



## TEHO INTERNATIONAL INC LTD.

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

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### PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

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#### 1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Directors**”) of Teho International Inc Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of 47,276,420 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.09 for each Rights Share (the “**Issue Price**”), on the basis of two (2) Rights Shares for every five (5) existing ordinary shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a date and time to be determined by the Directors for the purpose of determining the Shareholders’ entitlement (the “**Books Closure Date**”), fractional entitlements to be disregarded (the “**Rights Issue**”).
- 1.2 The Company has appointed SAC Capital Private Limited as the manager of the Rights Issue (the “**Manager**”).
- 1.3 The Rights Shares will be issued pursuant to the share issue mandate (the “**Share Issue Mandate**”) approved by Shareholders at the annual general meeting of the Company held on 28 October 2013 (the “**2013 AGM**”). Pursuant to the Share Issue Mandate, the Directors are authorised to, *inter alia*, issue Shares whether by way of rights, bonus or otherwise at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of Shares to be issued pursuant to such authority does not exceed 100% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders does not exceed 50% of the total number of issued Shares (excluding treasury shares) at the date of approval for the Share Issue Mandate. The percentage of issued Shares (excluding treasury shares) shall be based on the number of issued Shares (excluding treasury shares) at the time of the passing of the resolution approving the Share Issue Mandate, after adjusting for: (a) new Shares arising from the conversion or exercise of any convertible securities; (b) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the Share Issue Mandate; and (c) any subsequent bonus issue, consolidation or subdivision of Shares.

As at the date of approval for the Share Issue Mandate, the Company’s issued share capital comprised 118,191,051 Shares. The number of Shares that may be issued on a *pro rata* basis to Shareholders pursuant to the Share Issue Mandate obtained at the 2013 AGM is therefore 118,191,051 Shares. As the maximum number of Rights Shares to be issued pursuant to the Rights Issue is 47,276,420 Rights Shares, and given that no Shares have been issued pursuant to the Share Issue Mandate to-date, the Company will not be seeking a specific approval from the Shareholders for the Rights Issue since the basis of the Rights Issue is within the limit of the Share Issue Mandate.

## 2. PRINCIPAL TERMS OF THE RIGHTS ISSUE

### 2.1 Basis of Provisional Allotment

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to the Entitled Shareholders (as defined below), on the basis of two (2) Rights Shares for every five (5) existing Shares held by the Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Based on the Company's issued and paid-up share capital of 118,191,051 Shares as at the date of this announcement, the Company will issue 47,276,420 Rights Shares pursuant to the Rights Issue.

### 2.2 Issue Price

The Issue Price of S\$0.09 for each Rights Share represents (i) a discount of approximately 47.1% to the closing price of S\$0.170 per Share for trades done on the Singapore Exchange Securities Trading Limited's ("SGX-ST") Catalist board ("**Catalist**") on 12 December 2013, being the market day preceding the date of this announcement (as no Shares were traded between 13 December 2013 and 27 December 2013), and (ii) a discount of approximately 38.8% to the theoretical ex-rights trading price of S\$0.147 per Share (based on the closing price of S\$0.170 per Share for trades done on Catalist on 12 December 2013 as no Shares were traded between 13 December 2013 and 27 December 2013).

### 2.3 Status of the Rights Shares

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue of the Rights Shares. For this purpose, a "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company, the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. ("**Share Registrar**") or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

### 2.4 Eligibility of Shareholders to Participate in the Rights Issue

#### 2.4.1 Entitled Shareholders

The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue (the "**Entitled Shareholders**"), which comprise Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement to be issued by the Company in connection with the Rights Issue (the "**Offer Information Statement**") together with the appropriate application forms and accompanying documents at their respective Singapore addresses.

#### 2.4.2 Entitled Depositors

Shareholders whose Shares are registered in the name of The Central Depository (Pte) Limited ("**CDP**") and whose securities accounts with CDP (the "**Securities Accounts**") are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (the "**Depositors**") will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their Securities Accounts as at 5.00 p.m. (Singapore time) on the Books Closure Date.

**“Entitled Depositors”** are Depositors whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided CDP at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, with addresses in Singapore for the service of notices and documents.

#### 2.4.3 **Entitled Scripholders**

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 will be registered to determine the provisional entitlements of the transferee (a **“Scripholder”**, which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue.

**“Entitled Scripholders”** are Scripholders whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with addresses in Singapore for the service of notices and documents.

