



TEHO INTERNATIONAL INC LTD.

(Incorporated in the Republic of Singapore on 10 June 2008)
(Company Registration Number: 200811433K)

PROPOSED DISPOSAL OF PROPERTY AT 47 TUAS AVENUE 9, SINGAPORE 639190

1. INTRODUCTION

The Board of Directors (the "**Board**") of TEHO International Inc Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that TEHO Ropes & Supplies Pte. Ltd. ("**TRSPL**"), a wholly-owned subsidiary of the Company, had, on 20 November 2015, entered into an option agreement (the "**Option Agreement**") to grant an option (the "**Option**") to Teco Electric & Machinery (Pte.) Ltd (the "**Purchaser**") to purchase from TRSPL the property located at 47 Tuas Avenue 9, Singapore 639190 (the "**Property**") at a purchase consideration of S\$14,380,000 (the "**Consideration**") and on the terms and subject to the conditions of the Option Agreement (the "**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER

Teco Electric & Machinery (Pte.) Ltd is a company incorporated in Singapore with its registered office located at 18 Chin Bee Drive, Singapore 619865, and is principally involved in the business of manufacturing and repairing of electric motors, refrigerating, air-conditioning and ventilating machinery and equipment except household refrigerators.

The Purchaser is an unrelated third party. The Company, its Directors and controlling shareholders are not related to the Purchaser.

3. INFORMATION AND VALUE OF THE PROPERTY

The Property is a single-storey warehouse and has a land area of 6,931.8 square metres. It is a leasehold property with a 30-year lease commencing 1 May 1991 with an option to renew for another 30 years granted by Jurong Town Corporation. At present, the Property is used as a warehouse primarily for the storage of TRSPL's fibre ropes.

Based on the independent valuation of the Property commissioned by the Group and undertaken by the independent professional valuer, CKS Property Consultants Pte Ltd, the open market value ascribed to the Property as at 30 June 2015 in its valuation report dated 30 June 2015 ("**Valuation Report**") was S\$13,200,000 (the "**Valuation**"). The valuation method adopted was market comparison method.

Based on the unaudited adjusted carrying amount of the Property as at 30 November 2015 of approximately S\$13,047,000, which is computed based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2015 ("**FY2015**") and adjusted taking into account the depreciation expenses incurred up to 30 November 2015, the Proposed Disposal is expected to result in a gain on disposal of approximately S\$1,333,000.

Based on the latest audited consolidated financial statements of the Group for FY2015, the excess of the proceeds from the Proposed Disposal over the carrying amount of the Property as at 30 June 2015 is S\$1,180,000. Since the Group incurred expenses on the Property of approximately S\$164,000 in FY2015 but did not derive any income from the Property, the net expenses attributable to the Property for FY2015 was S\$164,000.

4. CONSIDERATION

The Consideration was arrived at on a willing-buyer-willing-seller basis, after taking into account the Valuation.

Under the terms of the Option Agreement, the Consideration shall be satisfied in cash and payable by the Purchaser in the following manner:

- (i) The sum of S\$143,800 (equivalent to 1% of the Consideration) has been paid upon granting the Option Agreement;
- (ii) A further sum of S\$575,200 (equivalent to 4% of the Consideration) shall be payable by the Purchaser to TRSPL's solicitors upon exercise of the Option by 4 December 2015 (14 days after the Option Agreement); and
- (iii) The balance 95% of the Consideration is payable at the completion of the Proposed Disposal.

5. SALIENT TERMS OF OPTION AGREEMENT

The Option Agreement will expire if the Option is not exercised by 4 December 2015, by delivery of the acceptance copy and the payment of a further sum of S\$575,200 to the TRSPL's solicitors.

Subject to certain terms as described below, the Proposed Disposal shall be completed at the office of the TRSPL's solicitors on 25 March 2016.

The Proposed Disposal is subject to:

- (i) TRSPL and the Purchaser obtaining written approval from the JTC Corporation ("**JTC**") for the Proposed Disposal ("**JTC Approval**") by 11 March 2016 ("**Target Date**").

