

CIRCULAR DATED 15 MARCH 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular together with the notice of Extraordinary General Meeting and the accompanying Shareholder Proxy Form and Depositor Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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 Circular 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 relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Circular.

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

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.



CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED CHANGE OF AUDITORS

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Shareholder Proxy Form and Depositor Proxy Form	:	28 March 2016 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	30 March 2016 at 10.30 a.m.
Place of Extraordinary General Meeting	:	31 Changi South Avenue 2 Singapore 486478

CONTENTS

	Page
DEFINITIONS	2
1. INTRODUCTION	4
2. THE PROPOSED CHANGE OF AUDITORS	4
3. DIRECTORS' RECOMMENDATION.....	6
4. EXTRAORDINARY GENERAL MEETING	6
5. ACTION TO BE TAKEN BY SHAREHOLDERS/DEPOSITORS	6
6. DIRECTORS' RESPONSIBILITY STATEMENT	7
7. DOCUMENTS FOR INSPECTION	8
NOTICE OF EXTRAORDINARY GENERAL MEETING	9

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:–

“Act” or “Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Articles”	:	The Articles of Association of the Company, as amended from time to time
“Audit Committee”	:	The audit committee of the Company for the time being, comprising Mr Aw Eng Hai, Professor Zhao Jian and Mr Tay Yew Khem
“Auditors”	:	The auditors of the Company for the time being
“Board”	:	The Board of Directors of the Company for the time being
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended or modified from time to time
“Cayman Companies Law”	:	The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CDP”	:	The Central Depository Pte Limited
“Company”	:	Terratech Group Limited
“Depositor Proxy Form”	:	The proxy form attached to this Circular to be used by Depositor(s) (being corporations) and/or Depositor(s) (being individuals who are unable to attend the EGM personally) who wish to appoint person(s) to attend the EGM and vote on its/his behalf
“Director(s)”	:	Director(s) of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company to be held on 30 March 2016, notice of which is set out in page 9 to page 10 of this Circular
“EGM Proposal”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“EY HK”	:	Ernst & Young Hong Kong
“EY SG”	:	Ernst & Young LLP, Singapore
“Group”	:	The Company and its subsidiaries, collectively
“Immediate Holding Company”	:	Tritech Group Limited

“Memorandum and Articles”	:	The Memorandum and Articles of Association of the Company, as amended from time to time
“Proposed Change of Auditors”	:	The proposed change of Ernst & Young Hong Kong to Ernst & Young LLP, Singapore as Auditors
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	Ordinary shares of par value S\$0.01 each in the capital of the Company
“Shareholders”	:	Registered holder(s) of the Shares
“Shareholder Proxy Form”	:	The proxy form attached to this Circular to be used by a Shareholder (other than CDP) who wish to appoint a proxy or proxies to attend the EGM and vote on its/his behalf

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“subsidiary”** shall have the meaning ascribed to it under Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the SFA, the Companies Act or the Catalist Rules, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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

Directors

Dr Wang Xiaoning (Non-Executive Chairman)
Dr Loh Chang Kaan (CEO and Executive Director)
Mdm Zhan Ping (Executive Director)
Aw Eng Hai (Lead Independent Director)
Professor Zhao Jian (Independent Director)
Tay Yew Khem (Independent Director)

Registered Office

The offices of Codan Trust
Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

15 March 2016

To: The Shareholders of Terratech Group Limited

Dear Shareholder,

THE PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

- 1.1 The Directors propose to convene an EGM to seek Shareholders' approval in relation to the Proposed Change of Auditors (the "**EGM Proposal**").
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to, and to seek their approval for the EGM Proposal at the EGM to be held on 30 March 2016. This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.
- 1.3 The Sponsor and the SGX-ST take no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale

The Company's existing auditors, EY HK, have been auditors for the Company since the initial public offering of the Company's Shares in 2014.

EY SG has been the auditors of Trittech Group Limited, the immediate holding company of the Company since 2014.

The Board has decided to appoint EY SG as the new Auditors of the Company as it is more efficient from a reporting perspective for the Group and for the Immediate Holding Company to have auditors of the same firm. The Board has also taken into consideration such other factors in relation to the Proposed Change of Auditors as further set out in Section 2.2 and 2.3 below.

In this regard, EY HK had on 8 March 2016 given notice to the Company of their resignation as Auditors of the Company and EY SG had on 9 March 2016 given notice to the Company of their consent to act as Auditors of the Company.

