

INVESTMENT FRAMEWORK AGREEMENT WITH 中旭康颐(北京)投资管理有限公司

1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Trittech Group Limited (the “**Company**” and together with its subsidiaries the “**Group**”) wishes to announce that the Company had on 20 August 2015 entered into an investment framework agreement with 中旭康颐(北京)投资管理有限公司 (“**Zhong Xu Kang Yi**”) (the “**Agreement**”). The Company and Zhong Xu Kang Yi are to be collectively referred to as the “**Parties**” in this Announcement.

Under the terms of the Agreement, Zhong Xu Kang Yi will inject RMB 120,000,000 (equivalent to approximately S\$26.38 million based on an exchange rate of RMB4.5491 : S\$1.00 as at 20 August 2015) in cash as paid-up capital of the Company’s wholly-owned subsidiary 三泰万维思源(青岛)健康科技有限公司 (Trittech Vavie Health Care Technologies Co. Ltd.) (“**Trittech Vavie**”) in exchange for a 60% shareholding in Trittech Vavie (the “**Proposed Investment**”).

The Company will ensure that the value of the assets (consisting of tangible and intangible assets as set out in Appendices 1 and 2 of the Agreement) (the “**Assets**”) of Trittech Vavie will be no less than RMB 80,000,000 (equivalent to approximately S\$17.59 million based on an exchange rate of RMB4.5491: S\$1.00 as at 20 August 2015) and will hold the remaining 40% shareholding in Trittech Vavie after the completion of the Investment by Zhong Xu Kang Yi.

As the Proposed Investment represents 60% of the interest of Trittech Vavie, Trittech Vavie will cease to be an indirect wholly owned subsidiary of the Company following the completion of the Proposed Investment. As such, this announcement is also made pursuant to Rule 704(17) (d) of Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

2. RATIONALE FOR THE PROPOSED INVESTMENT

The Proposed Investment will allow the Company to leverage on the financial strength and distribution channels of Zhong Xu Kang Yi to speed up the development of the Company’s foray into the PRC market to tap on consumers’ demand for water dispensers and bottled drinking water. At the same time, with the additional funds raised from the Proposed Investment, the Company can concentrate on further developing its strength in the development and production of water dispensers and bottled drinking water.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Consideration

Pursuant to the Agreement, the aggregate investment value of RMB 120 million (the “**Consideration**”) will be paid in 4 tranches upon terms and subject to conditions of the Agreement as set out below.

In recognition of the development of the market and growth in demand in the PRC for clean water and related products, the Parties agree to follow the following timeline for their respective investment and Assets injection in Trittech Vavie:

Date	Zhong Xu Kang Yi's injection of RMB	Company's injection of Assets into Trittech Vavie	Milestone event
20 September 2015	RMB10,000,000 ("First Tranche")		The Parties to obtain regulatory approval for change in shareholding.
10 October 2015	RMB10,000,000 ("Second Tranche")	Company to transfer intangible assets into Trittech Vavie based on valuation.	Intangible assets to be transferred to Trittech Vavie
20 October 2015	RMB50,000,000 ("Third Tranche")	Company to transfer tangible assets into Trittech Vavie based on valuation.	Tangible assets to be transferred to Trittech Vavie.
31 October 2015	RMB50,000,000 ("Fourth Tranche")	Additional capital injection, if required, after accounting for the difference between RMB80 million and the value of the tangible and intangible assets injected.	Tangible assets to be transferred to Trittech Vavie.

3.2 Pending the completion of the transfer of the tangible and intangible assets into Trittech Vavie by the Company under the Proposed Investment, as security for its obligations to transfer such assets, the Company agrees to pledge to Zhong Xu Kang Yi such of its interests in its other PRC subsidiaries with a value not exceeding RMB 80,000,000.

3.3 Changes to key management and structure

Upon receipt of the First Tranche of injection, the Parties will appoint the board of directors consisting of 3 members. Zhong Xu Kang Yi will appoint a Managing Director together with a director while the Company will appoint a Deputy Managing Director to the board of Trittech Vavie. In addition, the management team of Trittech Vavie will consist of the following:

- (i) General Manager
- (ii) Deputy General Manager (Technology)
- (iii) Deputy General Manager (Production)
- (iv) Finance Manager
- (v) Accountant
- (vi) Deputy General Manager (Sales)
- (vii) Chief Financial Officer
- (viii) Administration and Human Resource Manager.

The Company will appoint suitable personnel to take up the positions (i) to (v) while Zhong Xu Kang Yi will appoint suitable personnel to take up the positions (vi) to (viii). The General Manager, the Chief Financial Officer and the Administration and Human Resource Manager will be reporting to the board of directors of Trittech Vavie.

Upon completion of the Proposed Investment, Trittech Vavie will form four departments as follows:

- (a) **Market Development Department** led by the Chief Financial Officer which will be responsible for looking for mergers and acquisitions of suitable companies to produce

different grades and types of bottled water and to build up the brand name of Trittech Vavie. Zhong Xu Kang Yi will provide the necessary funds for the acquisition of companies while Trittech Vavie will provide the necessary technology and equipment and production capabilities. For high-end bottled alkaline water manufacturing facilities, Zhong Xu Kang Yi will have a 65% shareholding through provision of funds while Trittech Vavie will hold the remaining 35%.

