

2016
ANNUAL
REPORT

**EXPANDING
OUR PRESENCE**





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Terratech Group Limited (the "Company") 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 annual report 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 annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

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.

CORPORATE PROFILE



Terratech Group Limited (“Terratech” and together with its subsidiaries, the “Group”), is a producer of premium quality marble blocks and marble slabs.

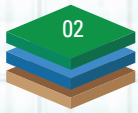
Operating in the mineral resources sector, the Group has the exclusive rights to explore, develop, quarry, extract, remove and sell marble products at the Kelantan Marble Quarry in Malaysia up to 26 January 2044. The Kelantan Marble Quarry consists of four hills that have total estimated marble resources of 20.03 million cubic metres and total estimated marble reserves of 10.90 million cubic metres as at 31 March 2016.

Since commencing commercial production in early 2012, the Group has been concurrently working to develop and expand the scale of its operations at the Kelantan Marble Quarry as well as increasing the marketing and sales efforts for its marble products. The Group targets end-users such as property developers and construction

companies, as well as distributors in its main market in the People’s Republic of China and other markets in Malaysia, Indonesia, Singapore and Taiwan.

The Group’s main products are premium-quality marble blocks and marble slabs which are used in the building and construction industry as materials for cladding or decorative surfaces, as well as for arts and decoration, marble furniture and other marble articles. In addition, the Group also produces aggregates which are used in construction and as a raw material for the manufacture of calcium carbonate powder. The Group also has plans to venture into the business of calcium carbonate powder production.

Terratech listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) in July 2014.



CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I wish to present Terratech Group Limited's ("Terratech" and together with its subsidiaries the "Group") annual report for the financial year ended 31 March 2016 ("FY2016").

The operating environment for the Group remained challenging in FY2016. The economic slowdown in the People's Republic of China ("PRC"), which is the Group's main target market, continued to affect demand for new property developments, thus causing delays to public sector building and infrastructure projects. As a result, demand for marble related products in the PRC remained depressed during the year in review.

Despite the soft market conditions, I am pleased to report that Terratech has been able to show an improvement in its financial results for FY2016. The Group's revenue more than doubled to S\$10.0 million compared to S\$4.4 million in FY2015. This enabled the Group to revert to a gross profit of S\$0.5 million in FY2016 from a gross loss of S\$0.3 million in the previous financial year. Coupled with its successful efforts to reduce operating expenses, the Group recorded a substantially lower net loss of S\$3.6 million in FY2016 as compared to a net loss of S\$12.3 million in FY2015.

Given the current slow market conditions in the PRC, the Group has also been marketing its marble products to Taiwan and Southeast Asian countries such as Malaysia and Indonesia. During FY2016, the Group continued with its efforts to raise customer awareness and market exposure of its marble products by participating in several high profile trade fairs, industry forums and exhibitions.

At the same time, Terratech has continued to engage with marble industry participants, property developers,

contractors, professionals such as architects, designers and others. These various market participants have significant influence over customer preferences and material purchasing decisions. The Group's marketing efforts have so far garnered a positive response as it is witnessing greater acceptance of its marble products in markets such as China, Malaysia, Indonesia and Taiwan.

The Group is ensuring production activity progresses at a controlled pace in line with the softening sales in its main market, PRC. Over the next four years, the Group plans to grow the quarry operations by increasing production of marble blocks to be sent to markets in the PRC and for marble slabs that it will produce in-house.

On 21 April 2016, the Group completed a share placement of 68.5 million new shares at an issue price of approximately S\$0.0405 per share. The placement raised net proceeds of approximately S\$2.7 million, of which 40% will be used for general working capital of the Group with the remaining 60% allocated for exploration of investments, acquisitions, strategic alliances and/or joint ventures.

To enhance long-term shareholder value and accelerate the future growth of its marble resource business, the Group announced on 9 June 2016 that it had entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of Capital City Property Sdn Bhd ("Capital City") for S\$300.0 million ("Proposed Acquisition"). This consideration will be satisfied by the issuance of 4,285,714,286 new Terratech shares to the shareholders of Capital City at an issue price of S\$0.07 and is expected to result in the Reverse Takeover of Terratech ("RTO").

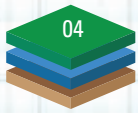
Incorporated in Malaysia on 14 June 2013, Capital City is a transformative developer engaged in the conception, design and execution of integrated property development projects in Malaysia such as the Project Capital City, on a joint venture basis with Achwell Property Sdn Bhd. Project Capital City is located at Tampoi, Johor Bahru and covers a significant land site of 40,851m² (or approximately 10 acres). It is expected to comprise two hotel and service suites towers and three towers of serviced apartments, with a planned total of 945 units and 690 units respectively, all of which will sit on top of a six-storey thematic entertainment retail mall. When completed, Project Capital City aims to be an iconic integrated development in Johor Bahru, Malaysia, bringing transformative entertainment and retail concepts to the Johor region.

The Board is of the view that the Proposed Acquisition will result in a synergistic partnership. It will provide an opportunity for Terratech to gain exposure to an attractive niche segment of the growing property development market in Malaysia, which was recently named as one of the world's most attractive infrastructure

investment destinations (Source: Third edition of the Global Infrastructure Investment Index). In addition, Terratech's existing marble business will benefit from the Proposed Acquisition which is expected to provide ample opportunities for the Group to supply its unique and high quality marble products to current and future projects of Capital City.

In closing, I would like to thank my fellow Directors for their valued counsel and contributions. On behalf of the Board, I would like to express our sincere appreciation to our management and staff for their hard work, commitment and contributions to the Group. We also wish to thank our shareholders, customers, and business associates for their support of Terratech.

Dr Jeffrey Wang
Non-Executive Chairman



CEO'S STATEMENT



Dear Shareholders,

I am pleased to report that Terratech Group Limited ("Terratech" and together with its subsidiaries, the "Group") made commendable progress in our quarry operations and raised market awareness of our marble products in several Asian countries during the financial year ended 31 March 2016 ("FY2016"). The Group also improved its financial results in FY2016 with a substantial reduction in net loss compared to the financial year ended 31 March 2015 ("FY2015").

Financial Performance

In FY2016, the Group's revenue jumped to S\$10.0 million from S\$4.4 million in the previous year. The higher revenue, coupled with the cost efficiencies that we have derived from our quarry operations, have enabled the Group to reverse a gross loss in FY2015 to post a gross profit of S\$0.5 million in FY2016. Together with the decrease in operating expenses, Terratech narrowed its net loss significantly to S\$3.6 million in FY2016 from S\$12.3 million in FY2015.

Quarry Development

Amid the current slower market environment, we stayed on course to focus our efforts on creating and heightening market awareness of our marble dimension stone products in various markets during FY2016. Our mining activities at our marble quarry in Kelantan, Malaysia ("Quarry") have also progressed smoothly according to plans. However, we have strategically carried out marble production at a controlled rate to align our inventory to the present level of market demand. In FY2016, the production of marble blocks from Hill 2B was approximately 2,200 m³.

With sufficient stock of marble blocks from Hill 2B to meet the anticipated demand, we concentrated our resources on the development and extraction works at Hill 1 and Hill 2A to widen the variety of our white marble products. In the past year, we have also improved the efficiency of our mining activities which led to a reduction in our overall operational and labour costs.

In January 2016, we decided to put on hold the marble extraction works at Hill 1 to re-focus our resources on the development work at Hill 2B and Hill 2A. Besides continuing with marble extraction works at Hill 2B, the Group will also work on platform expansion and block extraction at Hill 2A which contains significantly larger quantity of resources compared to Hill 2B.

Based on the latest Qualified Person's Report dated 17 June 2016, the total Measured, Indicated and Inferred resources at our Quarry are estimated at 20.03 million m³ as at 31 March 2016. The excavation volume in FY2016 was approximately 134,200m³. The combined Proved and Probable Reserves of marble that can be extracted as dimension stone blocks is estimated at 10.90 million m³.

The marble at our Quarry is massive and homogenous, and is suitable for both dimension stone blocks and as raw material for production of calcium carbonate powder. We have three types of marble colour, namely Misty White, Purplish White, and Black-Spotted White. Given the sizeable quantity of our resources, we have the ability to increase our production of marble blocks in tandem with the level of market demand.

Product Marketing

Our concerted marketing efforts in the People's Republic of China ("PRC") and other Asian countries have resulted in higher brand and product visibility. Besides the PRC, Terratech's premium-grade marble products have also gained higher market acceptance in Indonesia, Taiwan and Malaysia. Our marble products were selected for use in residential and commercial projects as well as hotel developments in Indonesia.

As part of our marketing and promotional initiatives, the Group continues to actively engage designers, decoration companies, developers and construction companies. To this end, we are pleased to see our high quality marble products being selected by designers and incorporated into their blueprints. We also promote our products to distributors and wholesalers, as well as through participation in trade exhibitions.

In March 2016, the Group participated in "The 16th China Xiamen International Stone Fair" which is an internationally renowned industry event. As a one-stop product and service provider in the PRC, Terratech offers customers a complete value chain from marble resource and marble products to decoration and fitting services. We believe this integrated solution offering places the Group in a competitive position to bid for major property development and government public projects in the PRC.

With the relentless attitude and efforts of our people, Terratech has made a major leap in terms of raising market awareness of our marble products and gaining market recognition as a supplier of high quality marble among key end-users, distributors, agents and decision-influencers

of property designs. The progress we have achieved to-date gives us confidence to believe that Terratech is on firmer ground to drive sales and pursue opportunities to participate in larger projects.

Going forward, the Group will continue to execute its strategies to build on the growth of its marble resource business. We will also explore investments, acquisitions, strategic alliances that are complementary to our core business and/or enhance shareholder value.

On 9 June 2016, the Group entered into a conditional sale and purchase agreement ("SPA") to acquire Capital City Property Sdn Bhd for S\$300.0 million ("Proposed Acquisition"), which constituted a reverse takeover of Terratech. We believe the Proposed Acquisition is in line with our intention to improve long-term shareholder value as it not only benefits our existing marble business, but also provides an opportunity for Terratech to capitalise on the growth of Malaysia's property development market.

Note of Appreciation

I wish to express my appreciation to our management and staff for their dedication, perseverance and contributions to the Group. I also wish to extend my gratitude to our shareholders, customers, business partners and suppliers for their patronage and continued support of Terratech.