In the event the JTC Approval is not obtained by the Target Date, the timeframe for obtaining the JTC Approval shall be extended to 8 April 2016 ("**Extended Target Date**") and completion for the Proposed Disposal shall be extended to a date falling 2 weeks from the date of the JTC Approval. If the JTC Approval is still not obtained by the Extended Target Date, either TRSPL or the Purchaser shall be entitled to rescind the Option Agreement by giving written notice to the other party.

- (ii) The Company obtaining by the completion date for the Proposed Disposal, its shareholders' approval ("**Shareholders' Approval**"), if required, for the Proposed Disposal, unless the requirement of the Shareholders' Approval is waived by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

6. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The Directors consider the Consideration, which is at a premium of 8.9% to the Valuation, to be attractive. In addition, the Proposed Disposal will realise net cash proceeds of approximately S\$14,092,000 (after deducting related expenses) and thereby will place the Group in a better position to strengthen its financial position and improve the Group's working capital.

Following the Proposed Disposal, the Company intends to consolidate its warehousing facilities in one location by optimising the space utilisation of its remaining warehouse.

The Group intends to deploy the net proceeds of approximately S\$14,092,000 (after deducting related expenses) from the Proposed Disposal for use as general working capital and the reduction of bank borrowings.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal set out below, based on the Group's audited consolidated financial statements for FY2015, are purely for illustration purposes only and do not reflect the future actual financial position and performance of the Company or the Group after the completion of the Proposed Disposal.

7.1 Net Tangible Assets ("NTA")

The effect of the Proposed Disposal on the NTA (calculated as equity attributable to owners of the Company less intangible assets) per share of the Group for FY2015, assuming that the Proposed Disposal had been effected as at 30 June 2015 is as follows:

As at 30 June 2015	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$)	42,537,102	45,495,763
Number of issued shares	233,324,614	233,324,614
NTA per share (cents)	18.23	19.50

The effect of the Proposed Disposal on the revaluation reserve and retained earnings of the Group for FY2015, assuming that the Proposed Disposal had been effected as at 30 June 2015 is as follows:

As at 30 June 2015	Before the Proposed Disposal	After the Proposed Disposal
Revaluation reserve (S\$)	22,735,731	12,886,223
Retained earnings (S\$)	6,484,524	19,292,693

7.2 Loss per Share

The effect of the Proposed Disposal on the loss per share of the Group for FY2015, assuming that the Proposed Disposal had been effected on 1 July 2014 is as follows:

FY2015	Before the Proposed Disposal	After the Proposed Disposal
Loss after tax attributable to ordinary shareholders (S\$)	(7,618,050)	(4,873,293)
Weighted average number of issued shares	215,467,471	215,467,471
Loss per share (cents)	(3.54)	(2.26)

8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the "Catalist Rules") are as follows:

Rule 1006	Bases	%
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	15.8% ⁽¹⁾

Rule 1006	Bases	%
(b)	The net expenses attributable to the assets disposed of, compared with the Group's net losses	2.2% ⁽²⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation	44.3% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) Based on the Group's audited consolidated financial statements for FY2015, the Property's carrying amount was S\$13,200,000 as at 30 June 2015, and the Group's net assets value was S\$83,785,006 as at 30 June 2015. Net assets value, as defined in Rule 1002 (3) of the Catalyst Rules, means total assets less total liabilities.
- (2) Net expenses attributable to the assets disposed of is computed based on net expenses directly attributable to the Property for FY2015, including land rent and property tax. The Group did not derive any income from the Property.
- (3) Based on the Consideration of S\$14,380,000 and the Company's market capitalisation of S\$32,432,121 (determined by multiplying the number of Company's issued ordinary share capital of 233,324,614 shares and the volume weighted average price of the Company's shares of S\$0.139 on 9 November 2015, being the market day preceding the date of the Option Agreement on which shares of the Company were traded on the SGX-ST).

As the relevant relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalyst Rules exceed 5% but is less than 50%, the Proposed Disposal constitutes a discloseable transaction under Chapter 10 of the Catalyst Rules and does not require the approval of shareholders.

9. DIRECTORS' SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at the Company's registered office at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544 for three months from the date of this announcement:

- (a) Option Agreement; and
- (b) Valuation Report on the Property.

BY ORDER OF THE BOARD

Lim See Hoe
Executive Chairman and Chief Executive Officer
20 November 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The 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.

The contact person for the Sponsor is Ms Tan Pei Woon (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.