



## TEHO INTERNATIONAL INC LTD.

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

(Company Registration Number: 200811433K)

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### ACQUISITION OF WAREHOUSING FACILITY IN TEXAS BY TEHO INTERNATIONAL (USA), LLC, 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 a wholly-owned subsidiary of the Company, TEHO International (USA), LLC (“**TEHO USA**”), has on 10 May 2021, entered into a commercial contract (the “**Contract**”) with Bryant Street Building, Ltd., an independent and unrelated third party (the “**Vendor**”). The Contract outlines the proposed acquisition of a property situated in Harris County, Texas at 9260 Bryant Street, Houston, TX 77075 (the “**Property**”) from the Vendor at a purchase consideration of US\$1,850,000 (approximately S\$2,454,210 based on the exchange rate of US\$1 : S\$1.3266 as at 11 May 2021) (the “**Purchase Consideration**”) (the “**Proposed Acquisition**”).

The Proposed Acquisition is subject to the fulfilment of the Vendor’s obligations under the Contract such as the delivery of documents and information relating to the Property, the inspections, studies or assessments to be conducted by TEHO USA on the Property, as well as TEHO USA’s decision whether to proceed with the completion of the Proposed Acquisition (“**Completion**”). Further details on the other salient terms for the Completion of the Contract can be found in paragraph 3.4 below. There is no certainty or assurance that the Completion will materialise, and the Company will keep shareholders apprised on material developments in respect of the Proposed Acquisition.

#### 2. BACKGROUND TO THE PROPOSED ACQUISITION

##### 2.1 Information on the Vendor

*The information in this section relating to the Vendor is based on information provided by and/or representations made by the Vendor. The Company has not conducted an independent review or verification of the accuracy of the statements and information below.*

The Vendor is a Texas limited partnership incorporated in Texas, the United States of America, for the purposes of holding the 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 consists of a land with a plot size of 2.569 acres, industrial warehousing facility of 35,635 square feet and an office of 9,075 square feet. The aforementioned warehouse was built in 1961 as a 5,000 square feet unit and had undergone a series of expansion in 1965, 1966 and 1977 to become its present structure. It has a clear ceiling height ranging from 20 to 28 feet.

## 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 will enable the Group to expand its operations and increase its inventory and product offering to meet the growing demand by customers in the United States and its vicinity regions.

## 3. SALIENT TERMS OF THE CONTRACT

### 3.1 Consideration

The Purchase Consideration of US\$1,850,000 (approximately S\$2,454,210<sup>1</sup>) was arrived at taking into account the city's valuation records, the market conditions and comparison to sale prices and listed prices of approximate properties. No independent valuation was commissioned in respect of the Purchase Consideration.

The Purchase Consideration is payable in cash by TEHO USA at or before Completion, and will be financed by TEHO USA's internally generated funds and bank borrowings.

### 3.2 Deposit

Within 3 days after the receipt of the executed Contract by the title company ("**Effective Date**"), TEHO USA will deposit US\$35,000 (approximately S\$46,431<sup>1</sup>) to be held by such title company as earnest money for the Proposed Acquisition ("**Deposit**").

At Completion, the Deposit will be applied towards any amounts payable by TEHO USA.

### 3.3 Buyer's Right to Terminate

Under the Contract, TEHO USA is granted the right to terminate the Contract for any reason within 45 days after the Effective Date ("**Feasibility Period**").

In the event of such termination, the Deposit will be refunded to TEHO USA, less US\$100 (approximately S\$133) which will be retained by the Vendor as consideration for the aforesaid right to terminate.

### 3.4 Other Salient Terms

- (i) Following the execution of the Contract, the Vendor will deliver to TEHO USA the relevant documents and information relating to the Property, including a survey and a Uniform Commercial Code search on the Property.
- (ii) If TEHO USA does not terminate the Contract during the Feasibility Period, the parties will arrange for completion of the Proposed Acquisition on or before the later of:
  - a. 30 days after the expiration of the Feasibility Period; and
  - b. 7 days after any objections made by TEHO USA on matters disclosed in the survey, searches or inspections on the Property have been cured or waived.

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<sup>1</sup> Based on the exchange rate of US\$1 : S\$1.3266 as at 11 May 2021.

#### 4. 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.

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 2020 (“FY2020”), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

##### 4.1 Net Tangible Assets per Share

The effect of the Proposed Acquisition on the net tangible assets (“NTA”) per share of the Group for FY2020, assuming that the Proposed Acquisition had been effected at the end of FY2020 is as follows:

<b>As at 30 June 2020</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NTA (S\$'000)	14,887	14,711
NTA per share (Cents)	6.32	6.25

##### 4.2 Earnings per Share

The effect of the Proposed Acquisition on the earnings per share of the Group for FY2020, assuming that the Proposed Acquisition had been effected at the beginning of FY2020 is as follows:

<b>FY2020</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Profit after tax and non-controlling interests (S\$'000)	1,185	1,021
Earnings per share (Cents)	0.50	0.43
Earnings per diluted share (Cents)	0.50	0.43

##### 4.3 Gearing

The effect of the Proposed Acquisition on the gearing of the Group for FY2020, assuming that the Proposed Acquisition had been effected at the end of FY2020 is as follows:

<b>As at 30 June 2020</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition <sup>(1)</sup></b>
Borrowings (net of cash and cash equivalent) (S\$'000)	39,364	42,098
Shareholders' funds (S\$'000)	14,887	14,711
Gearing ratio (times)	2.64	2.86

Note:

(1) On the assumption that TEHO USA will finance 80% of the Purchase Consideration via bank borrowings.

## 5. 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 2020, 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:

Rule		Relative Figures (%)
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 2020. 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 2020.	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.	24.19 <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 US\$1,850,000 (approximately S\$2,454,210 based on the exchange rate of US\$1 : S\$1.3266 as at 11 May 2021) and the Company's market capitalisation of approximately S\$10,146,801 is determined by multiplying 235,424,614 ordinary shares in issue by the volume weighted average price of the shares of S\$0.0431 per share on 27 April 2021, 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. Accordingly, the Company is not required to seek shareholders' approval for the Proposed Acquisition.

**6. 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.

**7. 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.

**8. DOCUMENT FOR INSPECTION**

A copy of the Contract is 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.

**9. FURTHER ANNOUNCEMENT**

The Company will make further announcements as and when there are material developments in respect of the Proposed Acquisition.

BY ORDER OF THE BOARD

Lim See Hoe  
Executive Chairman and Chief Executive Officer  
11 May 2021

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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.