Dr Loh Chang Kaan

Executive Director and Chief Executive Officer



BOARD OF DIRECTORS



L-R: Dr Loh Chang Kaan, Dr Wang Xiaoning, Mdm Zhan Ping

Dr Wang Xiaoning (Jeffrey Wang) *Non-Executive Chairman*

Dr Jeffrey Wang is our Non-Executive Chairman and was first appointed to the board of directors on 18 June 2014. Dr Wang is the founder of our Marble Business and our Group. He has approximately 8 years of experience in the marble quarrying industry. He is involved in advising on the strategic and business planning, and development of our Group. Dr Wang is also the Managing Director of our Controlling Shareholder, Trittech Group Limited ("TGL").

Dr Wang founded the business of the TGL in 2000, culminating in the listing of TGL on Catalist on 21 August 2008. Prior to that, he was a senior engineer in an engineering consultancy firm from 1992 to 1996, and a chief engineer in an engineering company from 1996 to 2000. During his employment in these companies, Dr Wang was in charge of the design and supervision of many infrastructural projects in Singapore.

Dr Wang holds a doctoral degree of Sciences majoring in hydrology and engineering geology from the Institute of Geology of the Chinese Academy of Sciences (where he was awarded the Minister Award of Chinese Academy of Sciences in recognition of his outstanding performance) as well as a Doctorate Degree in Philosophy from Department of Civil Engineering, Faculty of Engineering of the National University of Singapore. In September 2007, Dr Wang was awarded the Best Entrepreneur Award for Faculty of Engineering by the National University of Singapore. He is also a member of the Institute of Engineers, Singapore and a registered specialist professional engineer (Geotechnical) in Singapore.

Dr Loh Chang Kaan *Chief Executive Officer and Executive Director*

Dr Loh Chang Kaan is our Chief Executive Officer and Executive Director and was first appointed to the board of directors on 15 March 2013. He is responsible for the overall management and day-to-day operations of our Group. Dr Loh has approximately 8 years of relevant experience in the marble quarrying industry.

Dr Loh was involved in the founding of the TGL together with Dr Wang Xiaoning, and was an executive director of TGL since its listing in 2008.

During his tenure at TGL, Dr Loh was responsible for the supervision of the ground and structural engineering service business segment of TGL. Since the acquisition of the Marble Business by TGL in March 2011, Dr Loh has been responsible for overseeing our Marble Business, including being actively involved in the formulation of the business and operation strategies as well as the day-to-day management of our Marble Business.

Prior to joining our Group and the TGL Group, Dr Loh was a research engineer with the National University of Singapore from 1994 to 1999. Following that, he was an executive engineer with a specialist ground engineering firm in charge of geotechnical instrumentation. He is a registered specialist professional engineer (Geotechnical) in Singapore. He is also a registered professional engineer in Malaysia, where he is a member of the Institute of Engineers, Malaysia. Dr Loh holds a Master of Engineering and Doctor of Philosophy from the National University of Singapore.

Mdm Zhan Ping *Executive Director and Chief Executive Officer (China)*

Mdm Zhan Ping is our Executive Director and Chief Executive Officer (China) and was first appointed to the board of directors on 21 October 2014. Mdm Zhan is responsible for the overall sales and marketing strategy and policies, as well as assessing the business performance in China. Prior to joining our Group in 2014, she was the Senior Consultant with an engineering and construction firm in China. Prior to that, she was the Chief Operating Officer in a Hong Kong listed mining firm and also the President of a stone manufacturer firm's branch office in China, where she was in charge of the overall operations of the branch. She has more than 25 years of experience in sales, marketing and development of business market. Mdm Zhan holds a Bachelor of Science Degree in Chemistry from Hubei University in 1982.



L-R: Professor Zhao Jian, Mr Aw Eng Hai, Mr Tay Yew Khem

Mr Aw Eng Hai *Lead Independent Director*

Mr Aw Eng Hai is our Lead Independent Director and was first appointed to the board of directors on 18 June 2014. Mr Aw is also an independent director of our Controlling Shareholder, TGL, since September 2009.

Mr Aw is a public accountant and a partner of Foo Kon Tan LLP where he is in charge of the various departments providing specialist advisory services to companies. Mr Aw has more than 14 years of experience providing business advisory services to companies. Prior to joining the commercial sector, Mr Aw was an investigator in the Commercial Affairs Department (CAD) where he was involved in complex commercial fraud investigation. Mr Aw graduated with a Bachelor of Business Administration (Honours) from the National University of Singapore in 1992 and is a practicing member of the Institute of Singapore Chartered Accountants (ISCA), a Fellow of the Association of Chartered Certified Accountants (ACCA), a Fellow of Insolvency Practitioners Association of Singapore (IPAS) and a member of INSOL International.

Professor Zhao Jian *Independent Director*

Professor Zhao Jian is our Independent Director and was first appointed to the board of directors on 18 June 2014. Between 1990 and 2005, Professor Zhao worked at Nanyang Technological University and led the Underground Technology and Rock Engineering program. Between 2005 and 2016, Professor Zhao was a full professor and director of the Rock Mechanics Laboratory of the Swiss Federal Institute of Technology Lausanne, Switzerland, where he directs research and engineering activities on rock mechanics and tunnelling. Since 2013, he is an endowed chair professor of Geomechanics, Mineral and Resources of Monash University, Australia.

Professor Zhao is a chartered mining engineer in UK and a registered professional civil and geotechnical engineer in Singapore.

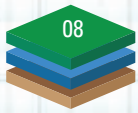
He was elected to Fellow of the Institution of Mining and Metallurgy of UK in 2005, Fellow of the Institution of Engineers Australia in 2013, and inducted to Fellow of the International Society for Rock Mechanics in 2015. He was an Executive Council Member of the International Tunnelling and Underground Space Association (2001-2004) and a Vice President of the International Society for Rock Mechanics (2003-2007).

Mr Tay Yew Khem *Independent Director*

Mr Tay Yew Khem is our independent director and was first appointed to the board of directors on 04 November 2014. He has over 20 years of accounting and auditing experience.

Mr Tay is currently a practicing accountant and a partner in a public accounting firm where he is in charge of managing the operations of the firm as well as business development. Prior to this, Mr Tay was an auditor with one of the international auditing firms for 10 years and primarily responsible for external and internal audit engagements.

Mr Tay holds a Bachelor of Accountancy from the Royal Melbourne Institute of Technology, Australia in 1992, and is a member of the Institute of Certified Public Accountants, Australia and Institute of Singapore Chartered Accountants (ISCA). He is also a Chartered Accountant of Malaysian Institute of Accountants.



FINANCIAL REVIEW



FY2016 FINANCIAL REVIEW

In FY2016, the Group's revenue increased to S\$10.0 million from S\$4.4 million in FY2015, driven mainly by contributions from our subsidiary in the PRC, 陕西恒宇建筑装饰工程有限公司 ("Hengyu"), which was acquired in December 2014. Hengyu is currently the main platform through which we have been promoting and marketing our marble and marble-related products in the PRC.

In line with the increase in revenue, the Group reversed a gross loss of S\$0.3 million in FY2015 to a gross profit of S\$0.5 million in FY2016.

Other income in FY2016 also improved significantly to S\$1.0 million from S\$0.1 million last year. This was attributable mainly to reversals on the provisions for impairment of other receivables and inventory of S\$0.4 million, rental income from leasing of machinery of S\$0.1 million and increase in sundry income of S\$0.3 million.

The Group's general and administrative expenses in FY2016 declined by 35% to S\$4.2 million from S\$6.5 million in FY2015, due mainly to the implementation of cost-cutting measures, and reclassification of unrealized foreign exchange loss to the foreign currency translation reserve.

Other expenses also fell by 94% to S\$0.3 million from S\$4.7 million in FY2015. This was due mainly to the absence of fair value loss of derivative financial instruments of S\$3.0 million and write-down of inventories of S\$1.5 million.

Following the conversion of the convertible bonds into ordinary shares of the Company in FY2015, interest payments on the convertible bonds have ceased. As such, the Group's

finance costs decreased substantially to S\$22,000 in FY2016 compared to S\$0.7 million in FY2015.

As a result of the aforesaid factors, the Group recorded a lower net loss of S\$3.6 million in FY2016, a decrease of 71% from a net loss of S\$12.3 million in FY2015.

As at 31 March 2016, the Group was in a net cash position and had net assets totaling S\$10.5 million. Non-current assets decreased by S\$0.6 million to S\$7.4 million at the end of FY2016 from S\$8.0 million as at 31 March 2015. The decline was due mainly to depreciation and amortisation charges of S\$0.7 million, an exchange realignment loss of S\$0.1 million on property, plant and equipment, and a refund of deposit on the purchase of land amounting to S\$0.4 million. These were partially offset by purchase of property, plant and equipment of S\$0.7 million.

Current assets as at 31 March 2016 decreased by S\$2.0 million to S\$7.3 million. This was due mainly to lower prepayments, deposits and other receivables, amounts due from contract customers and related companies; partially offset by higher trade receivables and inventories in tandem with the progress of our marble production and sales.

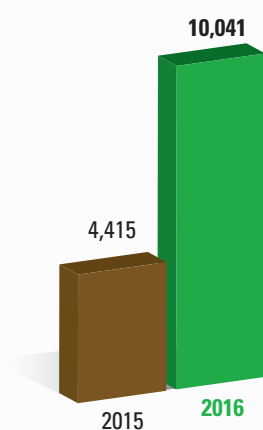
Current liabilities as at 31 March 2016 increased by S\$1.6 million to S\$4.1 million. The increase was attributed primarily to higher trade payables, other payables and accruals, amount due to immediate holding company for working capital purposes, as well as amount due to contract customers. These were partially offset by a decrease in bank borrowings and finance lease payables during FY2016. Non-current liabilities reduced to S\$0.03 million as at 31 March 2016 due to repayment of finance lease payables.

During FY2016, the net cash used in operating activities amounted to S\$1.0 million. This was attributed mainly to negative operating cash flows (before working capital changes) of S\$2.8 million, which was partially offset by working capital inflows arising mainly from the decrease in prepayments, deposits and other receivables as well as higher trade and other payables and accruals. The Group's net cash used in investing activities of S\$0.6 million was mainly for the purchase of property, plant and equipment. Net cash used in financing activities was S\$0.2 million due to repayments of bank borrowings and finance lease obligations, offset partially by a loan from immediate holding company.

