



## **TEHO INTERNATIONAL INC LTD.**

(Incorporated in the Republic of Singapore on 10 June 2008)

(Company Registration Number: 200811433K)

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### **ACQUISITION OF WAREHOUSE IN THE NETHERLANDS BY TEHO EUROPE B.V., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

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#### **1. INTRODUCTION**

The Board of Directors (the “**Board**”) of TEHO International Inc Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that its wholly-owned subsidiary of the Company, TEHO EuROPE B.V. (“**TEBV**”), has on 29 April 2020, entered into a purchase agreement (the “**Purchase Agreement**”) to acquire a property located at Nikkelstraat 21 in Ridderkerk (2984 AM), the Netherlands (the “**Property**”) from Indumat Vastgoed B.V., an independent and unrelated third party (the “**Vendor**”) at a purchase consideration of EUR 1,250,000 (approximately S\$1,919,000 based on the exchange rate of EUR 1 : S\$1.5352 as at 29 April 2020) (the “**Purchase Consideration**”) (the “**Proposed Acquisition**”).

#### **2. BACKGROUND TO THE PROPOSED ACQUISITION**

##### **2.1 Information on the Vendor**

The Vendor is a property developer and investment company incorporated in the Netherlands. They specialise in the purchase, sale, development and renovation of commercial and industrial property.

For avoidance of doubt, the Vendor does not hold any shares in the Company and is not related to the Group, the directors, controlling shareholders and substantial shareholders of the Company, and their respective associates.

##### **2.2 Information on the Property**

The Property is a freehold land with a plot size of 1,735 square metres, consisting of a warehouse with a net lettable floor area (LFA) of 988 square metres and a fully-paved outdoor terrain with a net LFA of 560 square metres. The aforementioned warehouse was built in 2009, has a smooth concrete floor with a density of 2,000 kilograms per square metre and a free height of more than 7 metres.

##### **2.3 Rationale of the Proposed Acquisition**

The Proposed Acquisition is part of the Group’s strategy for business expansion for its Marine & Offshore segment, as the Property which is located next to our existing property will enable the Group to expand its operations and increase its inventory and product offering to meet the increasing demand by customers in the Europe region.

#### **3. SALIENT TERMS OF THE PURCHASE AGREEMENT**

##### **3.1 Consideration**

The Purchase Consideration is EUR 1,250,000 (approximately S\$1,919,000) which was arrived at taking into account the, (i) latest valuation of the Property of EUR 1,085,000 (approximately

S\$1,665,692) as at 1 March 2020, which was determined by an independent third party professional valuer (more details are provided in paragraph 4 of this announcement), and (ii) commercial reasons as explained in paragraph 2.3 of this announcement.

The Purchase Consideration is payable in cash as follows:

- (i) the sum of EUR 125,000 (approximately S\$191,900), which is equivalent to 10% of the Purchase Consideration, has been paid by TEBV upon signing of the Purchase Agreement to the escrow account of the notary in Rotterdam as selected by TEBV; and
- (ii) the balance of the Purchase Consideration, which is equivalent to 90% of the Purchase Consideration, shall be payable upon completion of the Proposed Acquisition.

The Purchase Consideration will be financed by TEBV's internally generated funds and bank borrowings amounting to EUR 1,000,000 (approximately S\$1,535,200).

### 3.2 Other Salient Terms

- (i) The completion of the Proposed Acquisition will take place, and the balance 90% of the Purchase Consideration, will be payable on or before 1 June 2020 (or such later date as the parties mutually agree).
- (ii) All costs in connection with the transfer of the Property, including the costs of legal delivery, transfer tax and cadastral law of the Netherlands, are to be borne by TEBV.

## 4. VALUE OF THE PROPERTY

Based on the independent valuation of the Property commissioned by the Group and undertaken by the independent professional valuer, Goud Bedrijfshuisvesting B.V., the market value before the transfer costs ascribed to the Property as at 1 March 2020 in its valuation report dated 14 April 2020 ("**Valuation Report**") was EUR 1,085,000 (approximately S\$1,665,692). The valuation method adopted was net initial return method.

## 5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

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

The financial effects of the Proposed Acquisition were calculated based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2019 ("**FY2019**"), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

### 5.1 Net Tangible Assets per Share

The effect of the Proposed Acquisition on the net tangible assets ("**NTA**") per share of the Group for FY2019, assuming that the Proposed Acquisition had been effected at the end of FY2019 is as follows:

<b>As at 30 June 2019</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NTA (S\$'000)	13,681	13,623
NTA per share (Cents)	5.84	5.81

## 5.2 Loss per Share

The effect of the Proposed Acquisition on the loss per share of the Group for FY2019, assuming that the Proposed Acquisition had been effected at the beginning of FY2019 is as follows:

<b>FY2019</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Loss after tax and non-controlling interests (S\$'000)	(460)	(519)
Loss per share (Cents)	(0.20)	(0.22)
Loss per diluted share (Cents)	(0.20)	(0.22)

## 5.3 Gearing

The effect of the Proposed Acquisition on the gearing of the Group for FY2019, assuming that the Proposed Acquisition had been effected at the end of FY2019 is as follows:

<b>As at 30 June 2019</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Borrowings (net of cash and cash equivalent) (S\$'000)	32,542	34,501
Shareholders' funds (S\$'000)	13,681	13,623
Gearing ratio (times)	2.38	2.53

## 6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 31 December 2019, the relative figures of the Proposed Acquisition as 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 as follows:

<b>Rule</b>		<b>Relative Figures (%)</b>
1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value as at 31 December 2019. The basis is not applicable to an acquisition of assets.	Not applicable
1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits as at 31 December 2019.	Not applicable <sup>(1)</sup>

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.	59.9 <sup>(2)</sup>
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 <sup>(3)</sup>
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 and gas company, but not to an acquisition of such assets.	Not applicable

**Notes:**

- (1) Not applicable as there are no profits or loss attributable to the Property.
- (2) Computed based on the Consideration of EUR 1,250,000 (approximately S\$1,919,000) and the Company's market capitalisation of approximately S\$3,201,775 is determined by multiplying 235,424,614 ordinary shares in issue by the volume weighted average price of the shares of S\$0.0136 per share on 27 April 2020, being the last market day on which the Company's shares were traded preceding the date of the Purchase Agreement.
- (3) Not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Acquisition.

As the relative figure calculated under Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalist Rules.

**7. SERVICE CONTRACT**

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

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

The Company and its Directors and controlling shareholders are not related to the Vendor.

Other than through their respective shareholdings (if any) in the Company, none of the Directors and controlling shareholders of the Company, or their respective associates, has any interest, direct or indirect, in the Proposed Acquisition.

**9. DOCUMENTS FOR INSPECTION**

A copy of the Purchase Agreement and the Valuation Report are available for inspection during normal office hours at the registered office of the Company at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim See Hoe  
Executive Chairman and Chief Executive Officer  
30 April 2020

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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 Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.