

## **PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP INTO THE NEW BUSINESS OF WASTE MANAGEMENT AND TREATMENT**

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### **1. INTRODUCTION**

The board of directors (the “**Board**”) of T T J Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Group proposes to diversify its current structural steel business (“**Structural Steel Business**”) and operation of dormitories to include waste management and treatment (the “**Proposed Diversification**”), as and when appropriate opportunities arise, as follows:

- (a) waste management and treatment-related activities such as the provision of sustainability-related solutions which, amongst others, may include waste-to-energy plants;
- (b) development, ownership and acquisition of such related technology;
- (c) ownership, construction, acquisition, operation and maintenance of waste management and treatment facilities; and
- (d) extraction, production and sale of waste-derived products such as refuse-derived fuel,

(collectively, the “**Proposed New Business**”).

### **2. RATIONALE FOR THE PROPOSED DIVERSIFICATION**

#### **i) The Proposed Diversification is expected to enhance Shareholders’ value**

The Proposed Diversification is part of the corporate strategy of the Group for long term growth to provide Shareholders with diversified returns. The Board believes that the Proposed Diversification will offer new business opportunities, provide the Group with additional and recurrent revenue streams and improve its prospects, so as to enhance Shareholders’ value in the Company.

Notwithstanding the above, the Group remains focused on enhancing operational efficiency to improve the profitability of the Structural Steel Business.

#### **ii) There is a global demand for waste management and treatment**

As the population in developing countries continue to grow, waste per capita rises as economies develop as well, and it is anticipated that lower income cities

in Africa and Asia will double their municipal solid waste generation within 15 to 20 years, whilst waste per capita rates have doubled from 1970 to 2000 in developed countries. <sup>(1)</sup> Globally, two (2) billion tonnes of municipal solid waste and seven (7) to ten (10) billion tonnes of “urban” waste, including, *amongst others*, municipal solid waste and commercial and industrial waste, is generated each year. <sup>(1)</sup> As a result, there is a sizeable and urgent demand for efficient and environmentally-friendly waste management and treatment infrastructure. Accordingly, the Group intends to tap into the demand for its Proposed New Business.

**iii) The Proposed Diversification may be complementary to the Company’s existing core business**

The Group intends to undertake construction of waste management and treatment facilities as part of the Proposed New Business, and accordingly, there may be synergy between the Group’s current core businesses and the Proposed New Business as the Group has experience in the construction industry. There is therefore much potential for the Group to take advantage of this potential synergy to benefit both its existing core business and the Proposed New Business.

**iv) Shareholders’ approval for the Proposed Diversification will provide a standing mandate to facilitate the undertaking of future similar transactions**

Once Shareholders approve the Proposed Diversification, the Group may, in the ordinary course of business, after undertaking its first major transaction subject to Shareholders’ approval, in accordance with Rule 1014 of the Listing Manual, enter into transactions relating to the Proposed New Business without having to seek Shareholders’ approval. This can be done as long as such transactions do not change the Group’s risk profile, and will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders’ approval as and when potential transactions relating to the Proposed New Business arise. This will allow the Group greater flexibility to pursue business opportunities which may be time-sensitive in nature, and will substantially reduce the expenses associated with the convening of general meetings from time to time.

The Company, in accordance with Rules 1002 and 1014 of the Listing Manual and paragraphs 2 and 3 of Practice Note 10.1 of the Listing Manual, will in its normal course of business, be able to enter into any transactions relating to the Proposed New Business without the need for further Shareholders’ approval even if such transactions constitutes a “**major transaction**” within the meaning of the Listing Manual. However, Shareholders’ approval would be required if these transactions change the risk profile of the Group.

**Note:**

- (1) David C. Wilson et al., “Global Waste Management Outlook” (2015) United Nations Environment Programme and International Solid Waste Association

**3. FINANCING**

The Group plans to finance the Proposed New Business using a combination of internal sources of funds, and financial institution borrowings and facilities. As announced on 25 September 2017, based on the Group’s unaudited financial statements for full year ended 31 July 2017, the Group has S\$82,226,000 in cash and cash equivalents.

While the Board is of the opinion that the aforesaid are sufficient to finance the Proposed New Business and there is no imminent need or present intention to raise additional funds for the Proposed New Business, the Group may consider tapping on the capital markets via rights issues or otherwise to raise funds for the Proposed New Business as and when necessary and deemed appropriate. The Company will make further announcements on such exercises at the appropriate time.

**4. CIRCULAR AND EXTRAORDINARY GENERAL MEETING**

The Proposed Diversification will involve a new business area which is substantially different from the Group’s existing core business. It is envisaged that the Proposed Diversification will change the risk profile of the Group.

Accordingly, the Company will be convening an extraordinary general meeting immediately following the conclusion or adjournment of the annual general meeting to be held on the same day and at the same place, to seek Shareholders’ approval for the Proposed Diversification, notice of which has been announced today. A circular containing further information on the Proposed Diversification (the “**Circular**”) will be despatched to Shareholders.

**5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in the Circular, none of the Directors has any interest, direct or indirect, in the Proposed Diversification (other than by reason only of being a Director and through their respective shareholdings in the Company) and as far as the Directors are aware, none of the substantial shareholders of the Company has any interest, direct or indirect in the Proposed Diversification (other than through their shareholdings in the Company).

**6. CAUTIONARY STATEMENT**

The Board wishes to advise Shareholders and investors to exercise caution when dealing in the shares of the Company. Shareholders and investors should consult their stockbroker, bank managers, solicitor or other professional advisers if they have any doubt about the actions that they should take.

**By Order of the Board**

Teo Hock Chwee  
Chairman and Managing Director

1 November 2017