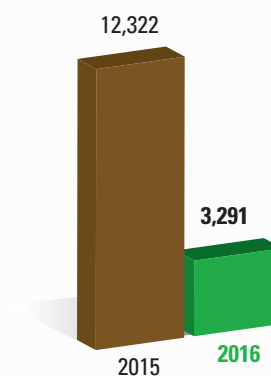


FINANCIAL HIGHLIGHTS

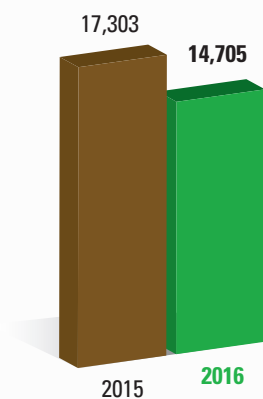
REVENUE (\$\$'000)



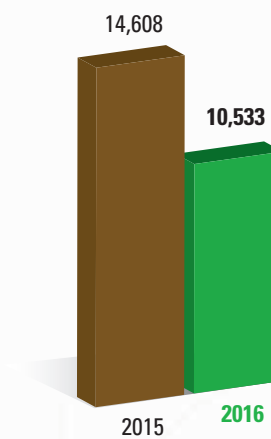
LOSS BEFORE TAX (\$\$'000)



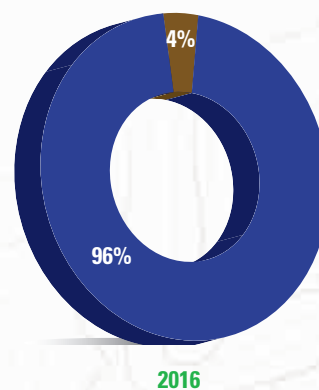
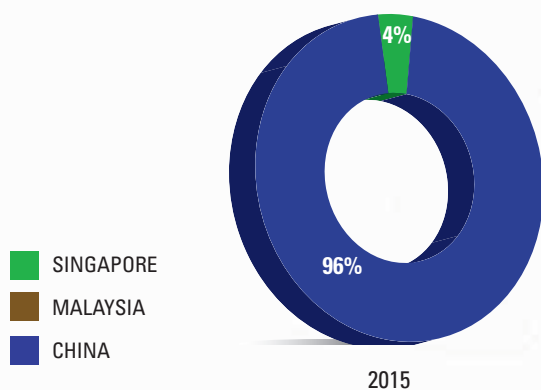
TOTAL ASSETS (\$\$'000)



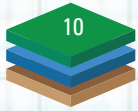
TOTAL EQUITY (\$\$'000)



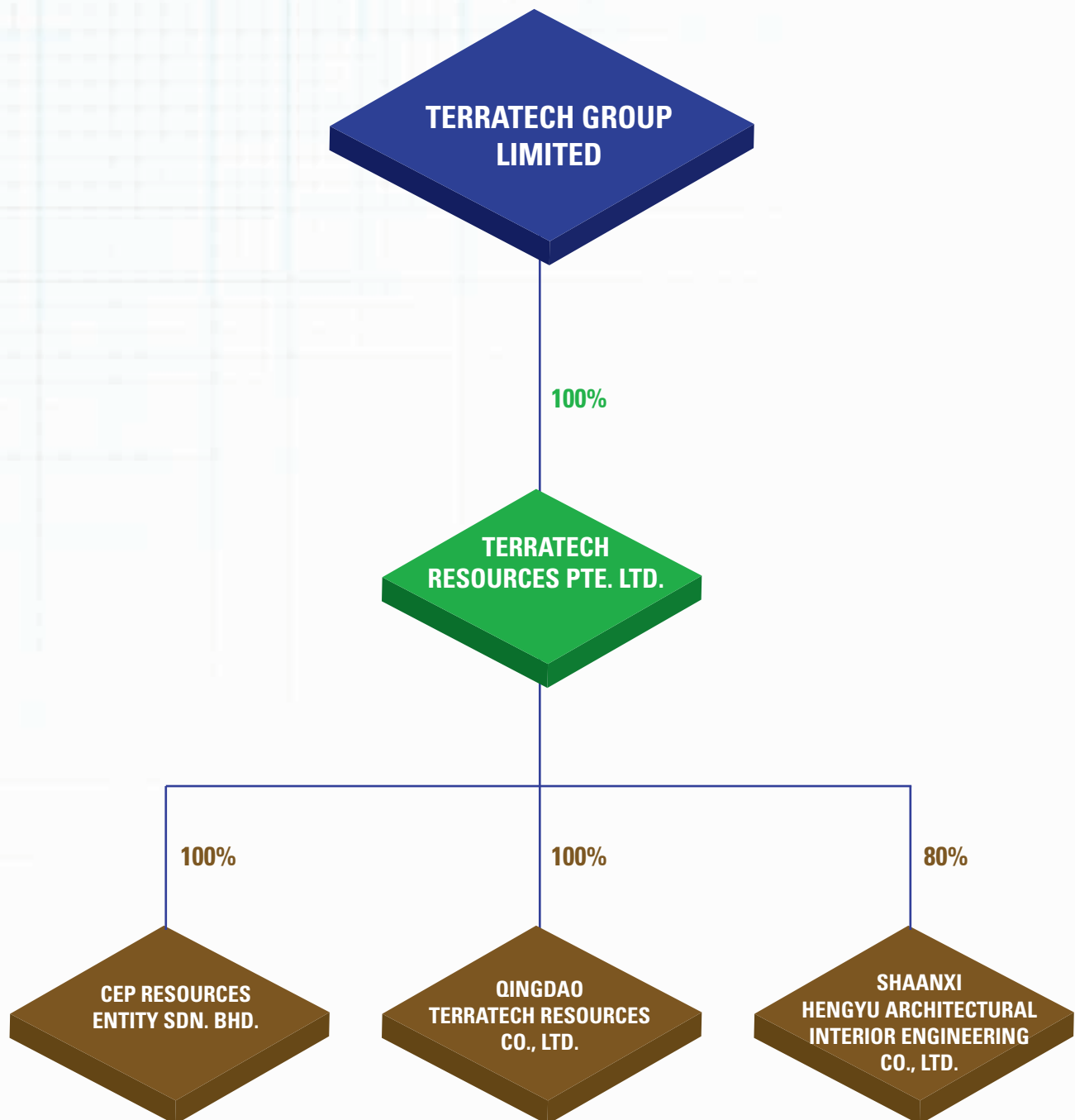
REVENUE BY GEOGRAPHICAL SEGMENT



■ SINGAPORE
■ MALAYSIA
■ CHINA



CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Wang Xiaoning (Jeffrey Wang)

Non-Executive Chairman

Dr Loh Chang Kaan

Chief Executive Officer and Executive Director

Mdm Zhan Ping

Executive Director and Chief Executive Officer (China)

Mr Aw Eng Hai

Lead Independent Director

Professor Zhao Jian

Independent Director

Mr Tay Yew Khem

Independent Director

NOMINATING COMMITTEE

Mr Aw Eng Hai *Chairman*

Professor Zhao Jian

Mr Tay Yew Khem

Dr Wang Xiaoning (Jeffrey Wang)

AUDIT COMMITTEE

Mr Aw Eng Hai *Chairman*

Professor Zhao Jian

Mr Tay Yew Khem

REMUNERATION COMMITTEE

Professor Zhao Jian *Chairman*

Dr Wang Xiaoning (Jeffrey Wang)

Mr Aw Eng Hai

Mr Tay Yew Khem

COMPANY SECRETARY

Lee Pih Peng, MBA, LLB

REGISTERED OFFICE

2 Kaki Bukit Place #07-00

Eunos Techpark

Singapore 416180

Tel: (65) 6848 2567

Fax: (65) 6848 2568

Website: <http://www.terratechgroup.com>

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

AUDITORS

ERNST & YOUNG LLP

Public Accountants and Chartered Accountants

One Raffles Quay, North Tower #18-01

Singapore 048583

Partner-in-charge: Low Bek Teng

(Appointed since the financial year ended 31 March 2016)

PRINCIPAL BANKER

United Overseas Bank Limited

80 Raffles Place

UOB Plaza

Singapore 048624

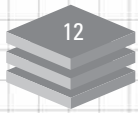
SPONSOR

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318



CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “**Board**”) of Terratech Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 March 2016 (“**FY2016**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2016.

CORPORATE GOVERNANCE REPORT

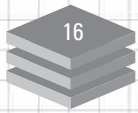
Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
BOARD MATTERS																										
The Board's Conduct of Affairs																										
1.1	What is the role of the Board?	The Board has 6 members and comprises the following: <table><tr><td colspan="2">Table 1.1 – Composition of the Board</td></tr><tr><td>Name of Director</td><td>Designation</td></tr><tr><td>Dr Wang Xiaoning</td><td>Non-Executive Chairman</td></tr><tr><td>Dr Loh Chang Kaan</td><td>Executive Director and Chief Executive Officer</td></tr><tr><td>Mdm Zhan Ping</td><td>Executive Director and Chief Executive Officer (China)</td></tr><tr><td>Mr Aw Eng Hai</td><td>Lead Independent Director</td></tr><tr><td>Professor Zhao Jian</td><td>Independent Director</td></tr><tr><td>Mr Tay Yew Khem</td><td>Independent Director</td></tr></table> The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are to: • review the financial performance and condition of our Group; • approve our Group's strategic plans, key operational initiatives, major investment and funding decisions; and • identify principal risks of our Group's business and ensuring the implementation of appropriate systems to manage the risks.	Table 1.1 – Composition of the Board		Name of Director	Designation	Dr Wang Xiaoning	Non-Executive Chairman	Dr Loh Chang Kaan	Executive Director and Chief Executive Officer	Mdm Zhan Ping	Executive Director and Chief Executive Officer (China)	Mr Aw Eng Hai	Lead Independent Director	Professor Zhao Jian	Independent Director	Mr Tay Yew Khem	Independent Director								
Table 1.1 – Composition of the Board																										
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Mr Tay Yew Khem	Independent Director																									
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC"), the Nominating Committee (the "NC") (collectively, the "Board Committees"). The composition of the Board Committees is as follows: <table><tr><td colspan="4">Table 1.3 – Composition of the Board Committees</td></tr><tr><td></td><td>AC</td><td>NC</td><td>RC</td></tr><tr><td>Chairman</td><td>Mr Aw Eng Hai</td><td>Mr Aw Eng Hai</td><td>Prof Zhao Jian</td></tr><tr><td>Member</td><td>Prof Zhao Jian</td><td>Prof Zhao Jian</td><td>Dr Wang Xiaoning</td></tr><tr><td>Member</td><td>Mr Tay Yew Khem</td><td>Dr Wang Xiaoning</td><td>Mr Aw Eng Hai</td></tr><tr><td>Member</td><td>–</td><td>Mr Tay Yew Khem</td><td>Mr Tay Yew Khem</td></tr></table>	Table 1.3 – Composition of the Board Committees					AC	NC	RC	Chairman	Mr Aw Eng Hai	Mr Aw Eng Hai	Prof Zhao Jian	Member	Prof Zhao Jian	Prof Zhao Jian	Dr Wang Xiaoning	Member	Mr Tay Yew Khem	Dr Wang Xiaoning	Mr Aw Eng Hai	Member	–	Mr Tay Yew Khem	Mr Tay Yew Khem
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Member	Prof Zhao Jian	Prof Zhao Jian	Dr Wang Xiaoning																							
Member	Mr Tay Yew Khem	Dr Wang Xiaoning	Mr Aw Eng Hai																							
Member	–	Mr Tay Yew Khem	Mr Tay Yew Khem																							

