



TRITECH GROUP LIMITED

31 Changi South Avenue 2 Tritech Building Singapore 486478

(Company Registration No.: 200809330R)

ENTRY OF FRAMEWORK AGREEMENT FOR THE PROPOSED SALE OF INDIRECT WHOLLY-OWNED SUBSIDIARY PRESSCRETE ENGINEERING PTE LTD

1. Introduction

The board of directors (the "**Board**" or "**Directors**") of Tritech Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company and its wholly owned subsidiary, TGL Engineering Group Pte Ltd ("**TGL**") had on 13 April 2019, entered into a framework agreement (the "**Framework Agreement**") with Lim Wen Heng Construction Pte Ltd (Company Registration No.: 199803885N) (the "**Purchaser**"), pursuant to which the Company and TGL have agreed with the Purchaser, *inter alia*, on the key commercial terms upon which TGL shall agree to sell, and the Purchaser shall agree to purchase 100% of the total issued share capital ("**Sale Shares**") of Presscrete Engineering Pte. Ltd. ("**Presscrete**") (the "**Proposed Sale**").

The Purchaser is a construction and related business company incorporated in Singapore which is registered with the Building and Construction Authority ("**BCA**") of Singapore, possessing the following BCA registrations: (i) CW01 General Building Grade A1 Contractor and (ii) GB1 General Builder Class 1 Contractor. The Purchaser is an independent third party from the Company and TGL, Directors and the controlling shareholders of the Company.

2. Contemplated Terms of the Proposed Sale

2.1 Under the Framework Agreement, the parties have agreed on certain key commercial terms relating to the Proposed Sale, including, *inter alia*, the following terms:

- (i) The sale price for the Sale Shares ("**Sale Price**"), which shall be based on the aggregate of (a) the audited net asset value or net liability (as the case may be) of Presscrete for the 9 months period ended 31 December 2018, after taking into account an agreed value to be ascribed to the revalued property, plant and equipment of Presscrete ("**PPE**") ("**Item A**"), (b) a mutually agreed value of S\$50,000 for intangible assets of Presscrete ("**Item B**"), and (c) an agreed percentage of the net profits or net losses (each to be after tax) to be generated from or otherwise attributable to certain projects in the existing order book of Presscrete as at 31 December 2018 ("**Agreed Projects**") ("**Item C**");
- (ii) The payment schedule for the payment of Items A, B and C of the Sale Price, as well as for the payment of all trade and non-trade amounts due as at completion of the Proposed Sale, both actual and contingent, and owing by Presscrete to the Company and TGL and all companies related or associated with them, and all shareholders and directors and officers of the Company and TGL and such related and associated companies (collectively the "**Vendor Group**") ("**Item D**"); and
- (iii) The salient conditions upon which the Purchaser's obligations to complete the Proposed Sale shall be conditional upon which includes, *inter alia*,
 - (a) the entry of a sale and purchase agreement in relation to the Proposed Sale ("**SPA**");
 - (b) the results of any due diligence review (including but not limited to legal, financial, contractual, tax, valuation or otherwise) conducted or to be conducted on Presscrete, subject to the satisfaction and approval from the board of directors of the Purchaser and otherwise being reasonably satisfactory to the Purchaser;



