage of gloves to protect healthcare professionals, and the heightened hygiene standards at Food and Beverages (F&B) establishments, hospitality, and travel sectors. The recent resurgence in global COVID-19 cases and supply shortage in the US will continue to support elevated average selling prices (ASPs) for gloves, which bodes well for glove makers,”
Adrian Toh, Enviro-Hub’s Chief Investment Officer (“CIO”) said.

According to Hong Leong Investment Bank¹, demand for rubber gloves is expected to remain elevated with their increased usage in vaccination programmes around the world more than offsetting the decline in gloves used for testing. This will help to keep ASPs high as there

¹ <https://www.thestar.com.my/business/business-news/2021/02/17/vaccination-and-testing-to-drive-glove-demand-price>

remains a supply shortage of gloves of about 12.4 billion for 2021 despite new entrants and industry players ramping up production capacities. Hong Leong Investment Bank estimates that global herd immunity could take as long as 5 years, and this could provide support for glove demand in the medium term.

“Once the deal is completed, the Group will have absolute control of the lucrative glove operation of PGSB which will not only generate a strong bottom-line but also positive cash flow. The cash flow will help the Group expand its new healthcare products business line. The management team from PGSB has a wealth of experience in the PPE business and they are committed to growing the healthcare products business division in Enviro-Hub rather than just focusing on PGSB. Their know-how in sophisticated clean room and medical gloves set-up will aid our expansion efforts by way of acquisition and/or organic growth in our healthcare products business line,” Executive Chairman of Enviro-Hub, Mr. Raymond Ng (“Mr. Ng”) said.

The Executive Chairman noted that the proposed PGSB acquisition is in line with Enviro-Hub’s strategy of pivoting its business towards healthcare products supply and trading, and recycling & refining E-waste/metals to provide additional and recurring revenue streams for the Group. ***“Going forward our focus will be on, PPE products such as latex and nitrile gloves for medical and industrial use. We will also focus on medicine, medical consumables, and other healthcare-related products,”*** Mr. Ng said.

On 18 May 2021, the Company had also announced that its 51 per cent indirectly owned subsidiary, QF 4 Pte. Ltd. had, on 14 May 2021, granted an option to purchase to Extra Space Hillview Pte. Ltd., for Extra Space Hillview Pte. Ltd to purchase its property units at Lam Soon Industrial Building at a consideration of approximately S\$35.3 million. Please refer to the Company’s announcement dated 18 May 2021 for further information on the grant of the said option to purchase.

#End#

Note to media: Please read this press release in conjunction with the Company’s announcement released on SGXNet.



About Enviro-Hub

Singapore-listed Enviro-Hub Holdings Ltd (“**Enviro-Hub**”) has a diverse portfolio that includes trading, recycling and refining of e-waste/metals, piling contracts, construction, rental and servicing of machinery, property investments and management, as well as plastics to fuel refining. In 2021, Enviro-Hub diversified into the healthcare business with its investment in Malaysian glove manufacturer, Pastel Glove Sdn. Bhd., marking the Group’s foray into the glove manufacturing and healthcare consumables sectors.

For more information, please visit us at <http://www.enviro-hub.com/>

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