#### 2.4.4 **Provisional Allotments and Excess Applications**

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares on Catalist during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements to the Rights Shares, if any, will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment and issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

#### 2.4.5 **Foreign Shareholders**

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Issue is only made in Singapore and the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company, CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the **“Foreign Shareholders”**). The Offer Information Statement and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

If it is practical to do so, arrangements may, in the absolute discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred.

The net proceeds from all such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax), will be aggregated and thereafter distributed to the Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by means of a crossed cheque drawn on a bank in Singapore via ordinary post to their mailing addresses as maintained with CDP or the Share Registrar, or in any such manner as they may have agreed with CDP for the payment of any cash distributions, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, the Directors, the Sponsor, the Share Registrar, CDP or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, the Directors, the Sponsor, the Share Registrar, CDP or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

### **3. IRREVOCABLE UNDERTAKINGS**

- 3.1 To show their support for the Rights Issue and to demonstrate their commitment to the Company, Lim See Hoe, Lim Siew Cheng, Lim Siew Choo, Lim Siew Lian @ Soare Siew Lian, Tan Chiun Wei and Alvin Chee Siong (the “**Undertaking Shareholders**”) had each on 27 December 2013, by way of a deed of undertaking (the “**Irrevocable Undertakings**”), irrevocably undertaken to subscribe for his/her entitlements of Rights Shares in full. Each Undertaking Shareholder will furnish a confirmation of his/her financial resources from a financial institution to the Company pursuant to the Irrevocable Undertakings in due course.

Lim See Hoe had also undertaken that he will, within such time and date to be informed by the Company to him (to the extent permitted by the SGX-ST, CDP or any relevant authority), make excess applications and payment for, in accordance with the terms of the Rights Issue, at the Issue Price, the Rights Shares which remain unsubscribed for by Shareholders at the Closing Date (as defined herein) after satisfying all applications and excess applications (if any) for the Rights Shares (the “**LSH Excess Undertaking**”). Lim See Hoe will furnish a confirmation of his financial resources from a financial institution to the Company to support the LSH Excess Undertaking in due course.

The following table sets out the number of Rights Shares and excess Rights Shares undertaken by the Undertaking Shareholders pursuant to the Irrevocable Undertakings and LSH Excess Undertaking:

Undertaking Shareholders	Shares held as at the date of this announcement ("Existing Shares")	% of total issued voting Shares	No. of Rights Shares subject to Irrevocable Undertakings	% of total number of Rights Shares	No. of excess Rights Shares subject to Irrevocable Undertakings <sup>(2)</sup>	% of total number of Rights Shares
Lim See Hoe <sup>(1)</sup>	39,909,659	33.77	15,963,863	33.77	Up to 14,640,057	30.97
Lim Siew Cheng <sup>(1)</sup>	16,500,111	13.96	6,600,044	13.96	Nil	Nil
Lim Siew Choo <sup>(1)</sup>	13,200,090	11.17	5,280,036	11.17	Nil	Nil
Lim Siew Lian @ Soare Siew Lian <sup>(1)</sup>	5,590,000	4.73	2,236,000	4.73	Nil	Nil
Tan Chiun Wei	3,891,051	3.29	1,556,420	3.29	Nil	Nil
Alvin Chee Siong	2,500,000	2.12	1,000,000	2.12	Nil	Nil
<b>Total</b>	<b>81,590,911</b>	<b>69.04</b>	<b>32,636,363</b>	<b>69.04</b>	<b>Up to 14,640,057</b>	<b>30.97</b>

**Notes:**

- (1) Lim See Hoe, Lim See Heng, Lim Siew Cheng, Lim Siew Choo and Lim Siew Lian @ Soare Siew Lian are siblings and are presumed to be parties acting in concert pursuant to the provisions of The Singapore Code on Take-overs and Mergers. For the avoidance of doubt, "Undertaking Shareholders" excludes Lim See Heng, who holds 19,800,140 Existing Shares.
- (2) Based on the terms of the Rights Issue and the Irrevocable Undertakings, the aggregate interest of the Undertaking Shareholders immediately after the close of the Rights Issue will be approximately 77.88% of the Company's enlarged share capital, assuming that, save for the Undertaking Shareholders pursuant to the Irrevocable Undertakings, none of the other Shareholders subscribe for their respective entitlements pursuant to the Rights Issue and the LSH Excess Undertaking is fulfilled.