- (b) **Technical and Product Development Department** led by the Deputy General Manager (Technology) who will be responsible for the continued development of the production of water dispensers and bottled alkaline water. The department will also be responsible for the technical feasibility study of any acquisition target and the improvement of the production capabilities of acquired manufacturing plants.
- (c) **Sales and Marketing Department** led by Deputy General Manager (Sales) who will leverage on the existing distribution channels of Zhong Xu Kang Yi to develop a customised sales and marketing plan.
- (d) **Production Department** led by Deputy General Manager (Production) who will be responsible for the timely production of the water dispensers, bottled water and related products.

Under the Agreement, Zhong Xu Kang Yi will become the sole partner of the Company for the production of water dispensers and bottled water in the PRC. The Company undertakes not to engage in similar business in the PRC either on its own or with another partner. Where it is in the interest of Trittech Vavie, the Parties do not exclude the possibility of using Trittech Vavie to enter into joint venture with third parties to jointly engage in similar business.

The Parties agree to subsequently sign a definitive investment agreement relating to the Proposed Investment, to be prepared along the lines of the Agreement.

4. **INFORMATION ON ZHONG XU KANG YI**

Zhong Xu Kang Yi is part of the Zhong Xu Group of companies. Zhong Xu Group is a controlling or substantial shareholder in more than 10 established companies in various industries. Companies within the Zhong Xu Group are involved in the urbanisation of township development, application of eco-smart retirement, healthcare and information industry, modern agriculture and alternative energy development. Zhong Xu Group currently manages assets that are worth more than RMB 100 billion.

5. **RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES**

Based on the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 30 June 2015, the relative figures for the Proposed Investment computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures(%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	11.47
(b)	Net profits attributable to assets disposed of as compared with the Group's net profits for the first quarter ended 30 June 2015	21.40
(c)	Aggregate value of the consideration as compared with the Company's market capitalisation as at 19 August 2015, being the market day immediately preceding the date of the Agreement, based on the total number of issued and paid-up shares of the Company excluding treasury shares	30.64
(d)	The number of equity securities to be issued by the Company as consideration for the Proposed Investment, as compared with the number of equity securities of the Company previously in issue	N.A
(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	N.A

Notes:

- (1) The net asset value of the Trittech Vavie to be disposed is approximately S\$10.47 million based on the Agreement compared with the Group's net asset value of S\$91.26 million for the first quarter ended 30 June 2015.
- (2) The net loss of the Trittech Vavie to be disposed is approximately S\$0.58 million based on 60% of net loss of the injectable Assets attributable to Trittech Vavie compared with the Group's net loss of S\$2.71 million for the first quarter ended 30 June 2015.
- (3) The Consideration used in the computation of 1006(c) is approximately S\$26,378,844. The market capitalisation of the Company of approximately S\$86,089,925 is determined by multiplying 782,635,686 shares in issue by weighted average price of S\$0.110 of such shares transacted as at 19 August 2015, being the market day preceding the date of the Agreement.

Based on the above, the relative figures as computed on the bases set out in Rule 1006 exceed 5% but less than 50%. The Proposed Investment therefore constitutes a discloseable transaction within the meaning of Rule 1010 of the Catalist Rules.

6. **FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT**

The financial effects set out below have been prepared based on the latest announced audited consolidated financial statements of the Group for financial year ended 31 March 2015 ("FY2015") and on the following key assumptions:

- (i) the effect of the Proposed Investment on the earnings per share ("EPS") of the Company is based on the assumption that the Proposed Investment had been effected at the beginning of FY2015; and
- (ii) the effect of the Proposed Investment on the net tangible assets ("NTA") per share of the Company is based on the assumption that the Proposed Investment had been effected at the end of FY2015.

6.1 **EPS**

The effects of the Proposed Investment on the EPS of the Group for FY2015 are as follows:

	Before the Proposed Investment	After the Proposed Investment
Loss attributable to owner of the Company (S\$'000)	(29,177)	(28,269)
Number of shares ('000)	773,149	773,149
EPS (Singapore cents)	(3.77)	(3.66)

6.2 **NTA**

The effects of the Proposed Investment on the NTA per share of the Group for FY2015 are as follows:

	Before the Proposed Investment	After the Proposed Investment
NTA (S\$'000)	72,237	82,686
Number of shares ('000)	778,962	778,962
NTA per share (Singapore cents)	9.27	10.61

The financial effects of the Proposed Investment of the Group as set out above are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Investment.

7. **DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Agreement will be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

8. **DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Investment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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 Proposed Investment, the Group 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. **INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS OR CONTROLLING SHAREHOLDER**

Save as disclosed above, the shareholding of the Proposed Investment, none of the Directors, substantial shareholders or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholding in the Company), in the Agreement.

11. **CAUTIONARY STATEMENT**

Shareholders of the Company should note that the terms of the Proposed Investment as set out in the Agreement are indicative. There is no certainty or assurance as at the date of this announcement that the parties will be able to enter into the definitive investment agreement relating to the Proposed Investment, or that the Proposed Investment will be completed. Accordingly, shareholders of the Company are advised to exercise caution when trading in the shares of the Company.

The Company will make the necessary announcements when there are further developments on the Proposed Investment and other matters contemplated by this announcement. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Dr Wang Xiaoning
Managing Director
25 August 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.