



TERRATECH GROUP LIMITED
(Company Registration No. CT-276295)
(Incorporated in the Cayman Islands on 15 March 2013)

**PROPOSED PLACEMENT OF UP TO 74,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF
THE COMPANY AT S\$0.0405 FOR EACH PLACEMENT SHARE**

1. INTRODUCTION

- 1.1 The board of directors ("**Board**" or "**Directors**") of Terratech Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has, on 28 March 2016, entered into a placement agreement ("**Placement Agreement**") with UOB Kay Hian Private Limited ("**Placement Agent**"), pursuant to which the Company has agreed to offer, by way of placement ("**Placement**"), and the Placement Agent has agreed to procure on a best efforts basis subscriptions for up to 74,000,000 new ordinary shares ("**Placement Shares**") in the capital of the Company by way of private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). The Placement will not be underwritten by the Placement Agent.
- 1.2 The sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**"), will be making an additional listing application for and on behalf of the Company to the SGX-ST for the listing and quotation of the Placement Shares on the Catalist board of the SGX-ST ("**Application**"). The Company will make the necessary announcement upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of the Placement Shares.
- 1.3 The total gross proceeds to be raised from the Placement (assuming all 74,000,000 Placement Shares are placed out) are S\$2,997,000.

2. TERMS OF THE PLACEMENT

2.1 Placement Price

The Placement Shares will be offered at S\$0.0405 per Placement Share ("**Placement Price**"). The Placement Price represents a discount of approximately 9.8% to the volume weighted average price of S\$0.0449 for trades done on the SGX-ST on 24 March 2016, being the last market day preceding the date on which the Placement Agreement was entered into.

2.2 Placement Shares

The Placement Shares will be allotted and issued pursuant to the general share issue mandate ("**General Mandate**") granted by the shareholders of the Company to the Directors pursuant to Article 12(1) of the Articles of Association of the Company and Rule 806(2) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), by way of an ordinary resolution passed at the annual general meeting of the Company on 31 July 2015 ("**AGM**").

As at the date of the AGM, the issued and paid-up share capital of the Company (excluding treasury shares) (the "**Previous Share Capital**") comprised 615,042,003 shares. According to the terms of the General Mandate, the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 307,521,001 shares, being 50% of such Previous Share Capital.

No shares were previously issued under the General Mandate prior to the Placement and as such, the allotment and issue of the Placement Shares is within the limit of the General Mandate.

The Placement Shares represent approximately 12.03% of the Company's issued share capital of 615,042,003 Shares as at the date of this Announcement, and approximately 10.74% of the enlarged share capital of 689,042,003 Shares after the allotment and issuance of the Placement Shares. The Company currently has no treasury shares.

The Placement Shares will be delivered fully paid-up and free from all encumbrances with all rights and benefits attaching thereto and shall rank in all respects *pari passu* with all Shares except that the Placement Shares will not be entitled to any rights or benefits the record date of which falls before the date of issue of the Placement Shares.

2.3 Commission

A placement commission of 3% of the Placement Price for each Placement Share which the Placement Agent successfully obtains subscriptions for shall be payable to the Placement Agent on the Completion Date (as defined herein).

3. **SALIENT TERMS OF THE PLACEMENT AGREEMENT**

3.1 The obligations of each of the Company and the Placement Agent are conditional upon the satisfaction of the following conditions:

- (a) the listing and quotation notice ("**LQN**") being obtained from the SGX-ST for the listing of and quotation for all the Placement Shares on the Catalist Board of the SGX-ST and not having been revoked or amended;
- (b) where such LQN obtained under paragraph (a) above is subject to conditions, such conditions being acceptable to the Placement Agent and the Company, and, to the extent that any conditions are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (c) the transactions contemplated by the Placement Agreement (including but not limited to the allotment, issue and sale of the Placement Shares) not being prohibited by any statute, order, rule, regulation, request or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive, judicial or regulatory body or authority (including without limitation, the Sponsor and the SGX-ST) in Singapore or any other jurisdiction(s) which is applicable to the Company or the Placement Agent;
- (d) the representations and warranties of the Company herein being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all their respective obligations hereunder to be performed on or before the Completion Date including the delivery to the Placement Agent on the Completion Date of a certificate in the form set out in the Placement Agreement, signed on behalf of the Company by a duly authorised officer;
- (f) there not having occurred, in the reasonable opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the reasonable opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in the Placement Shares in the secondary market; and