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																		
1.4	Have the Board and Board Committees met in the last financial year?	The Board meets on a quarterly basis, and as and when circumstances require. In FY2016, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below. <table><tr><th colspan="5">Table 1.4 – Board and Board Committee Meetings in FY2016</th></tr><tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Number of Meetings Held</td><td>4</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></tr><tr><td>Dr Wang Xiaoning</td><td>4</td><td>4^</td><td>1</td><td>1</td></tr><tr><td>Dr Loh Chang Kaan</td><td>4</td><td>4^</td><td>1^</td><td>1^</td></tr><tr><td>Mdm Zhan Ping</td><td>4</td><td>4^</td><td>1^</td><td>1^</td></tr><tr><td>Mr Aw Eng Hai</td><td>4</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Professor Zhao Jian</td><td>4</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Mr Tay Yew Khem</td><td>4</td><td>4</td><td>1</td><td>1</td></tr></table> ^ By Invitation The Company's Articles of Association (the "Articles") allow for meetings to be held through telephone and/or video-conference.	Table 1.4 – Board and Board Committee Meetings in FY2016						Board	AC	NC	RC	Number of Meetings Held	4	4	1	1	Name of Director	Number of Meetings Attended				Dr Wang Xiaoning	4	4^	1	1	Dr Loh Chang Kaan	4	4^	1^	1^	Mdm Zhan Ping	4	4^	1^	1^	Mr Aw Eng Hai	4	4	1	1	Professor Zhao Jian	4	4	1	1	Mr Tay Yew Khem	4	4	1	1
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1.5	What are the types of material transactions which require approval from the Board?	Matters that require the Board's approval include, amongst others, the following: • corporate strategy and business plans; • material acquisitions and disposals; • share issuance, dividend release or changes in capital; • budgets, financial results announcements, annual report and audited financial statements; and • material interested person transactions.																																																		

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.6	(a) Are new Directors given formal training? If not, please explain why.	Upon the appointment of a new Director, the Company will provide the Director with a formal letter, setting out the Director's duties and obligations. The Board ensures that all incoming Directors will receive comprehensive and tailored induction on joining the Board, including briefing on his duties as a Director and how to discharge those duties, and an orientation program to ensure that they are familiar with the Company's business and governance practices. The Company also provides training for any new first-time Director (who has no prior experience as a director in a listed company) in areas such as accounting, legal and industry-specific knowledge as appropriate. All new first-time Directors (who have no prior experience as a director in a listed company) are also required to attend appropriate SGX-SID Listed Company Director (LCD) Programmes offered by the Singapore Institute of Directors ("SID").
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	Briefings, updates and trainings for the Directors in FY2016 included: - the external auditors ("EA") had briefed the AC on changes or amendments to accounting standards; and - the Company Secretary, where appropriate, had briefed the Board on the new requirements under the Listing Manual and Cayman Companies Law.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guideline 2.1 of the Code is met as the Independent Directors make up half of the Board.

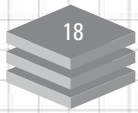


CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There are no Independent Directors who has served beyond nine years since the date of his/her first appointment.
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board comprises business leaders and professionals with financial, business management and relevant industry experience. The Board has reviewed its composition, taking into account the size and nature of the operations of the Group, and is satisfied that the current size of the Board is appropriate and allows for effective decision making, providing the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth. The Independent Directors, Mr Tay Yew Khem and Mr Aw Eng Hai have extensive experience in accounting and corporate governance. In addition to the Executive Directors, Independent Director Professor Zhao Jian has extensive relevant industry experience, strategic planning experience and customer based knowledge.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board has taken the following steps to maintain or enhance its balance and diversity: - yearly review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and - yearly evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	Where necessary, the Company co-ordinates informal meeting for Non-Executive Directors to meet without the presence of the Executive Director and/or the Management. The Non-Executive Directors have met without the presence of Management at least once in FY2016.
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the CEO. The Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the CEO and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision making. The CEO takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board.
3.4	Have the Independent Directors met in the absence of other Directors?	Where necessary, the Company co-ordinates informal meeting for Independent Directors to meet without the presence of the Executive Director and/or the Management. The Independent Directors have met without the presence of other Directors at least once in FY2016.



CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (a) determine annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration; (b) reviewing the independence of any director who has served on the Board for more than nine years from the date of his first appointment and the reasons for considering him as independent; (c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments; (d) where the appointment of an alternate Director to a Director is proposed, determining whether the alternate Director is familiar with the Company's affairs, appropriately qualified and (in the case of an alternate Director to an independent Director) whether the alternate Director would similarly qualify as an independent Director, and providing its views to the Board in relation thereto for the Board's consideration; (e) making recommendations to the Board on relevant matters relating to the review of board succession plans for directors, in particular, the Chairman and for the CEO, the development of a process for evaluation of the performance of the Board, its board committees and directors, the review of training and professional development programs for the Board and the appointment and re-appointment of directors (including alternate directors, if applicable); (f) proposing objective performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value; (g) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its board committees and (if applicable) the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board; and (h) based on the results of the performance evaluation, providing its views and recommendations to the Board, including any appointment of new members.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his or her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.												
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.												
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately in FY2016.												
4.5	Are there alternate Directors?	The Company does not have any alternate directors.												
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Table 4.6(a) – Process for the Selection and Appointment of New Directors <table> <tr> <td>1.</td><td>Determination of selection criteria</td><td> • The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity. </td></tr> <tr> <td>2.</td><td>Search for suitable candidates</td><td> • The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary. </td></tr> <tr> <td>3.</td><td>Assessment of shortlisted candidates</td><td> • The NC would meet and interview the shortlisted candidates to assess their suitability. </td></tr> <tr> <td>4.</td><td>Appointment of director</td><td> • The NC would recommend the selected candidate to the Board for consideration and approval. </td></tr> </table>	1.	Determination of selection criteria	• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.	2.	Search for suitable candidates	• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.	3.	Assessment of shortlisted candidates	• The NC would meet and interview the shortlisted candidates to assess their suitability.	4.	Appointment of director	• The NC would recommend the selected candidate to the Board for consideration and approval.
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CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation						
		Table 4.6(b) – Process for the Re-electing Incumbent Directors <table> <tr> <td>1.</td><td>Assessment of director</td><td> - The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and - The NC would also consider the current needs of the Board. </td></tr> <tr> <td>2.</td><td>Re-appointment of director</td><td> - Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval. The NC has recommended to the Board that Dr Wang Xiaoning and Dr Loh Chang Kaan be re-elected at the forthcoming AGM. The Board has accepted the NC's recommendation. Dr Wang Xiaoning will, upon re-election as a Director of the Company, remain as Non-Executive Chairman and a member of NC and RC. Dr Loh Chang Kaan will, upon re-election as an Executive Director of the Company, remain as Chief Executive Officer of the Company. </td></tr> </table>	1.	Assessment of director	- The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and - The NC would also consider the current needs of the Board.	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval. The NC has recommended to the Board that Dr Wang Xiaoning and Dr Loh Chang Kaan be re-elected at the forthcoming AGM. The Board has accepted the NC's recommendation. Dr Wang Xiaoning will, upon re-election as a Director of the Company, remain as Non-Executive Chairman and a member of NC and RC. Dr Loh Chang Kaan will, upon re-election as an Executive Director of the Company, remain as Chief Executive Officer of the Company.
1.	Assessment of director	- The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and - The NC would also consider the current needs of the Board.						
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4.7	Please provide Directors' key information.	The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on pages 06 to 07 of this annual report.						

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation								
Board Performance										
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and for assessing the contribution by each Director to the effectiveness of the Board: <table><tr><th colspan="2">Table 5 – Performance Criteria</th></tr><tr><th>Performance Criteria</th><th>Board and Board Committees</th></tr><tr><td>Qualitative</td><td> 1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability 6. Risk management 7. Succession planning </td></tr><tr><td>Quantitative</td><td> The Board currently does not evaluate the Board and Board Committees based on quantitative criteria as the Board is of the opinion that it is more important to evaluate the Board and Board Committees on their ability to provide guidance to Management in relation to strategic planning and the development of the business of the Group. However, the Board will keep in view and consider including quantitative criteria in future evaluations where appropriate. </td></tr></table>	Table 5 – Performance Criteria		Performance Criteria	Board and Board Committees	Qualitative	1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability 6. Risk management 7. Succession planning	Quantitative	The Board currently does not evaluate the Board and Board Committees based on quantitative criteria as the Board is of the opinion that it is more important to evaluate the Board and Board Committees on their ability to provide guidance to Management in relation to strategic planning and the development of the business of the Group. However, the Board will keep in view and consider including quantitative criteria in future evaluations where appropriate.
Table 5 – Performance Criteria										
Performance Criteria	Board and Board Committees									
Qualitative	1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability 6. Risk management 7. Succession planning									
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CORPORATE GOVERNANCE REPORT

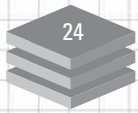
Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election. In FY2016, the review process was as follows: 1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board and the individual Directors based on criteria disclosed in Table 5 above; 2. The results of such assessment were collated and submitted to the NC Chairman who reviewed it together with the NC members; and 3. The NC members discussed the report and where applicable considered any appropriate follow up actions to be undertaken. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his or her performance. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	In FY2016, in relation to the assessment that was done by the Directors, the Directors have on a whole assessed the performance of the Board and Board Committees to be good and there were no particular issues or concerns that were highlighted. On this basis, the Board has met its performance objectives.

