PROPOSED ACQUISITION OF SUBSIDIARIES IN RELATION TO WATER AND ENVIRONMENTAL BUSINESS

Introduction

The Board of Directors of Tritech Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company, had on 21 November 2017 entered into an agreement ("**SPA**") with Mr Wang Man (the "**Vendor**") for the acquisition ("**Proposed Acquisition**") of 100% of the equity interest of two (2) PRC-incorporated companies, namely:-

(i) 上海海涵环保科技有限公司 (Shanghai Haihan Environmental Technology Co., Ltd.) ("**Shanghai Haihan Environmental**"); and

(ii) 南京清海环保科技有限公司 (Nanjing Qinghai Environmental Technology Co., Ltd) ("**Nanjing Qinghai Environmental**")

(collectively, the "**Target Companies**" and each a "**Target Company"**).

Under the terms of the SPA, it is contemplated that Tritech Environmental Group Co., Limited ("**Tritech Environmental**"), a PRC-incorporated company that is a wholly-owned subsidiary of the Company as at the date of this announcement, will acquire 100% of the registered capital of each of the Target Companies from the Vendor ("**Target Shares**"), in consideration of which the Vendor will acquire up to 15% of the registered capital of Tritech Environmental ("**Consideration Shares**") through an increase in its registered capital and allotment and issue of such capital to the Vendor.

Upon completion of the Proposed Acquisition, the Target Companies shall become wholly-owned subsidiaries of Tritech Environmental (Tritech Environmental and its subsidiaries following completion of the Proposed Acquisition to be referred to as the "**Enlarged Environmental Group**"), while there will be a dilution in the percentage of the Company's equity interest in Tritech Environmental from 100% to 85%.

Purchase Consideration

Under the terms of the SPA, Tritech Environmental shall issue and allot all of the Consideration Shares to the Vendor with effect from completion of the SPA.

Based on the foregoing terms of the Proposed Acquisition, the deemed value or amount of purchase consideration for the acquisition of the Target Companies is S$6,604,001 ("**Purchase Consideration**"), based on, *inter alia,* the unaudited combined net tangible asset value of the Target Companies of S$12,000,305 for six months financial period ended 30 June 2017 and the unaudited net tangible asset value of the Enlarged Environmental Group of S$44,026,672 for the six months financial period ended 30 September 2017 following the completion of the Proposed Acquisition.

Other Salient Terms of the Proposed Acquisition

Under the terms of the SPA, the Vendor will be appointed as the chief executive officer (CEO) of Tritech Environmental upon completion of the SPA, to helm and manage the business of Tritech Environmental and its subsidiaries including the Target Companies.

Both the Company and the Vendor have further agreed that upon execution and delivery of the SPA by both parties, (i) the Target Companies shall be deemed as if they are part of, and their business, finances and human resource functions shall be managed together with, Tritech Environmental and its subsidiaries, to all intents and purposes as if completion of the Proposed Acquisition, even if the necessary procedures or formalities for transfer of the Sale Shares may not have been fully completed, and (ii) the Vendor shall be deemed to be the holder of the Consideration Shares with all rights and benefits thereto, even if the necessary procedures or formalities for issue and allotment of such Consideration Shares may not have been fully completed.

Under the SPA, the Company and the Vendor have agreed that all costs, taxes and duties arising from or otherwise due and payable in connection of the Proposed Acquisition shall be borne by the Parties according to their respective percentage of equity interests in Tritech Environmental following completion of the Proposed Acquisition.

Information on the Target Companies and Vendor

The Target Companies are wholly owned by the Vendor as at the date of this announcement and are incorporated in Shanghai and Nanjing respectively.

Each of the Target Company, Shanghai Haihan Environmental and Nanjing Qinghai Environmental, has an unaudited net tangible asset value of approximately S$10,328,389 and S$1,671,916 respectively for the six months financial period ended 30 June 2017.

The Target Companies specialize in the development and application of air pollution control technologies, flue gas desulphurization, de-nitration and dedusting operations and maintain highly trained professional teams and have proven track records in the industry in connection with their specialized business.

The Vendor is the existing shareholder holding 100% share percentage of the Target Companies.

Rationale for the Proposed Acquisition

Currently, the Group's water and environmental business is being carried on by Tritech Environmental and its subsidiaries (**"Tritech Environmental Group"**). As at the date of this announcement, there are six (6) subsidiaries under Tritech Environmental, two subsidiaries being PRC incorporated companies while the remaining 2 subsidiaries are incorporated in Singapore.

