

**LETTER OF INTENT PERTAINING TO THE PROPOSED ACQUISITION OF THE ENTIRE
ISSUED AND PAID-UP SHARE CAPITAL OF ECG PROPERTY SERVICES PTE. LTD.**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of TEHO INTERNATIONAL INC. LTD. (the “**Company**”) together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Teho Development Pte. Ltd. (“**Teho Development**”), has, on 25 September 2014, entered into a non-binding letter of intent (“**LOI**”) with Cheng Lye Meng Eric (Zheng Laiming Eric) (“**Eric Cheng**”), Teo Hock Hoe, Loy Chee Yong and Liu Yining (collectively, the “**Vendors**” and each a “**Vendor**”) for the proposed acquisition of the entire issued and paid-up share capital of ECG Property Services Pte. Ltd. (“**ECG**”) (the “**Proposed Acquisition**”).

2. INFORMATION ON ECG AND THE VENDORS

ECG currently holds 100% of ECG Consultancy Pte. Ltd. and ECG Property Pte. Ltd. (collectively the “**ECG Group**”). The ECG Group is principally engaged in the business of real estate, consultancy, management, real estate agencies, valuation services and real estate activities such as business and management consultancy services (“**ECG Business**”). The ECG Group currently markets properties of the Company and has in place a service fee agreement with the Company for the marketing of properties. For further information, please refer to the circular dated 21 April 2014 issued by the Company in relation to, *inter alia*, the proposed acquisition of the entire issued and paid-up share capital of TIEC Holdings Pte. Ltd. (“**TIEC**”) (the “**TIEC Acquisition**”). The TIEC Acquisition was completed on 26 May 2014.

The shareholding of each of the Vendors in ECG is as follows: Eric Cheng (67%), Teo Hock Hoe (15%), Liu Yining (15%) and Loy Chee Yong (3%). Eric Cheng is a shareholder of the Company holding 6.56% shareholding interest in the Company and is the managing director of TIEC. Teo Hock Hoe, Loy Chee Yong and Liu Yining are independent and unrelated third parties of the Company and its Directors. None of the Vendors are related to one another.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in the best interest of the Group as the ECG Business complements the property business of the Group (“**Existing Property Business**”). The Proposed Acquisition if materialised, will further expand the Existing Property Business to include the operations of the ECG Group which the Group currently does not undertake. In addition, as announced on 14 August 2014, the Company intends to enter into a proposed joint venture in Cambodia to engage in real estate development and investment in Cambodia (the “**Cambodia JV**”) and had entered into a memorandum of understanding in respect of the Cambodia JV. The completion of the Proposed Acquisition would therefore provide the Group with a fuller range of property services in order to undertake the Cambodia JV.

4. LOI

4.1 Consideration

The indicative consideration payable for the Proposed Acquisition would be satisfied by way of a combination of cash ("**Cash Consideration**") and the allotment and issue of ordinary shares in the capital of the Company ("**Consideration Shares**") in proportion to each of the Vendor's shareholding in ECG as follows:

- (a) Cash Consideration in the aggregate amount of S\$5,000,000, payable in two tranches. The first tranche amounting to S\$3,000,000 shall be payable on the date of completion of the Proposed Acquisition ("**Completion Date**"), while the second tranche amounting to the balance of S\$2,000,000 shall be payable within 12 months from the Completion Date.
- (b) Allotment and issue of S\$12,000,000 in aggregate value of ordinary shares in the capital of the Company comprising 42,857,143 ordinary shares at S\$0.28 per share on Completion Date.

Following the allotment and issue of Consideration Shares, the total number of issued ordinary shares of the Company ("**Shares**") will be increased from 190,467,471 Shares to 233,324,614 Shares.

The Consideration Shares shall be subject to a moratorium for six months from the date of issuance of the Consideration Shares ("**Initial Moratorium**"). Upon expiry of the Initial Moratorium, a further moratorium period of another six months shall be imposed on 50% of the Consideration Shares held by each Vendor.

4.2 Conditions Precedent

The LOI sets out the preliminary intentions of the parties with regard to the Proposed Acquisition and is subject to certain conditions precedent, including but not limited to, the signing of definitive agreements relating to the Proposed Acquisition, the approval of the shareholders of the Company being obtained in relation to the Proposed Acquisition, including the allotment and issue of Consideration Shares to each of the Vendors, the listing and quotation notice being issued by the Singapore Exchange Securities Trading Limited for the listing and quotation of the Consideration Shares on Catalist, the signing of a joint venture agreement in relation to the Cambodia JV, and the due execution of service agreements by (i) Eric Cheng that he will remain as the managing director of Teho Development for a period of not less than 3 years from Completion Date, and (ii) Teo Hock Hoe that he will remain as a director of ECG for a period of not less than 3 years from Completion Date.

5. FURTHER ANNOUNCEMENTS

The Company shall make such further announcements on the Proposed Acquisition as and when appropriate. In view of the non-binding nature of the LOI and that there are certain conditions precedent to be fulfilled, the Company wishes to highlight that there is no certainty or assurance that the Proposed Acquisition will be proceeded with. As such, shareholders and potential investors are advised to consult their professional advisors if they have any doubt about the actions they should take.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the above transaction other than through their shareholdings in the Company.

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing with the shares of the Company in relation to this announcement.

BY ORDER OF THE BOARD

Lim See Hoe
Executive Chairman and Chief Executive Officer
25 September 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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