Access to Information

6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Table 6 – Types of information provided by key management personnel to Independent Directors		
			Information	Frequency
		1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly
		2.	Updates on the Group’s operations and the markets in which the Group operates in	Quarterly
		3.	Budgets and/or forecasts (with variance analysis) and management accounts (with financial ratios analysis)	Quarterly
		4.	Reports on on-going or planned corporate actions	As and when relevant
		5.	Internal auditors’ (“IA”) report	As and when available
		6.	Research report(s)	As and when requested
		7.	Shareholding statistics	Yearly
Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group’s performance, position and prospects.				

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3	What is the role of the Company Secretary?	The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: - Ensuring that Board procedures are observed and that the Company's Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Cayman Companies Law and the Catalist Rules are complied with; - Assists the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhance long-term shareholder value; - Assists the Chairman to ensure good information flows within the Board and its Board Committees and key management personnel; - Attends and prepares minutes for all Board meetings; - As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and - Assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings. As and when required by the Board, the Company Secretary would: - Facilitate orientation and assist with professional development; - Update key management personnel on any material changes in relation to key compliance requirements under the Catalist Rules, including timely disclosure of material; and - As secretary to all the other Board Committees, assist to ensure coordination and liaison between the Board, the Board Committees and key management personnel.



CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
<u>Developing Remuneration Policies</u>		
7.1	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel; (b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel; (c) reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind; (d) reviewing annually the remuneration of employees who are immediate family members of a Director or CEO whose remuneration exceeds S\$50,000 during the year; (e) reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service; (f) ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; (g) reviewing and administering whether executive directors, non-executive and independent Directors and key management personnel should be eligible for options, share incentives, awards (collectively the "Schemes") and other benefits; (h) administering the Schemes; and (i) perform such other functions and duties as may be required by the relevant Code and Guide.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2016.
<u>Disclosure on Remuneration</u>		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

CORPORATE GOVERNANCE REPORT

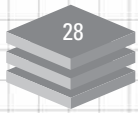
Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																																		
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The breakdown for the remuneration of the Directors in FY2016 was as follows: <table><tr><th colspan="6">Table 9 – Directors' Remuneration</th></tr><tr><th>Name</th><th>Salary (%)*</th><th>Bonus (%)*</th><th>Directors Fees (%)</th><th>Other benefits (%)</th><th>Total (%)</th></tr><tr><td>S\$250,000 to S\$500,000</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Dr Loh Chang Kaan</td><td>91</td><td>9</td><td>–</td><td>–</td><td>100</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Below S\$250,000</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Dr Wang Xiaoning^</td><td>72</td><td>–</td><td>28</td><td>–</td><td>100</td></tr><tr><td>Mdm Zhan Ping</td><td>92</td><td>8</td><td>–</td><td>–</td><td>100</td></tr><tr><td>Mr Aw Eng Hai</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr><tr><td>Professor Zhao Jian</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr><tr><td>Mr Tay Yew Khem</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr></table> * The salary and bonus shown are inclusive of Central Provident Fund ^ The remuneration paid to Dr Wang Xiaoning for his services rendered in FY2016 included those covered under the service agreement. The Company has not disclosed the total remuneration of each individual director in dollar terms given the sensitivity of remuneration matters and to maintain confidentiality of the remuneration packages of these directors. There are no termination, retirement, post-employment benefits that may be granted to the Directors, the CEO and top key management personnel.	Table 9 – Directors' Remuneration						Name	Salary (%)*	Bonus (%)*	Directors Fees (%)	Other benefits (%)	Total (%)	S\$250,000 to S\$500,000						Dr Loh Chang Kaan	91	9	–	–	100							Below S\$250,000						Dr Wang Xiaoning^	72	–	28	–	100	Mdm Zhan Ping	92	8	–	–	100	Mr Aw Eng Hai	–	–	100	–	100	Professor Zhao Jian	–	–	100	–	100	Mr Tay Yew Khem	–	–	100	–	100
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CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The Company had only 3 key management personnel in FY2016. The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2016 was as follows: <table><tr><th colspan="4">Table 9.3 – Remuneration of Key Management Personnel</th></tr><tr><th>Name</th><th>Salary (%)⁽¹⁾</th><th>Bonus (%)⁽¹⁾</th><th>Total (%)</th></tr><tr><td>Below S\$250,000</td><td></td><td></td><td></td></tr><tr><td>Mui Siew Yun⁽²⁾</td><td>100</td><td>–</td><td>100</td></tr><tr><td>Kevin Ng Lai Hock⁽³⁾</td><td>100</td><td>–</td><td>100</td></tr><tr><td>Tang Chen Son⁽⁴⁾</td><td>100</td><td>–</td><td>100</td></tr></table> (1) The salary and bonus shown are inclusive of Central Provident Fund (2) Resigned as Financial Controller (“FC”) on 1 July 2015 (3) Appointed as FC on 1 July 2015 and resigned on 15 February 2016 (4) Appointed as Finance Manager (“FM”) on 15 February 2016 The total remuneration paid to the 3 key management personnel in FY2016 was \$150,813.	Table 9.3 – Remuneration of Key Management Personnel				Name	Salary (%) ⁽¹⁾	Bonus (%) ⁽¹⁾	Total (%)	Below S\$250,000				Mui Siew Yun ⁽²⁾	100	–	100	Kevin Ng Lai Hock ⁽³⁾	100	–	100	Tang Chen Son ⁽⁴⁾	100	–	100
Table 9.3 – Remuneration of Key Management Personnel																										
Name	Salary (%) ⁽¹⁾	Bonus (%) ⁽¹⁾	Total (%)																							
Below S\$250,000																										
Mui Siew Yun ⁽²⁾	100	–	100																							
Kevin Ng Lai Hock ⁽³⁾	100	–	100																							
Tang Chen Son ⁽⁴⁾	100	–	100																							
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S\$50,000 in FY2016.																								
9.5	Please provide details of the employee share scheme(s).	The Company had no employee share schemes during FY2016.																								
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2016. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.																								

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders: <table> <tr> <th colspan="3"><i>Table 9.6(b)</i></th></tr> <tr> <th>Performance Conditions</th><th>Short-term Incentives (such as performance bonus)</th><th>Long-term Incentives</th></tr> <tr> <td>Qualitative</td><td> - Leadership - People development - Commitment - Teamwork - Current market and industry practices </td><td> - Commitment - Current market and industry practices </td></tr> <tr> <td>Quantitative</td><td> - Relative financial performance of the Group in terms of profit to its industry peers. </td><td> - Relative financial performance of the Group in terms of profit to its industry peers. </td></tr> </table>	<i>Table 9.6(b)</i>			Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives	Qualitative	- Leadership - People development - Commitment - Teamwork - Current market and industry practices	- Commitment - Current market and industry practices	Quantitative	Relative financial performance of the Group in terms of profit to its industry peers.	Relative financial performance of the Group in terms of profit to its industry peers.
<i>Table 9.6(b)</i>														
Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives												
Qualitative	- Leadership - People development - Commitment - Teamwork - Current market and industry practices	- Commitment - Current market and industry practices												
Quantitative	Relative financial performance of the Group in terms of profit to its industry peers.	Relative financial performance of the Group in terms of profit to its industry peers.												
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC had reviewed and was satisfied that the performance conditions were met in FY2016.												



CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
11.3	In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2016. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO, FM and IA (refer to Section 11.3(b) below); 2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and 4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the CEO and FM in respect of FY2016. The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances. The Board has additionally relied on IA's reports in respect of operational scope issued to the Company since FY2016 as assurances that the Company's risk management and internal control systems are effective.

CORPORATE GOVERNANCE REPORT

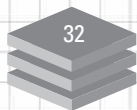
Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.4	What is the role of the AC?	The AC is guided by the following key terms of reference: (a) reviewing the audit plan of the external auditors, including the nature and scope of the audit, before the audit commences; (b) reviewing the results of external audit, in particular, reviewing the effectiveness of the Company's internal audit function, their audit report and their management letter and Management's response thereto; (c) reviewing the co-operation given by the Company's officers to the external auditors; (d) reviewing the significant financial reporting issues and judgments including any significant or unusual items in such reports and accounts so as to ensure the integrity of the financial statements of the Company and the Group and any formal announcements relating to the Company's financial performance and give due consideration to any matters especially major judgemental area and significant audit adjustments that have been raised by the Company's staff responsible for the accounting and financial reporting function, internal auditors or external auditors; (e) reviewing the independence of the external auditors annually and where the external auditors also provide a substantial volume of non-audit services to the Company, keep the nature and extent of such services under review, seeking to maintain objectivity; (f) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of the engagement of the external auditors; (g) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters including but not limited to whistle-blowing policy; (h) reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the Company's internal controls; (i) monitoring the establishment, appointments, staffing, qualifications and experience of the Company's internal audit function, including approval of the appointment and compensation terms of the head of the internal audit function, review of whether the internal audit function is adequately resourced, is independent of the activities it audits, and has appropriate standing within the Company; (j) reviewing, at least annually, the adequacy and effectiveness of the Company's internal audit function; (k) meeting with (a) the external auditors, and (b) the internal auditors, in each case without the presence of Management, at least annually; (l) to discuss problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary); (m) commissioning and reviewing the findings of internal investigations into matters where there is suspicion of fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company and the Group's operating results and/or financial position; and (n) perform such other functions and duties as may be required by the relevant Code and Guide.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
12.5	Has the AC met with the auditors in the absence of key management personnel?	Annually, the AC has met with the IA and the EA separately without the presence of the management and this has been done in FY2016.																		
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.																		
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<table> <tr> <th colspan="3">Table 12.6(a) – Fees Paid/Payable to the EA in FY2016</th></tr> <tr> <th></th><th>S\$</th><th>% of total</th></tr> <tr> <td>Audit fees</td><td>130,000</td><td>92</td></tr> <tr> <td>Non-audit fees</td><td></td><td></td></tr> <tr> <td>– Tax advice</td><td>12,000</td><td>8</td></tr> <tr> <td>Total</td><td>142,000</td><td>100</td></tr> </table>	Table 12.6(a) – Fees Paid/Payable to the EA in FY2016				S\$	% of total	Audit fees	130,000	92	Non-audit fees			– Tax advice	12,000	8	Total	142,000	100
Table 12.6(a) – Fees Paid/Payable to the EA in FY2016																				
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Audit fees	130,000	92																		
Non-audit fees																				
– Tax advice	12,000	8																		
Total	142,000	100																		
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2016 were not substantial.																		
12.7	Does the Company have a whistle-blowing policy?	The AC has in consultation with the Board, initiated the implementation of fraud and whistle-blowing policy for all employees including employees of the Company's overseas subsidiaries. This policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimisation for fraud and whistle-blowing in good faith. To-date, there were no reports received through the whistle blowing mechanism.																		
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2016, the majority of the AC Members are kept up to date with changes to accounting standards and issues which have a direct impact on financial statements in view of their professional background. In addition, the Company will take note of useful courses and highlight these to Directors where appropriate to supplement and keep Directors updated on avenues to gain further competency in accounting and industry-specific knowledge.																		
Internal Audit																				
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to Mazars LLP that reports directly to the AC Chairman and administratively to the CEO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.																		