The Board is of the view that the Proposed Acquisition of the Target Companies will further enhance the technical expertise of Tritech Environmental Group and to provide more holistic and well-rounded products and be in a position to provide additional air and air pollution related environmental solutions, and bring greater depth to the Group's water and environmental business in the PRC.

Furthermore, it will enable our management team in the PRC to be strengthened, with the coming on board of the Vendor as the CEO of Tritech Environmental following completion of the Proposed Acquisition.

Relative Figures Based on Rule 1006 of the Catalist Rules

Based on the latest announced unaudited consolidated financial statements of the Group for the period ended 30 September 2017, the relative figures in relation to the Proposed Acquisition pursuant to Rule 1006 of the Catalist Rules are:

Rule	Bases of computation	Size of relative figures
1006(a)	Net asset value of assets being disposed of compared with the Group's net asset value.	Not applicable[1]
1006(b)	Net profits/Net loss[2] attributable to the assets acquired or disposed of, compared with the Group's net loss.	(1.04%)[3]
1006(c)	Aggregate value of Consideration received compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	12.54%[4]
1006(d)	The number of equity securities issued by the Company as Consideration for an acquisition compared with the number of equity securities previously in issue.	Not applicable[5]
1006(e)	The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserved.	Not applicable.

Notes:

(1) This basis is not applicable as the Group will not be disposing of any assets pursuant to the Acquisition.

(2) Under Rule 1002(3)(b) of the Catalist Rules, 'net profit' means the profit before income tax, minority interests and extraordinary items and 'net loss' means the loss before income tax, minority interests and extraordinary items.

(3) Net profits attributable to the assets acquired are S$125,182 based on unaudited six months financial period ended 30 June 2017 while the Group has a net loss of S$12.016 million based on its unaudited six months financial period ended 30 September 2017. As the assets acquired are profitable, the application of Catalist Rule 1006 (b) in this instance is not regarded as meaningful.

(4) Based on the Purchase Consideration and the market capitalization of the Company of S$52,662,329 as at 20 November 2017 (being the last trading day preceding the date of the SPA). Under Rule 1002(5) of the Catalist Rules, the market capitalization of the Company is determined by multiplying the number of shares in issue being 907,971,182 shares by the weighted average price of S$0.058 of such shares transacted on 20 November 2017 (being the last trading day preceding the date of the SPA).

(5) No equity securities are to be issued as part of the Proposed Acquisition.

Based on the above, the relevant relative figure as computed on the bases set out in Rule 1006(c) of the Catalist Rules exceed 5% but are less than 75%. Thus, the Proposed Acquisition constitutes a disclosable transaction as defined under Chapter 10 of the Catalist Rules.

Financial Effects

The financial effects of the Proposed Acquisition on the Group are prepared based on the audited consolidated financial statement of the Group for the financial year ended 31 March 2017 ("**FY 2017**") and the following assumptions:

(a) the financial effects of the Proposed Acquisition are purely for illustrative purposes and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Acquisition nor a projection of the future financial performance or position of the Group after completion of the Proposed Acquisition;

(b) for the purpose of computing the financial effects of the Proposed Acquisition on the earnings/losses of the Group, the Proposed Acquisition is assumed to have been completed on 1 April 2016;

(c) for the purpose of computing the financial effects of the Proposed Acquisition on the net tangible assets, the Proposed Acquisition is assumed to have been completed on 31 March 2017; and

(d) professional fees for the Proposed Acquisition are summed to be negligible against the NTA and earnings/losses of the Group.

It should be noted that the financial effects set out below are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after completion of the Proposed Acquisition.

Net Tangible Assets

The effect on the net tangible assets of the Company before and after the Proposed Acquisition, based on the latest audited consolidated financial statements of the Group as at 31 March 2017 are as follows:-

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA (S$)	51,793,511	63,793,816
Number of issue shares	879,168,182	879,168,182
Consolidated NTA per share (cents)	5.89	7.26

Earnings / Loss per Share

The effect on the earnings/loss per share of the Company before and after the Proposed Acquisition (based on the latest audited consolidated financial statements of the Group for FY 2017) are as follows:-

	Before the Proposed Acquisition	After the Proposed Acquisition
Losses attributable to owners for continuing and discontinuing operations (S$)	(15,469,637)	(15,344,455)
Weighted average number of issued shares	833,005,492	833,005,492
Loss per share (cents)	(1.86)	(1.84)

Service Contracts

There are no directors who are proposed to be appointed to the Board of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

Interests of Directors and Substantial Shareholders

None of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company).

Document Available for Inspection

A copy of the SPA is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 2 Kaki Bukit Place #07-00 Eunos Techpark Singapore 416180 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
Dr Wang Xiaoning
Managing Director

22 November 2017

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 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).