The resignation of EY HK and the appointment of EY SG as Auditors will take effect upon approval of the Shareholders being obtained at the EGM. Upon the appointment, EY SG will hold office until the conclusion of the next annual general meeting of the Company.

The Directors wish to express their appreciation for the past services rendered by EY HK.

2.2 About EY SG

(a) EY SG

Ernst & Young is one of the world's big four accounting firms and a global leader in assurance, tax, transactions and advisory services. In Singapore, we have a history of 126 years, with over 140 partners and over 2,300 people offering assurance, tax, transaction and advisory services to a wide-ranging clientele base consisting of multinational companies, private companies and public sector organizations. The Singapore firm is part of an integrated Asia-Pacific Area, which comprises over 29,000 people in 22 countries. The Asia-Pacific Area is led by a single executive team that works closely with our Americas, Europe, Middle East, India and Africa, and Japan Areas to provide our clients with truly integrated global service.

For more information about Ernst & Young, its core values and services are provided at Ernst & Young's website at: <http://www.ey.com>.

(b) Audit engagement partner

The engagement partner-in-charge from Ernst & Young will be Mr Low Bek Teng. Mr Low Bek Teng has more than 25 years of audit experience and is a Member of the Institute of Singapore Chartered Accountants.

2.3 Compliance with Rule 712 and Rule 715 of the Catalist Rules

The Audit Committee has reviewed and deliberated, and after taking into consideration the suitability of EY SG and compliance with Catalist Rules, has recommended the Proposed Change of Auditors.

The Board, having taken into account the Audit Committee's recommendation and considered various factors including, *inter alia*, the adequacy of the resources and experience of EY SG and the audit engagement partner assigned to the audit, EY SG's other audit engagements, and the number and experience of the supervisory and professional staff who will be assigned to the audit, is of the opinion that EY SG will be able to meet the audit requirements of the Company. Accordingly, the Board has recommended the appointment of EY SG as the auditors of the Company in place of EY HK. In addition, EY SG is registered with the Accounting and Corporate Regulatory Authority of Singapore.

In accordance with the requirement of Rules 712(3) of the Catalist Rules:

- (a) EY HK has in a letter dated 8 March 2016 confirmed to EY SG that they are not aware of any professional reasons why EY SG should not accept the appointment as Auditors of the Company;
- (b) the Company confirms that there were no disagreements with EY HK on accounting treatments within the last 12 months up to the date of this Circular;

- (c) the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders, which has not been disclosed in this Circular;
- (d) the specific reasons for the Proposed Change of Auditors are as disclosed in Section 2.1 of this Circular; and
- (e) the Company has complied with Rules 712 and 715 of the Catalist Rules.

Apart from being appointed as Auditors, EY SG is also being appointed as auditors for the Company's Singapore-incorporated subsidiary Terratech Resources Pte. Ltd.

Further details of the audit firms appointed as auditors of the Group's subsidiaries are as follows:

Name of Entity	Country of Incorporation	Name of Auditors
CEP Resources Entity Sdn. Bhd.	Malaysia	Ernst & Young Malaysia ⁽¹⁾
Qingdao Terratech Resources Co., Ltd.	People's Republic of China	Ernst & Young Qingdao ⁽¹⁾
Shaanxi Hengyu Architectural Interior Engineering Co., Ltd.	People's Republic of China	Ernst & Young Qingdao ⁽¹⁾

⁽¹⁾ to be reviewed by EY SG for Group's consolidation purposes

3. DIRECTORS' RECOMMENDATION

Having considered the rationale and benefits of the Proposed Change of Auditors and the Audit Committee's recommendation, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Change of Auditors to be proposed at the EGM as set out in the Notice of EGM dated 15 March 2016.

4. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 9 to 10 of this Circular, will be held at 31 Changi South Avenue 2 Singapore 486478 on 30 March 2016 at 10.30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification the ordinary resolutions set out in the Notice of EGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS/DEPOSITORS

Shareholders (other than CDP) holding Shares who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Shareholder Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the office of the Company's Singapore share transfer agent Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy.

For the avoidance of doubt, the Shareholder Proxy Form should not be used by Depositors. Depositors who wish to attend and vote at the Meeting should refer to below.