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through: 1) Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant rules and regulations; 2) Quarterly and full year announcements containing a summary of the financial information and affairs of the Group for that period; 3) Notices of explanatory memorandum for AGMs and extraordinary general meetings ("EGM"). The notices of AGM and EGM are also advertised in a national newspaper; and 4) Press and news releases on major developments of the Company and the Group.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Board endeavours to establish and maintain regular dialogue with shareholders, to gather views or inputs and address shareholder's concern. The Board will also engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at http://www.terratechgroup.com/ .
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends will depend on the Group's earnings, general financial position, results of operations, capital requirements, cash flow, general business condition, development plans and other factors which the Directors may, in their absolute discretion, deem appropriate.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended dividends for FY2016, as the Company reported a net loss of S\$3.6 million in FY2016 due to slowing economic activities in the PRC which in turn affected the demand for its marble related products.



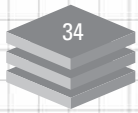
CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in situation of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. All resolutions are put to vote by poll, and their detailed results will be announced at the general meetings, follow by announcements via SGXNET after the conclusion of the general meeting. All minutes of general meetings will be made available to shareholders upon their request after the general meeting.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
<u>Catalist Rule</u>	<u>Rule Description</u>	<u>Company's Compliance or Explanation</u>
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	The Company had on 10 July 2015 entered into the service agreement ("Service Agreement") with Dr Wang Xiaoning pursuant to which the Company has appointed Dr Wang Xiaoning to provide certain services to the Group as described in the circular to the shareholders of the Company dated 11 July 2015. The shareholders of the Company had on 31 July 2015 ratified, confirmed and approved the Service Agreement. Save for the Service Agreement, there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following: • internal controls and the risk management system established by the Company; • works performed by the IA and EA; • assurance from the CEO and FM; and • reviews done by the various Board Committees and key management personnel.

CORPORATE GOVERNANCE REPORT

Catalist Rule	Rule Description	Company's Compliance or Explanation																				
1204(17)	Interested Persons Transaction ("IPT")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. There were no IPTs which were of S\$100,000 and above transacted during FY2016.																				
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results.																				
1204(21)	Non-sponsor fees	In FY2016, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S\$5,000.																				
1204(22)	Use of Proceeds Raised	As at 20 June 2016, the net proceeds raised from the aforementioned share placement exercise had been utilized by the Group according to the intended uses as follows: <table><tr><th></th><th colspan="2">Amount Allocated S\$'000</th><th>Utilised S\$'000</th><th>Balance S\$'000</th></tr><tr><td>To explore investments, acquisitions, strategic alliance and/or joint ventures</td><td>1,611</td><td>60%</td><td>—</td><td>1,611</td></tr><tr><td>General working capital</td><td>1,074</td><td>40%</td><td>1,043⁽¹⁾</td><td>31</td></tr><tr><td>TOTAL</td><td>2,685</td><td>100%</td><td>1,043</td><td>1,642</td></tr></table> (1) The amount allocated for working capital had been utilized mainly for the payment to subcontractor of S\$0.30 million, other expenses of S\$0.38 million and payment of immediate holding company advances of S\$0.36 million.		Amount Allocated S\$'000		Utilised S\$'000	Balance S\$'000	To explore investments, acquisitions, strategic alliance and/or joint ventures	1,611	60%	—	1,611	General working capital	1,074	40%	1,043 ⁽¹⁾	31	TOTAL	2,685	100%	1,043	1,642
	Amount Allocated S\$'000		Utilised S\$'000	Balance S\$'000																		
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General working capital	1,074	40%	1,043 ⁽¹⁾	31																		
TOTAL	2,685	100%	1,043	1,642																		



DIRECTORS' REPORT

The Directors of Terratech Group Limited (the “Company”) are pleased to present this report to the members of the Company together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2016 and the statement of financial position of the Company as at 31 March 2016.

OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company as at 31 March 2016, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2016 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this report are:

Dr Wang Xiaoning
Dr Loh Chang Kaan
Zhan Ping
Aw Eng Hai
Professor Zhao Jian
Tay Yew Khem

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement, whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

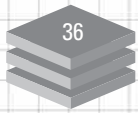
DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of Directors' shareholdings kept by the Company, the undermentioned Directors who held office at the end of the financial year had interests in the shares, warrants, options or debentures of the Company and its related corporations are as follows:

Name of Director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Ordinary shares of SGD0.01 each				
Dr. Wang Xiaoning ⁱ	—	—	386,948,000	386,948,000
Immediate holding company				
<i>Tritech Group Limited</i>				
Ordinary shares				
Dr Wang Xiaoning ⁱ	—	500,000	310,081,554	310,081,554
Aw Eng Hai	765,000	1,765,000	—	—
Dr Loh Chang Kaan	—	500,000	—	—
Immediate holding company				
<i>Tritech Group Limited</i>				
Bonus warrants				
Dr Wang Xiaoning ⁱⁱ	—	—	155,040,777	155,040,777
Aw Eng Hai	382,500	382,500	—	—
Immediate holding company				
<i>Tritech Group Limited</i>				
Performance share plan				
Dr Wang Xiaoning	500,000	—	—	—
Aw Eng Hai	1,000,000	—	—	—
Dr Loh Chang Kaan	500,000	—	—	—

ⁱ Dr. Wang Xiaoning is deemed to be interested in ordinary shares of the Company by virtue of its 30.2% shareholdings in Tritech International Holdings Pte. Ltd. at the beginning and end of the financial year. Tritech International Holdings Pte. Ltd. is deemed to be interested in Tritech Group Limited by virtue of its 39.62% shareholdings in Tritech Group Limited at the beginning and end of the financial year. Tritech International Holdings Pte. Ltd. was placed in voluntary liquidation on 28 April 2015.

ⁱⁱ Dr. Wang Xiaoning is deemed to be interested in warrants of the immediate holding company by virtue of its 30.2% share holdings in Tritech International Holdings Pte. Ltd. at the beginning and end of the financial year.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' shareholdings, the Directors' interests as at 21 April 2016 in the shares or debentures of the Company have not changed from those disclosed as at 31 March 2016. Please refer to the Company's announcements dated 10 June 2016 relating to changes of interests of Dr Wang Xiaoning and Dr Loh Chang Kaan after 21 April 2016.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

SHARE OPTIONS

No options have been granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following who are all Non-Executive and Independent Directors. The members of the AC during the financial year and at the date of this report are:

Aw Eng Hai (Chairman)
Professor Zhao Jian
Tay Yew Khem

The AC performs the functions specified in accordance with the Listing Manual Section B: Rules of Catalist of the SGX-ST and the Code of Corporate Governance (2 May 2012) and the Guidebook for Audit Committees in Singapore (Second Edition). The functions performed are set out in the Corporate Governance Report.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC convened four meetings during the financial year with full attendance from all members. The AC has also met with internal auditors and external auditors, without the presence of the Company's Management, at least once during the financial year.

DIRECTORS' REPORT

AUDITOR

The auditors, Ernst & Young, have expressed their willingness to accept re-appointment.

Additional disclosure requirement of the Listing Manual of the Singapore Exchange Securities Trading Limited

The auditors of the subsidiaries of the Company are disclosed in Note 13 to the financial statements. In the opinion of the board of directors and AC, Rule 715 of the Listing Manual (Section B: Rules of Catalyst) of the SGX-ST has been complied with.

On behalf of the Board of Directors,

Dr Wang Xiaoning

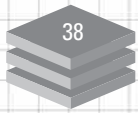
Director

Dr Loh Chang Kaan

Director

Singapore

29 June 2016



INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

TO THE MEMBERS OF TERRATECH GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Terratech Group Limited (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 40 to 97, which comprise the statements of financial position of the Group and the Company as at 31 March 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

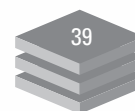
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audits in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

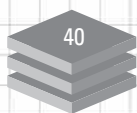
Other matters

The consolidated financial statements of Terratech Group Limited for the year ended 31 March 2015 were audited by Ernst & Young Hong Kong, who expressed an unqualified opinion on 10 July 2015.

