

**ENVIRO-HUB HOLDINGS LTD.**  
**(Reg. No. 199802709E)**

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**MEMORANDUM OF UNDERSTANDING FOR THE ACQUISITION OF THE REMAINING 36.3% SHAREHOLDINGS IN CIMELIA RESOURCE RECOVERY PTE. LTD. (THE "ACQUISITION")**

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**INTRODUCTION**

The Board of Directors of Enviro-Hub Holdings Ltd (the "Company") is pleased to announce that the Company has entered into a memorandum of understanding (the "MOU") to acquire the remaining 36.3% shareholdings in Cimelia Resource Recovery Pte. Ltd. ("Cimelia") not held by the Company.

**TERMS OF THE ACQUISITION**

(a) Vendors

The Company currently owns 63.7% of the shareholdings in Cimelia. In accordance with the MOU, it shall acquire the remaining 36.3% shareholdings, comprising 2,743,765 ordinary shares (the "Sale Shares"), in Cimelia from the following persons (the "Vendors"):

<b>Names</b>	<b>Number of Shares</b>	<b>%</b>
Ms Seow Siew Lan	2,492,593	32.98
Mr Mohamed Gani Mohamed Ansari	50,000	0.66
Mr Venkatesha Murthy	50,000	0.66
Mr Ong Chee Kang	151,172	2.00

(B) Consideration

The consideration for the Acquisition shall be \$58,080,017 (the "Consideration") which will be fully satisfied by way of the issue and allotment of approximately 138 million new ordinary shares in the Company (the "Consideration Shares") at the issue price of \$0.422 per share, being the average of the closing prices of the Shares traded on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") between 25 October 2006 and 2 November 2006. The Consideration was arrived at on a "willing buyer willing seller" basis taking into account the projected profit after tax of \$16,000,000 and approximately 4.29 times of projected net tangible assets value of approximately \$37,000,000 of Cimelia for the financial year ending 31 December 2007 ("FY2007").

(C) Acquisition of Consideration Shares by the Company's substantial shareholder, Mr Raymond Ng

Pursuant to the Acquisition, Mr Raymond Ng, a substantial shareholder of the Company, intends to acquire 40,000,000 Consideration Shares from Ms Seow Siew Lan at the price of \$0.422 per Consideration Share in order to maintain his existing shareholding percentage in

the Company of above 30%. Mr Raymond Ng currently owns 155,836,816 (30.45%) shares in the capital of the Company. After the purchase, Mr Raymond Ng will own 195,836,816 shares (30.16%) in the Company. In accordance with the Singapore Code on Take-overs and Mergers (the "Code"), Mr Raymond Ng intends to seek a resolution from the independent shareholders of the Company waiving their rights to receive a general offer from Mr Raymond Ng in connection with the purchase of the 40,000,000 Consideration Shares from Ms Seow Siew Lan (the "Whitewash Resolution").

(D) Profit Warranty

The Vendors shall in proportion to their respective shareholdings of the Sale Shares provide a warranty to the Company that Cimelia will achieve a profit before tax of at least \$20,000,000 for FY2007.

### **RATIONALE FOR THE ACQUISITION**

The Acquisition will result in Cimelia being a wholly-owned subsidiary of the Company. This will enable the Company to consolidate and integrate all its electronic recycling businesses to achieve operational synergies, greater economies of scale and eliminate interested party transactions.

### **CONDITIONS**

The Acquisition shall be conditional upon the following:

- (a) the approval of the shareholders of the Company; and
- (b) the approval in principle for the listing and quotation of the Consideration Shares on the SGX-ST being obtained on conditions (if any) acceptable to the Company and the Vendors.

In addition, the purchase by Mr Raymond Ng of 40,000,000 Consideration Shares from Ms Seow Siew Lan is subject to:

- (a) the completion of the Acquisition;
- (b) the Whitewash Resolution being approved by the independent shareholders of the Company; and
- (c) the confirmation from the Securities Industry Council that upon the purchase of 40,000,000 Consideration Shares from Ms Seow Siew Lan, Mr Raymond Ng will not be required to undertake a general offer for the issued share capital of the Company pursuant to the Whitewash Resolution.

### **DEFINITIVE AGREEMENT**

The Company and the Vendors will enter into a definite sale and purchase agreement on or before 30 November 2006 which will set out in details the terms broadly covered in the MOU.

**INTERESTS OF DIRECTORS**

Ms Seow Siew Lan is a director of the Company and has a 32.98% shareholding in Cimelia. Ms Seow Siew Lan is therefore interested in the Acquisition. As Mr Raymond Ng will be acquiring 40,000,000 Consideration Shares from Ms Seow Siew Lan, he will abstain from voting on the Acquisition.

Save for disclosed above, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Acquisition.

**AUDIT COMMITTEE STATEMENT**

The Audit Committee of the Company comprising Mr Tan Kok Hiang, Mr Tan Gim Soo and Mr Chin Teck Chuan, are of the opinion that the Acquisition is on commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

**FURTHER ANNOUNCEMENT**

The Company will make a further announcement upon the execution of the sale and purchase Agreement in accordance with the requirements of the Listing Manual of the SGX-ST, including but not limited to the financial effects of Acquisition.

By Order of the Board

Raymond Ng  
Executive Chairman

6 November 2006