Under the Cayman Companies Law, only a person who agrees to become a shareholder of a Cayman Islands Company and whose name is entered in the register of members of such a Cayman Islands company is considered a member with rights to attend and vote at general meetings of such company.

Accordingly, under the laws of the Cayman Islands, a Depositor holding Shares through CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the EGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Articles.

Pursuant to Article 77 of the Articles, unless CDP specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of the CDP as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the CDP to the Company as the CDP's proxies to vote on behalf of the CDP at a general meeting of the Company. Notwithstanding any other provisions in the Articles, the appointment of proxies by virtue of Article 77 shall not require an instrument of proxy or the lodgment of any instrument of proxy.

Accordingly, Depositors (other than Depositors which are corporations) whose names are listed in the Depository Register as at 48 hours before the time of the EGM may attend and vote as CDP's proxies at the EGM without having to complete or return any form of proxy. A Depositor which is a corporation and who wishes to attend and vote at the EGM must complete and return the attached Depositor Proxy Form, for the nomination of person(s) to attend and vote at the EGM on its behalf as CDP's proxy, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time fixed for the EGM.

If an individual Depositor is unable to attend the EGM personally and wish to appoint nominee(s) to attend the meeting and vote on his behalf, he must complete, sign and return the attached Depositor Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the EGM.

The completion and return of the Depositor Proxy Form by a Depositor (who is an individual) will not prevent him from attending and voting in person at the EGM as a proxy of CDP if he subsequently wishes to do so, and in which event the Depositor Proxy Form submitted bearing his name shall be deemed to be revoked.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the EGM Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information contained in the Circular has been extracted from

published or otherwise publicly available sources, 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 Circular in its proper form and context.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at the registered office of the Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 from the date of this Circular up to the date of the EGM:

- (a) the Memorandum and Articles;
- (b) the letter of resignation as Auditors dated 8 March 2016 from EY HK;
- (c) the letter of consent to act as Auditors dated 9 March 2016 from EY SG;
- (d) the professional clearance letter issued by EY HK to EY SG dated 8 March 2016; and
- (e) the annual report for the year ended 31 March 2015.

Yours faithfully

For and on behalf of the Board of Directors of
TERRATECH GROUP LIMITED

Dr Loh Chang Kaan
Chief Executive Officer and Executive Director

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

All capitalised terms used in this notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular dated 15 March 2016 (“Circular”) to shareholders of the Company.

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Terratech Group Limited (the “**Company**”) will be held at 31 Changi South Avenue 2 Singapore 486478 on 30 March 2016 at 10.30 a.m., for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolutions:–

AS ORDINARY RESOLUTION

ORDINARY RESOLUTION 1 – PROPOSED CHANGE OF AUDITORS

Resolved that:

(a) approval be and is hereby given for:–

- (i) the appointment of Ernst & Young LLP, Singapore as auditors of the Company in place of Ernst & Young Hong Kong with effect from the date of approval of Shareholders of this resolution; and
- (ii) Ernst & Young LLP, Singapore holding office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors; and

(b) the Directors and each of them be and are hereby authorised, empowered to complete and do all such acts and things, and to approve and execute all such documents as they or he may consider necessary, desirable, expedient or appropriate to give effect to this resolution, with such modifications thereto (if any) as they or he may think fit in the interests of the Company.

By Order of the Board

Lee Pih Peng
Company Secretary

Singapore
15 March 2016

Notes:-

1. A member entitled to attend and vote at the extraordinary general meeting of the Company (the "Meeting") and who holds two or more Shares is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Such member should complete, sign and return the Shareholder Proxy Form in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the office of the Company's Singapore share transfer agent Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the Meeting. The appointment of a proxy by a member does not preclude him from attending and voting in person at the Meeting if he so wishes in place of the proxy. For the avoidance of doubt, the Shareholder Proxy Form should not be used by Depositors. Depositors who wish to attend and vote at the Meeting should refer to paragraphs 2 and 3 below.
2. A Depositor (other than Depositors which are corporations) holding Shares through the CDP and whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act of Singapore) who wishes to attend and vote at the Meeting may do so as CDP's proxy without having to complete or return any form of proxy.
3. (i) A Depositor which is a corporation and who wishes to attend and vote at the Meeting or (ii) an individual Depositor who is unable to attend the Meeting personally and wishes to appoint person(s) to attend the meeting and vote on his behalf, should complete sign and return the Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.