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
29 June 2016



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 SGD	2015 SGD
Revenue	5	10,041,429	4,415,400
Cost of sales		(9,582,630)	(4,757,173)
Gross profit/(loss)		458,799	(341,773)
Other income and gains		951,129	99,670
General and administrative expenses		(4,219,888)	(6,503,833)
Selling and distribution expenses		(186,694)	(177,373)
Finance costs	6	(21,549)	(712,274)
Other operating expenses		(272,335)	(4,686,000)
Loss before taxation	7	(3,290,538)	(12,321,583)
Income tax expense	8	(330,198)	—
Loss for the year		(3,620,736)	(12,321,583)
Loss attributable to:			
Owners of the Company		(3,547,020)	(12,263,609)
Non-controlling interests		(73,716)	(57,974)
		(3,620,736)	(12,321,583)
Loss per share:		Cents	Cents
Basic and diluted	9	(0.58)	(2.19)

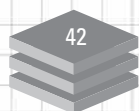
The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 SGD	2015 SGD
Loss for the year		(3,620,736)	(12,321,583)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences arising from translation of foreign operations		(454,690)	516,403
Total comprehensive income for the year		(4,075,426)	(11,805,180)
Total comprehensive income attributable to:			
Owners of the Company		(3,996,274)	(11,747,135)
Non-controlling interests		(79,152)	(58,045)
		(4,075,426)	(11,805,180)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
	Note	2016 SGD	2015 SGD	2016 SGD	2015 SGD
Non-current assets					
Property, plant and equipment	10	5,435,277	5,535,895	—	—
Intangible assets	11	689,618	719,469	—	—
Goodwill	12	1,298,685	1,362,687	—	—
Investments in subsidiaries	13	—	—	32,573,368	24,543,368
Prepayments and deposits	17	—	377,877	—	—
		7,423,580	7,995,928	32,573,368	24,543,368
Current assets					
Inventories	14	3,819,225	3,516,899	—	—
Trade receivables	16	1,539,801	931,719	—	—
Amounts due from contract customers	15	119,999	274,310	—	—
Prepayments, deposits and other receivables	17	999,348	1,374,175	42,752	205,098
Due from a fellow subsidiary	30(b)	9,718	222,767	—	—
Due from subsidiaries	30(b)	—	—	6,168,556	12,808,014
Pledged deposits	18	—	98,727	—	—
Cash and cash equivalents	18	793,383	2,888,215	3,314	2,065,787
		7,281,474	9,306,812	6,214,622	15,078,899
Current liabilities					
Trade payables	19	766,512	303,421	—	68,745
Other payables and accruals	20	2,446,980	1,653,075	1,003,134	397,136
Tax payable		330,198	—	—	—
Amounts due to contract customers	15	79,207	—	—	—
Interest-bearing bank and other borrowings	23	156,943	553,661	—	—
Due to immediate holding company	30(b)	365,000	—	365,000	—
		4,144,840	2,510,157	1,368,134	465,881
Net current assets		3,136,634	6,796,655	4,846,488	14,613,018
Total assets less current liabilities		10,560,214	14,792,583	37,419,856	39,156,386
Non-current liabilities					
Interest-bearing bank and other borrowings	23	27,372	184,315	—	—
Net assets		10,532,842	14,608,268	37,419,856	39,156,386
Equity attributable to the equity holders of the Company					
Issued capital	24	6,150,420	6,150,420	6,150,420	6,150,420
Reserves	26	4,331,580	8,327,854	31,269,436	33,005,966
		10,482,000	14,478,274	37,419,856	39,156,386
Non-controlling interests		50,842	129,994	—	—
Total equity		10,532,842	14,608,268	37,419,856	39,156,386

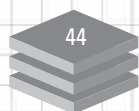
The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

Group	Attributable to the parent								
	Issued capital (Note 24)	Share premium (Note 26)	Capital reserve (Note 26)	Deemed contribution (Note 21)	Foreign currency translation reserve		Accumulated losses	Non-controlling interests	Total equity
					SGD	SGD			
At 1 April 2014	430,108	—	—	89,831	117,929	(19,745,471)	(19,107,603)	—	(19,107,603)
Loss for the year	—	—	—	—	—	(12,263,609)	(12,263,609)	(57,974)	(12,321,583)
Other comprehensive income	—	—	—	—	516,474	—	516,474	(71)	516,403
Exchange differences arising from translation of foreign operations	—	—	—	—	516,474	(12,263,609)	(11,747,135)	(58,045)	(11,805,180)
Total comprehensive income for the year	—	—	—	—	—	—	—	—	—
Contributions by and distributions to owners	—	—	—	—	—	—	—	—	—
Issue of shares from restructuring exercise	4,300,000	4,136,000	—	—	—	—	8,436,000	—	8,436,000
Adjustment from restructuring exercise	(430,108)	430,108	—	—	—	—	—	—	—
Issue of new shares in connection with initial public offering	435,000	9,570,000	—	—	—	—	10,005,000	—	10,005,000
Share issue expenses	—	(1,493,510)	—	—	—	—	(1,493,510)	—	(1,493,510)
Issue of shares to the sponsor	52,180	1,147,960	—	—	—	—	1,200,140	—	1,200,140
Issue of shares upon conversion of convertible bonds	1,363,240	25,754,673	—	(89,831)	—	—	27,028,082	—	27,028,082
Grant of equity-settled share awards to employees and directors	—	—	157,300	—	—	—	157,300	—	157,300
Acquisition of a subsidiary	—	—	—	—	—	—	—	188,039	188,039
At 31 March 2015	6,150,420	39,545,231	157,300	—	634,403	(32,009,080)	14,478,274	129,994	14,608,268
At 1 April 2015	6,150,420	39,545,231	157,300	—	634,403	(32,009,080)	14,478,274	129,994	14,608,268
Loss for the year	—	—	—	—	—	(3,547,020)	(3,547,020)	(73,716)	(3,620,736)
Other comprehensive income	—	—	—	—	(449,254)	—	(449,254)	(5,436)	(454,690)
Exchange differences arising from translation of foreign operations	—	—	—	—	(449,254)	(3,547,020)	(3,996,274)	(79,152)	(4,075,426)
Total comprehensive income for the year	—	—	—	—	—	—	—	—	—
At 31 March 2016	6,150,420	39,545,231	157,300	—	185,149	(35,556,100)	10,482,000	50,842	10,532,842

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Company

	Issued Capital (Note 24) SGD	Share premium (Note 26) SGD	Capital reserve (Note 26) SGD	Accumulated losses SGD	Total SGD
At 1 April 2014	430,108	—	—	(518,327)	(88,219)
Loss and total comprehensive loss for the year	—	—	—	(6,178,238)	(6,178,238)
Issue of shares from restructuring exercise	4,300,000	4,136,000	—	—	8,436,000
Adjustment from restructuring exercise	(430,108)	430,108	—	—	—
Issue of new shares in connection with initial public offering	435,000	9,570,000	—	—	10,005,000
Share issue expenses	—	(1,493,510)	—	—	(1,493,510)
Issue of shares to the sponsor	52,180	1,147,960	—	—	1,200,140
Issue of shares upon conversion of convertible bonds	1,363,240	25,754,673	—	—	27,117,913
Grant of equity-settled shares to employees and directors	—	—	157,300	—	157,300
At 31 March 2015	6,150,420	39,545,231	157,300	(6,696,565)	39,156,386
Loss and total comprehensive loss for the year	—	—	—	(1,736,530)	(1,736,530)
At 31 March 2016	6,150,420	39,545,231	157,300	(8,433,095)	37,419,856

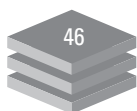
The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 SGD	2015 SGD
Cash flows from operating activities			
Loss before taxation		(3,290,538)	(12,321,583)
Adjustments for:			
Impairment of trade receivables, net	7	215,871	191,841
Reversal on impairment of other receivables	7	(175,753)	—
Write-off of property, plant and equipment	7	10,424	—
(Reversal)/write-down of inventories to net realisable value	7	(257,851)	1,492,230
Finance costs	6	21,549	712,274
Fair value loss of derivative financial instruments	7	—	3,001,929
Depreciation of property, plant and equipment	7	662,921	621,671
Amortisation of intangible assets	7	18,172	11,782
Equity-settled share-based compensation expenses	25	—	157,300
Interest income	7	(1,065)	(2,204)
Operating cash flows before changes in working capital		(2,796,270)	(6,134,760)
Increase in inventories		(44,475)	(1,954,499)
Decrease/(increase) in prepayments, deposits and other receivables		928,458	(20,591)
Increase in trade receivables		(823,953)	(558,341)
Decrease/(increase) in amounts due from contract customers		233,518	(256,186)
Decrease/(increase) in amount due from a fellow subsidiary		213,049	(222,767)
Increase/(decrease) in trade payables		463,091	(162,993)
Increase in other payables and accruals		793,905	2,398,140
Increase in amount due to the immediate holding company		—	2,200,446
Decrease in amounts due to a fellow subsidiary		—	(389)
Cash flows used in operations		(1,032,677)	(4,711,940)
Interest received		1,065	2,204
Interest element of finance lease rental payments		(11,364)	(29,626)
Interest paid		(10,185)	(25,177)
Net cash flows used in operating activities		(1,053,161)	(4,764,539)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(701,059)	(807,567)
Acquisition of a subsidiary	27	—	(1,993,312)
Decrease in pledged deposits		98,727	92,330
Net cash flows used in investing activities		(602,332)	(2,708,549)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 SGD	2015 SGD
Cash flows from financing activities			
Loan from immediate holding company		365,000	—
Repayment of bank borrowings		(330,450)	—
Proceeds from issuance of shares		—	10,005,000
Share issue expenses		—	(1,493,510)
Interest paid on convertible bonds		—	(95,343)
Capital element of finance lease rental payment		(223,211)	(658,711)
Net cash (used in)/generated from financing activities		(188,661)	7,757,436
Net (decrease)/increase in cash and cash equivalents		(1,844,154)	284,348
Effect of foreign exchange rate changes, net		(250,678)	114,611
Cash and cash equivalents at beginning of year		2,888,215	2,489,256
Cash and cash equivalents at end of year	18	793,383	2,888,215

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. The Company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 July 2014. The address of the Company's registered office is the office of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is at 2 Kaki Bukit Place, #07-00 Trittech Building, Singapore 416180.

The Company is an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 13.

The ultimate and immediate holding company of the Company is Trittech Group Limited ("TGL"), which is listed on the Catalist Board of the SGX-ST. TGL was incorporated in Singapore.

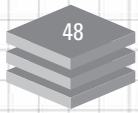
1.1 The restructuring exercise

In the financial year ended 31 March 2015, the Group undertook the restructuring exercise in preparation for its listing on the Catalist Board of Singapore Exchange Securities Trading Limited.

