
NON-DISCLOSEABLE TRANSACTION: PROPOSED SALE AND LEASE-BACK OF THE RETAIL PREMISES (AS DEFINED BELOW)

1. INTRODUCTION

The board of directors (“**Board**”) of Enviro-Hub Holdings Ltd. (“**Company**”) wishes to announce that F2S1 Investment Pte. Ltd. (“**F2S1**”), a subsidiary of the Company, has today entered into an option agreement (“**Option Agreement**”) with Celestine Management Private Limited (“**CMPL**”), pursuant to which, (1) F2S1 granted to CMPL a call option (“**Call Option**”); and (2) CMPL granted to F2S1 a put option (“**Put Option**”), on the terms and subject to the conditions of the Option Agreement, to require the parties to enter into:

- (a) a sale and purchase agreement (“**Purchase Agreement**”) for the basement to level 3 of the building known as PoMo at 1 Selegie Road, Singapore 188306, with a leasehold estate for a term of thirty-eight (38) years commencing from the date of completion (“**Sub-Lease Term**”) and net lettable floor area as certified by the independent competent surveyor as 72,388.00 square feet (as at 12 September 2014) and strata area of not less than 8,798.00 square metres (“**Retail Premises**”) at the Purchase Price (as defined below), on the terms and conditions of the Purchase Agreement (“**Proposed Transaction**”); and
- (b) a lease-back agreement (“**Lease Agreement**”) for the lease of the Retail Premises by the purchaser to F2S1, on the terms and conditions of the Lease Agreement.

The Proposed Transaction is in line with the Group’s core property investment business. The proceeds from the Proposed Transaction will free up additional capital for the expansion of the Group’s core property investment business over the long run, and at the same time enable the Group to refinance loans taken up in connection with the acquisition of F2S1.

2. DETAILS OF THE RETAIL PREMISES

The Retail Premises comprise the retail part of the building known as “PoMo” located at 1 Selegie Road, Singapore 188306. PoMo is a property development comprising office and retail space, held pursuant to a 99-year lease granted by the Urban Redevelopment Authority commencing from 17 March 1983 (“**Head Lease**”) and has a remaining lease term of approximately 68 years. Upon expiry of the Sub-Lease Term pursuant to the Purchase Agreement, F2S1 will resume as the registered proprietor of the Retail Premises for the unexpired residue of the lease term under the Head Lease.

Based on the unaudited financial statements of the Group for the financial period ended 30 June 2014, the book value of the Retail Premises is approximately S\$135,000,000. No valuation was undertaken for the purpose of this transaction.

3. CONSIDERATION

Subject to due diligence to be carried out on the Retail Premises and the purchaser being satisfied with the results, the purchase price of the Retail Premises is Singapore Dollars One Hundred and Fifty Million (S\$150,000,000.00) (“**Purchase Price**”). The Purchase Price was arrived at on a willing-buyer and willing-seller basis taking into consideration, *inter alia*, the book value of the Retail Premises, and market factors and indicatives. The Purchase Price shall be payable by the purchaser in cash on completion of the Proposed Transaction.

4. INFORMATION ON THE PURCHASER

The holder of the Call Option is CMPL. CMPL is engaged in, *inter alia*, the business of sourcing for, and building a portfolio of properties which shall contain, *inter alia*, the Retail Premises, with the intention of transferring or causing such portfolio of properties to be held by the trustee of a real estate investment trust (“REIT”) established or to be established in Singapore and which is proposed to be listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Accordingly, under the terms of the Option Agreement, it was agreed by F2S1 that the intended trustee of the REIT shall exercise the Call Option, for purposes of facilitating the public listing process of the REIT on the SGX-ST, on the terms and subject to the conditions of the Option Agreement.

