



TEHO INTERNATIONAL INC LTD.

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

PROPOSED DISPOSAL OF PROPERTY LOCATED AT 1 BUKIT BATOK CRESCENT #03-20 SINGAPORE 658064

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 Water & Envirotec Pte. Ltd. ("**TWEPL**"), a wholly-owned subsidiary of the Company, had on 13 February 2023 granted an option to purchase (the "**Option**") to Wong Siew Fong and/or nominee(s) (the "**Purchaser**") for the sale of a leasehold property located at 1 Bukit Batok Crescent #03-20 Singapore 658064 (the "**Property**") for a purchase consideration of S\$760,000 (S\$820,800 inclusive of goods and services tax ("**GST**")) ("**Purchase Consideration**"), on the terms and subject to the conditions of the Option ("**Proposed Disposal**"). The Option will remain valid up to 4.00 p.m. on 24 April 2023.

2. INFORMATION ON THE PROPERTY

The Property is a leasehold property with a leasehold tenure of 60 years commencing from 13 March 1997. It is a ramp-up factory unit utilised for production work, and has a gross floor area of approximately 240 square metres. The Property is currently used by TWEPL as an office. Subsequent to the sale of the Property, TWEPL will relocate its office to one of the Group's existing property at 1 Tuas Lane, Singapore 638610.

3. INFORMATION ON THE PURCHASER

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

4. SALIENT TERMS OF THE OPTION

4.1 Purchase Consideration

The Purchase Consideration for the Property is S\$760,000 (excluding GST), being S\$820,800 inclusive of GST. The Purchase Consideration was arrived at on a willing buyer and willing seller basis, and was facilitated by a property agent of PropNex Realty Pte Ltd (the "**Property Agent**"). The Property Agent is an independent and unrelated third party. The Property Agent is not related to the Company, its Directors and controlling shareholders and their associates. In deriving the Purchase Consideration, the Group had taken into account the (i) property market conditions; and (ii) ongoing mortgage payments. The Company has not commissioned for a valuation of the Property for the purposes of the Proposed Disposal.

Under the Option, the Purchase Consideration shall be payable by the Purchaser to TWEPL in cash as follows:

- (a) the sum of S\$7,600 (excluding GST) (the "**Option Fee**"), which is equivalent to 1% of the Purchase Consideration, shall be payable upon the grant of the Option by TWEPL;

- (b) the sum of S\$30,400 (the “**Balance Deposit**”), which is equivalent to 4% of the Purchase Consideration, shall be payable upon exercise of the Option by the Purchaser; and
- (c) the balance of the Purchase Consideration, which is equivalent to 95% of the Purchase Consideration, shall be payable upon completion of the Proposed Disposal (“**Completion**”).

Under the terms of the Option, in the event that the Option is not exercised by the Purchaser in the stated manner on or before the expiry of the Option, the Option Fee shall be forfeited to TWEPL. As at the date of this announcement, the Purchaser has made payment of S\$7,600 for the Option Fee.

4.2 Other salient terms under the Option

Under the terms of the Option:

- (a) The completion of the Proposed Disposal will take place on 12 weeks from the exercise of the Option by the Purchaser;
- (b) The Proposed Disposal is subject to, *inter alia*, receipt of satisfactory replies to the legal requisitions and interpretation plans sent by the Purchaser’s solicitors to the various government departments and the Land Transport Authority of Singapore, failing which the Purchaser may opt to rescind the Option and TWEPL shall refund the Purchaser all monies paid by the Purchaser pursuant to the Options; and
- (c) TWEPL agrees to pay the property agent a commission fee of S\$11,400 (S\$12,312 inclusive of GST) (“**Commission Fee**”) in connection with the Proposed Disposal, upon completion of such Proposed Disposal. In the event that the Option Fee or the Balance Deposit is forfeited to TWEPL, TWEPL shall pay the property agent either (i) half of such forfeited sum or (i) the Commission Fee, whichever is lower.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The Board believes that the Proposed Disposal is in the best interests of the Group and the Shareholders, as it will enable the Group to realise the value of the Property. The Proposed Disposal will result in a positive cash inflow of S\$345,093 (post-deductions for the payment of mortgage loan and the Commission Fee), thereby improving the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

6. VALUE OF THE PROPERTY

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 31 December 2022 (“**HY2023**”), the carrying amount of the Property was S\$576,287. The Proposed Disposal is expected to result in a gain on disposal of approximately S\$172,313.