Pursuant to the Irrevocable Undertakings, each of the Undertaking Shareholders had also irrevocably and unconditionally undertaken to the Company that, *inter alia*:

- (i) he/she will not, on or before the Books Closure Date, *inter alia*, acquire, sell, transfer or dispose of any interest in the Existing Shares or otherwise create any mortgage, lien, charge, assignment, security interest or encumbrance ("**Encumbrances**") over the Existing Shares and will, as at the Books Closure Date, hold the Existing Shares free from any Encumbrances; and
- (ii) he/she will and will procure that he/she will subscribe and pay for (or procure subscription and payment for) in accordance with the terms of the Rights Issue, all of the Rights Shares which may be provisionally allotted to him/her.

Some of the Undertaking Shareholders have the intention to renounce part of their respective entitlements pursuant to the Rights Issue; and shall procure that the renounced parts of their respective entitlements shall be fully subscribed and paid for by such third party transferee.

3.2 The Irrevocable Undertakings are subject to and conditional upon, *inter alia*:

- (i) the listing and quotation notice having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the Rights Issue (the "**Closing Date**")) for the listing of and quotation for the Rights Shares on Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company (acting reasonably); and

- (ii) the lodgement of the Offer Information Statement in connection with the Rights Issue, together with all other accompanying documents by the Company (if applicable), with the SGX-ST acting as agent for the Monetary Authority of Singapore (the “**Authority**”).

#### 4. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

##### 4.1 Rationale

The Directors are proposing the Rights Issue as they believe that such issue will allow existing Shareholders to further participate in the future growth of the Group. In this regard, as stated in paragraph 2.2 above, the Company is offering each Rights Share at a discount of 47.1% to the closing price of S\$0.170 per Share for trades done on Catalist on 12 December 2013 (as no Shares were traded between 13 December 2013 and 27 December 2013) to attract Shareholders to subscribe for their *pro rata* entitlements of Rights Shares under the Rights Issue. The Rights Issue would also strengthen the Group’s financial position by enlarging its working capital base and enhancing its financial flexibility to capitalise on potential growth opportunities.

##### 4.2 Use of Proceeds

The Rights Issue is expected to raise net proceeds of approximately S\$4.05 million (the “**Net Proceeds**”), after deducting estimated expenses of approximately S\$0.20 million.

The Company intends to use the Net Proceeds as follows:

Use of Net Proceeds	Amount (S\$’ million)	Percentage Allocation (%)
Repayment of bank borrowings	2.50	61.7
Funding for general working capital and new acquisition relating to the Company’s ordinary course of business if such opportunities arise	1.55	38.3

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the Company’s annual report.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with financial institutions and/or invested in short-term money market or debt instruments and/or for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit in the interests of the Company.

For the purposes of Rule 814(1)(e) of the SGX-ST Listing Manual Section B: Rules of Catalist, the Directors are of the opinion that, barring any unforeseen circumstances:

- (i) after taking into consideration the present bank facilities of the Group, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue will strengthen the financial position and capital base of the Group. Please refer to the intended use of proceeds above for further information; and
- (ii) after taking into consideration the present bank facilities of the Group and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

## **5. NON-UNDERWRITTEN RIGHTS ISSUE**

The Rights Issue will not be underwritten in view of the Irrevocable Undertakings, the savings in costs enjoyed by the Company for not having to bear underwriting fees and there being no minimum amount to be raised from the Rights Issue.

## **6. APPROVALS**

The Rights Issue is subject to, *inter alia*, the following:

- (i) the receipt of the listing and quotation notice from the SGX-ST and such approval not having been withdrawn or revoked on or prior to the Closing Date for the dealing in, listing of and quotation for the Rights Shares on Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (ii) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights Issue, with the SGX-ST acting as agent on behalf of the Authority; and
- (iii) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue being obtained and not having been revoked or amended before the Closing Date.

An application will be made by the Company to the Sponsor and the SGX-ST for the listing of and quotation for the Rights Shares on Catalist and an appropriate announcement will be made via the SGXNET upon receipt of the listing and quotation notice from the SGX-ST.

## **7. OFFER INFORMATION STATEMENT**

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be issued by the Company in due course. All Entitled Shareholders will receive the appropriate application forms and accompanying documents at their Singapore addresses.

## **8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors and substantial Shareholders of the Company has any interests, direct or indirect, in the Rights Issue (other than in his capacity as Director or Shareholder of the Company).

## **9. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## 10. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company in relation to the Rights Issue as and when appropriate.

### BY ORDER OF THE BOARD

Lim See Hoe  
Chairman and Chief Executive Officer  
27 December 2013

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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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