5. PRINCIPAL TERMS

5.1 Conditions Precedents

Under the Option Agreement, the rights of each party to exercise the Call Option or Put Option (as the case may be) are conditional upon, *inter alia*:

- 5.1.1 the purchaser obtaining by 31 December 2014 or such later date as the parties may mutually agree in writing (the “**Target Date**”) sufficient financing, to undertake the acquisition of the Retail Premises and the agreements for such financing have not been terminated or withdrawn and equity financing are substantially subscribed;
- 5.1.2 the purchaser obtaining by the Target Date the letter of eligibility to list the REIT on the SGX-ST, and the same not being terminated or withdrawn on or before the Target Date and that no objection are raised by SGX-ST in relation to the listing of the REIT on SGX-ST and the inclusion of the Retail Premises within the portfolio of properties to be held by the trustee of the REIT;
- 5.1.3 the Monetary Authority of Singapore not raising any objections, whether verbally or in writing, in relation to the listing of the REIT on the SGX-ST and the inclusion of the Retail Premises within the portfolio of properties to be held by the trustee of the REIT;
- 5.1.4 the purchaser’s financial adviser for purposes of the listing of the REIT being of the opinion that the acquisition of the Retail Premises as part of the portfolio of properties to be held by the trustee of the REIT will be approved by SGX-ST. Upon fulfilment of the conditions in paragraphs 5.1.2 and 5.1.3, the condition in this paragraph 5.1.4 shall be deemed to be fulfilled; and
- 5.1.5 the results of legal, financial and technical due diligence investigations on the Retail Premises being reasonably satisfactory in all respects to the purchaser,

(collectively, the “**Relevant Conditions**”).

In addition, under the agreed form of the Purchase Agreement, completion of the sale and purchase of the Retail Premises shall be subject to, *inter alia*, the listing of the REIT on SGX-ST.

5.2 Option Exercise Period

Under the Option Agreement, the Call Option and the Put Option (as the case may be) may be exercised prior to the expiry of the period of five (5) business days commencing after the date of the notification of fulfilment of the last of the Relevant Conditions or issuance of the Subsidiary Strata Certificate of Title for the Retail Premises, whichever is later.

5.3 Sale and Leaseback

The Proposed Transaction is subject to a leaseback of the Retail Premises from the date of completion for a term of 4 years.

6. FINANCIAL EFFECTS

The *pro forma* financial effects of the Proposed Transaction on the Group have been prepared based on the Group’s audited consolidated financial statements for the financial year ended 31 December

2013. 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 completion of the Proposed Transaction.

(A) **Net Tangible Assets (“NTA”)**

Assuming that the Proposed Transaction had been completed on 31 December 2013, the *pro forma* financial effects of the Proposed Transaction on the NTA per share of the Group for the financial year ended 31 December 2013 would have been as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000)	70,697	85,697
Number of issued shares excluding treasury shares ('000)	1,026,650	1,026,650
NTA per share (cents)	6.89	8.35

(B) **Earnings per Share (“EPS”)**

Assuming that F2S1 had been acquired by the Group on 1 January 2013 and that the Proposed Transaction had been completed on 1 January 2013, the *pro forma* financial effects of the Proposed Transaction on the EPS of the Group for the financial year ended 31 December 2013 would have been as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Profit/(Loss) attributable to shareholders (S\$'000)	5,296	13,139
Basic EPS		
Weighted average number of issued shares ('000)	1,000,702	1,000,702
Basic EPS (cents)	0.53	1.31
Diluted EPS		
Weighted average number of issued shares ('000)	1,000,702	1,000,702
Diluted EPS (cents)	0.53	1.31

7. DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS

F2S1 is a wholly-owned subsidiary of a joint venture company with the Group holding 51% of the share capital and BS Capital Pte. Ltd. (“**BS Capital**”) holding the balance 49%. The Group’s Executive Chairman and controlling shareholder, Mr. Raymond Ng, is the sole shareholder of BS Capital. Save for the foregoing, none of the directors and/or controlling shareholders of the Company has any interest, direct or indirect, other than through their directorships and/or shareholdings in the Company, if any, in the Proposed Transaction, the Option Agreement, the Purchase Agreement and/or the Lease Agreement.

8. MISCELLANEOUS

Shareholders should note that as the Option Agreement is subject to all conditions precedent being fulfilled, there is no assurance that the Proposed Transaction will be completed. Accordingly, shareholders and potential investors are advised to exercise caution in their dealings in the securities of the Company and to seek their own financial and legal advice when appropriate.

The Company will provide further updates on the Proposed Transaction as and when there are material developments thereon.

BY ORDER OF THE BOARD

Raymond Ng
Executive Chairman

15 September 2014