7. USE OF PROCEEDS

The Company expects to receive net proceeds of approximately S\$748,600 (after deducting estimated related expenses, including the Commission Fee, of approximately S\$11,400) from the Proposed Disposal. The Company intends to utilise the net proceeds to pay off a mortgage loan of S\$403,507 secured by the Property and for the general working capital requirements of the Group.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money

markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the completion of the Proposed Disposal.

The financial effects of the Proposed Disposal were calculated based on the audited consolidated financial statements of the Group for FY2022, being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

8.1 Net Tangible Assets (“NTA”)

The effect of the Proposed Disposal on the NTA per share of the Group for FY2022, assuming that the Proposed Disposal had been effected as at 30 June 2022 is as follows:

As at 30 June 2022	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	20,345	20,509
Number of issued shares ⁽¹⁾	235,424,614	235,424,614
NTA per share (Cents)	8.64	8.71

Note:

(1) Based on the total number of issued ordinary shares in the capital of the Company (“Shares”) of 235,424,614 as at 30 June 2022.

8.2 Earnings per Share

The effect of the Proposed Disposal on the earnings per share of the Group for FY2022, assuming that the Proposed Disposal had been effected on 1 July 2021 is as follows:

FY2022	Before the Proposed Disposal	After the Proposed Disposal
Profit after tax and non-controlling interests (S\$'000)	2,823	2,994
Number of issued shares ⁽¹⁾	235,424,614	235,424,614
Earnings per Share (Cents)	1.20	1.27

Note:

(1) Based on the total number of Shares of 235,424,614 as at 1 July 2021.

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

Based on the latest announced unaudited consolidated financial statements of the Group for the HY2023, the relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Catalist Rules”) are set out below:

Rule	Bases	Relative Figure
1006 (a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value. This basis is not applicable to an acquisition of assets.	2.79% ⁽¹⁾
1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	Not applicable ⁽²⁾
1006 (c)	The aggregate value of the consideration given or received, compared with the issuer’s market capitalisation, based on the total number of issued shares excluding treasury shares.	7.17% ⁽³⁾
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets.	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the net asset value of the Group of S\$20,683,711 as at 31 December 2022 and the net asset value of the Property of S\$576,287 as at 31 December 2022.
- (2) Not applicable as the Property has been occupied by the Group for its own use and does not generate any income or revenue for HY2023.
- (3) Based on the Purchase Consideration of S\$760,000 and the Company’s market capitalisation of approximately S\$10,594,108, being the Company’s issued ordinary share capital of 235,424,614 Shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of the Shares on the SGX-ST of S\$0.045 on 10 February 2023, being the last full market day on which the Shares were traded prior to the date of the Option.
- (4) The Proposed Disposal is not an acquisition of assets.
- (5) The Company is not a mineral, oil or gas company.

As the relative figure computed under Rule 1006(c) of the Catalist Rules exceeds 5% but is less than 50%, the Proposed Disposal constitutes a “discloseable transaction” under Chapter 10 of the Catalist Rules and does not require the approval of shareholders.

10. SERVICE CONTRACT

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Disposal.

11. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

12. DOCUMENTS FOR INSPECTION

A copy of the Option is available for inspection at the registered office of the Company at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim See Hoe
Executive Chairman and Chief Executive Officer
14 February 2023

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the “Sponsor”).

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Audrey Mok (Tel: (65) 6232 3214) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.