- (h) the exemption under Section 272(B)(1) of the SFA being applicable to the Placement under the Placement Agreement and the Placement Shares are being offered in Singapore without a prospectus, offer document or offer information statement in reliance of such exemption,

provided that all of the foregoing conditions, save for the conditions in paragraphs (a) and (d) above, shall be deemed to have been fulfilled on the date falling five (5) business days after the day on which the conditions set out in paragraphs (a) and (d) above have been satisfied or otherwise waived in writing, unless reasons for any non-fulfilment of such conditions is notified in writing by the Placement Agent ("**Completion Date**").

4. RATIONALE FOR PLACEMENT AND USE OF PROCEEDS

- 4.1 When allotted and issued in full, the estimated net proceeds from the Placement due to the Company, after deducting expenses incurred in connection with the Placement, is expected to amount to approximately S\$2.86 million ("**Net Proceeds**").
- 4.2 The Company intends to use the Net Proceeds to explore investments, acquisitions, strategic alliance and/or joint ventures and for general working capital purposes of the Group, in the following estimated proportions:

| <u>Use of Proceeds</u> | <u>Percentage Allocation</u> |
|--|------------------------------|
| To explore investments, acquisitions, strategic alliance and/or joint ventures | 60% |
| General working capital | 40% |

- 4.3 The Company will make periodic announcements as and when the net proceeds from the Placement are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds raised from the Placement in the Company's interim and full year financial statements and the Company's annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.
- 4.4 Pending the deployment of the proceeds from the Placement, such proceeds may be placed as short term deposits with financial institutions and/or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may in their absolute discretion deem fit, from time to time.
- 4.5 The Directors are of the opinion that, after taking into consideration the Group's present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to fund its intentions under the use of proceeds and meet its present requirements.

5. FINANCIAL EFFECTS OF THE PLACEMENT

- 5.1 Assuming that the Placement had been completed and all the Placement Shares have been issued, the existing issued number of Shares will increase by approximately 12.03% from 615,042,003 Shares (as at the date of this Announcement) to 689,042,003 Shares.
- 5.2 For illustrative purposes only and based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 ("**FY2015**"), the financial effects of the Placement on (i) the net asset value ("**NAV**") per Share of the Group (assuming that the Placement had been completed at the end of FY2015); and (ii) the loss per Share ("**LPS**") of the Group (assuming that the Placement had been completed at the beginning of FY2015),

are as follows:

| | <u>Before the Placement</u> | <u>After the Placement</u> |
|---|-----------------------------|----------------------------|
| NAV per Share (Singapore cents) | 2.37 | 2.53 |
| Number of Shares excluding treasury shares at the end of FY2015 for calculating NAV per Share | 615,042,003 | 689,042,003 |
| LPS (Singapore cents) | (2.00) | (1.81) |
| Weighted average number of Shares for calculating LPS | 615,042,003 | 689,042,003 |

5.3 The financial effects of the Placement on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Placement.

6. NO PROSPECTUS, OFFER DOCUMENT OR OFFER INFORMATION STATEMENT TO BE ISSUED

The Placement will be undertaken by way of private placement in Singapore in accordance with Section 272B of the SFA. As such, no prospectus, offer document or offer information statement will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with the Placement.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1 The Placement Shares will not be placed out to any person who is a Director or a substantial shareholder of the Company or any person who falls within the categories set out in Rule 812(1) of the Catalist Rules.

7.2 None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement (other than arising from their shareholdings in the Company, if any).

7.3 The Placement would not result in any transfer of controlling interest in the Company (without prior approval of shareholders in general meeting) as set out in Rule 803 of the Catalist Rules.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Placement Agreement is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months commencing from the date of this Announcement.

9. DIRECTORS' 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 Placement, 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. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company that may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Dr Loh Chang Kaan
Chief Executive Officer

28 March 2016

*Terratech Group Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 30 July 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**” or “**PPCF**”).*

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor for compliance with 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.