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- (c) there being no objections to the Proposed Sale from any third party, governmental and regulatory and project clients (including without limitation customers in respect of two specified projects ("**Specified Projects**") and projects entered into with the Company and TGL and its related companies; and
 - (d) Valuation and audited accounts of the Presscrete having been issued on such basis as contemplated under the Framework Agreement.
- 2.2 For the purposes of determining Item A, the parties have mutually agreed to the appointment of Baker Tilly LLP to conduct an audit on Presscrete based on mutually agreed procedures ("**Audit**") as reasonably determined by the Purchaser and agreed by the Company and TGL after consultation with the auditor and have further agreed to the appointment of Robert Khan & Co Pte. Ltd. to carry out a valuation of the PPE ("**Valuation**"). The fees incurred in connection with the Audit and the Valuation as aforesaid shall be paid by the Purchaser, subject to the terms and conditions of the Framework Agreement.
- 2.3 For purposes of determining Item C, Presscrete shall arrange for the audit of Item C no later than 15 March 2021 or three (3) months after the issue of the certificate of substantial completion ("**CSC**") for each of the Agreed Projects, so that the sum of Items A, B, C and D can be determined to cater to the finalization payments to be made by the Purchaser under the payment schedule no later than three (3) months after the receipt of the CSC for all the Agreed Projects. In the case where any of the Agreed Projects have not been fully completed as at such date, Presscrete shall audit and finalise Item C upon the receipt of the CSC for each of the Agreed Projects. However, if the Company and TGL are not satisfied with the audit result, the Company and TGL can appoint a mutually agreed auditor to re-audit on Item C at their own cost.
- 2.4 The Sale Price was arrived at by agreement between the Company and the Purchaser on a "willing-buyer, willing-seller" basis, after negotiations at arm's length and after taking into account, *inter alia*, the financial position of Presscrete, as defined in paragraph 2.1(i) and 2.1(ii) above.
- 3. **Execution of SPA**
 - 3.1 The Parties have agreed to strive to sign the SPA that will include all of the contents of the Framework Agreement as soon as possible but no later 30 April 2019, regardless of whether the Audit and the Valuation has been completed at that juncture.
 - 3.2 The Purchaser has agreed to pay a refundable deposit of S\$1.2 million ("**Deposit**") to the Company upon signing of the Framework Agreement, which shall be jointly repayable in full by the Company and TGL in the event the SPA is not signed and executed by parties within 30 days of such payment (or such later date as the parties may mutually agree) and the Company and TGL shall indemnify the Purchaser for the full amount of the Deposit.
 - 3.3 In the event either of the Specified Projects is terminated or there is verbal or written notice from such customers of breach of such contracts or intention to terminate, or it is likely that there are circumstances that are likely to lead to such termination, or if the SPA is not signed, then the Purchaser shall be entitled not to proceed to complete the Propose Sale, and the Company and TGL shall reimburse the Purchaser for all professional costs incurred for due diligence, Valuation, Audit and preparation of the transaction documents.



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4. INFORMATION ON PRESSCRETE

4.1 Business

Presscrete is a company principally engaged in the provision of specialist engineering services, broadly divided into three categories namely (i) structural engineering services, which includes specialist services for building and civil structures, (ii) ground engineering services, which includes specialist services related to soils and ground testing, and (iii) special construction services, which includes design-and-build projects and other special construction projects undertaken requiring a greater level of specialist contracting and engineering knowledge.

Presscrete is a wholly owned subsidiary of TGL Engineering Group Pte. Ltd. (Company Registration No. 201316399G) which in turn is a wholly owned subsidiary of the Company.

4.2 Financial information

The net tangible asset value of the Sale Shares as recorded in the unaudited consolidated financial statements of the Group as at 31 December 2018 was approximately S\$1.52 million.

For the financial year ended 31 March 2018, Presscrete had an audited net loss of S\$2.43 million while for the nine months financial period ended 31 December 2018 ("3Q2019"), Presscrete had an unaudited net loss of S\$1.65 million.

5. RATIONALE FOR THE PROPOSED SALE

5.1 The Proposed Sale will allow the Company to re-strategise its financial and capital resources for the purposes of working capital requirements within the Group's specialist engineering business and/or, water-related and environmental business.

5.2 Accordingly, the Board believes that the Proposed Sale is in the best interests of the Company, having regard to the terms of the Proposed Sale.

6. SUBSEQUENT EVENTS

6.1 The Proposed Sale is subject to, *inter alia*, the entry of the SPA, any applicable conditions precedent provided for therein, as well as subject to shareholders' and/or regulatory approval being obtained, if necessary, and it is contemplated that subsequent to the entry of the SPA and completion of the Proposed Sale, that Dr Loh Chang Kaan shall remain a director of Presscrete to oversee the completion of the Agreed Projects.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Company's directors or substantial shareholders or their associates has any interest, direct or indirect, in the Proposed Sale, other than through their respective shareholdings in the Company.

8. 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



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material facts about the Proposed Sale 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.

9. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Sale as appropriate or when there are further material developments on the same.

10. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the SPA will be entered into or that parties to the Framework Agreement will otherwise come to an agreement in relation to the definitive terms of the Proposed Sale or that the Proposed Sale will take place.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

BY ORDER OF THE BOARD

Dr Wang Xiaoning
Managing Director

15 April 2019

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 Catalyst. 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 Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).