The Company was incorporated on 15 March 2013 as a private company limited by shares, with initial subscriber share capital of 380,000 Hong Kong Dollar ("HK\$"), for the purpose of becoming the holding company of the Group.

On 20 June 2014, the Company, Terratech Resources Pte. Ltd. ("Terratech Resources") and TGL entered into an agreement (the "Restructuring Agreement") pursuant to which, inter alia:

- (a) the Company agreed to assume the liability of Terratech Resources to repay or procure a conversion of the conversion amount in respect of the convertible bonds into conversion shares in accordance with the terms of the convertible bond agreement, and in settlement and satisfaction of the corresponding amount deemed due and owing by Terratech Resources to the Company as a result thereof (the "Convertible Bonds Settlement Amount"), Terratech Resources agreed to issue and allot 156,772,600 new ordinary shares in the capital of Terratech Resources to the Company (the "Convertible Bonds Settlement Shares");
- (b) TGL agreed to subscribe for and Terratech Resources agreed to issue and allot 84,360,000 new ordinary shares in the capital of Terratech Resources (the "Shareholder's Loans Shares") by way of capitalisation of advances and loans of an aggregate principal amount of SGD8.436 million made by TGL to Terratech Resources (the "Shareholder's Loans"); and



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

1. CORPORATE INFORMATION (CONTINUED)

1.1 The restructuring exercise (Continued)

(c) TGL agreed to sell, and the Company agreed to purchase, the entire equity interest legally and beneficially owned by TGL in Terratech Resources comprising:

- (i) 4,301,075 shares in the capital of Terratech Resources held by (the "Existing Shares"); and
- (ii) the Shareholder's Loans Shares held by TGL pursuant to capitalisation of the Shareholder's Loans as further described in paragraph (b) above,

and following the issuance of the Convertible Bonds Settlement Shares and the Shareholder's Loans Shares, for a consideration of SGD4,299,999.99 (the "Terratech Acquisition Consideration"), to be settled and satisfied by way of the issue and allotment of 429,999,999 new Shares, credited as fully paid up, to be issued and allotted to TGL (the "Consideration Shares").

On 20 June 2014, following the issue and allotment of the Shareholder's Loans Shares by Terratech Resources to TGL, TGL transferred the Existing Shares and the Shareholder's Loans Shares to the Company, and the Company issued and allotted the Consideration Shares to TGL.

Pursuant to the completion of the restructuring exercise, (i) the Company held 100% of the enlarged issued and paid-up share capital of Terratech Resources of SGD24,543,367.50, comprising 245,433,675 ordinary shares in the capital of Terratech Resources; and (ii) TGL held 100% of the enlarged issued and paid-up share capital of the Company of SGD4,300,000, comprising 430,000,000 ordinary shares of par value SGD0.01 each in the share capital of the Company.

As a result of the restructuring exercise, the Company became the immediate holding company of Terratech Resources Pte. Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "\$"), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group, that have been issued but not yet effective.

Description	Effective for annual periods beginning on or after
IFRS 9 <i>Financial Instruments</i>	1 January 2018
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019

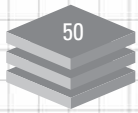
The nature of the impending changes in accounting policy on adoption of IFRS 9, IFRS 15 and IFRS 16 is described below.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for classification and measurement, impairment of financial assets and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supercede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

IFRS 16 Leases

IFRS 16 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The Group is currently assessing the impact of IFRS16 and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation and business combinations

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

a) *Basis of consolidation (Continued)*

- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

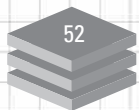
The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

In business combinations achieved in stages, the previously held equity interests in the acquiree are remeasured to fair value at acquisition date and any corresponding gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) *Business combinations and goodwill (Continued)*

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has a rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

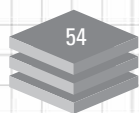
Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Related parties (Continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.9 Property, plant and equipment and depreciation

All items of the property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis over its estimated useful life as follows:

Leasehold improvements	33 years
Plant and machinery	10 years
Furniture, fixtures and equipment	3 – 10 years
Motor vehicles	6 years

Depreciation of mining infrastructure is calculated using the unit-of-production ("UOP") method to write off the cost of the assets proportionate to the extraction of the proved and probable mineral reserves. The Group's mining rights is for a period of 33 years. The total UOP is estimated based on production of the period of 33 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognised.

Construction in progress represents property, plant and equipment under construction and pending installation, including mining infrastructure. Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Stripping activities

Stripping activity asset shall be recognised, if and only if, all of the following are met:

- a) it is probable that the future economic benefit (improved access to the marble reserves) associated with the stripping activity will flow to the Group;
- b) the Group can identify the component of the ore body for which access has been improved; and
- c) the costs relating to the stripping activity associated with that component can be measured reliably.

When the costs of the stripping activity asset and the inventories produced are not separately identifiable, the Group shall allocate the production stripping costs between the inventories produced and the stripping activity asset by using an allocation basis that is based on quantities of waste removed in stripping activity and inventory production.

The stripping activity asset is included in mining infrastructure and shall be depreciated in accordance with policy as disclosed in Note 2.9.

2.11 Intangible assets

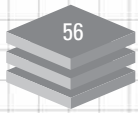
Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (Continued)

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entity concerned and the proved and probable reserves of the mines using the UOP method. Mining rights are written off to the statement of profit or loss if the mining property is abandoned.

2.12 Leases

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(a) *Financial assets (Continued)*

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction cost.

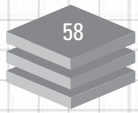
Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(b) *Financial liabilities (Continued)*

Subsequent measurement (Continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholder's equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

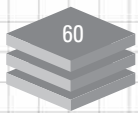
To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories (Continued)

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxes (Continued)

b) *Deferred tax*

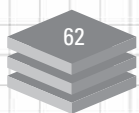
Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxes (Continued)

b) Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are insignificant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition (Continued)

b) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below.

c) Interest Income

Interest income is recognised using the effective interest method.

2.20 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

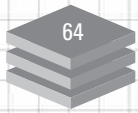
When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Contract revenue comprises the agreed contract and variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that are related directly to a specific contract comprise: site labour costs (including site supervision); cost of materials used in construction; depreciation of equipment used on the contract; cost of designs and technical assistance that is directly related to the contract.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

a) *Defined contribution plans*

The employees of the Group's subsidiaries which operate in Singapore, Malaysia and the People's Republic of China ("PRC") are required to participate in central pension schemes operated by respective local municipal governments. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 Foreign currency

These financial statements are presented in SGD, which is also the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Foreign currency (Continued)

a) *Transactions and balances (Continued)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES

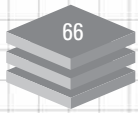
The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the asset or liability affected in the future periods.

3.1 Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currency of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales price. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

3.1 Judgement made in applying accounting policies (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Judgement is required in determining whether any indicator exists. Management did not identify any indicator of impairment.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2016 was SGD1,298,685 (2015: SGD1,362,687). Further details are given in Note 12.

Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation and actions of the Group's competitors. Management will increase the depreciation where useful lives are less than those previously estimated, or it will record a reserve for technically obsolete assets that have been abandoned. The carrying amount of property, plant and equipment as at 31 March 2016 was SGD5,435,277 (2015: SGD5,535,895). Further details are given in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

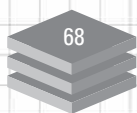
Quarry reserves

Engineering estimates of the Group's quarry reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated quarry reserves can be designated as "proved" and "probable". Proved and probable quarry reserve estimates are updated at regular intervals taking into account recent production and technical information about each quarry. In addition, as prices and cost levels change from year to year, the estimate of proved and probable quarry reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in the amortisation rate calculated using UOP method. Changes in the estimate of quarry reserves are also taken into account in impairment assessments of non-current assets. Further details are contained in Note 11.

Taxes

The Group has exposure to income taxes in the tax jurisdictions that its subsidiaries operate in. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 8.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. During the year ended 31 March 2016, the Group's operations consist principally of mining development activities, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's management for the purposes of resources allocation and performance assessment. Management regarded the construction business as part of the mining business as it is intended to use the products from the mine.

Geographical information

(a) Revenue from external customers

	Group	
	2016 SGD	2015 SGD
Mainland China	9,652,786	4,259,584
Singapore	355,971	—
Malaysia	32,672	155,816
	<u>10,041,429</u>	<u>4,415,400</u>

The revenue information above is based on the operations of the Group.

(b) Non-current assets

	Group	
	2016 SGD	2015 SGD
Mainland China	44,879	64,218
Malaysia	7,378,701	7,931,710
	<u>7,423,580</u>	<u>7,995,928</u>

The non-current asset information above is based on the locations of the assets.

5. REVENUE

An analysis of revenue is as follows:

	Group	
	2016 SGD	2015 SGD
Sales of marble products	701,957	4,148,395
Construction contracts	9,339,472	267,005
	<u>10,041,429</u>	<u>4,415,400</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

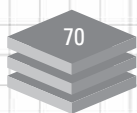
6. FINANCE COSTS

	Group	
	2016 SGD	2015 SGD
Interest on bank loans, overdrafts and other loans wholly repayable within five years	10,185	25,177
Interest on convertible bonds	–	657,471
Interest on finance leases	11,364	29,626
	21,549	712,274

7. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting):

	Notes	Group	
		2016 SGD	2015 SGD
Cost of inventories sold		441,789	4,495,508
Cost of construction		9,140,841	261,665
Audit fees to auditors of the Company		130,000	196,429
Non-audit fees to auditors of the Company		12,000	356,244
Depreciation of property, plant and equipment	10	662,921	621,671
Amortisation of intangible assets	11	18,172	11,782
Minimum lease payments under operating leases:			
Equipment		1,626	2,557
Land and buildings		130,608	229,852
Employee benefit expense			
Wages, salaries and bonuses		1,605,774	1,446,090
Pension scheme contributions (defined contribution schemes)		62,135	59,890
Equity-settled share-based payments		–	85,800
Interest income		(1,065)	(2,204)
Reversal on impairment of other receivables		(175,753)	–
Rental income		(54,939)	–
Foreign exchange differences, net		63,058	449,887
Impairment losses of trade receivables, net	16	215,871	191,841
(Reversal)/write-down of inventories to net realisable value, net	14	(257,851)	1,492,230
Fair value changes of derivatives		–	3,001,929
Write-off of an item of property, plant and equipment	10	10,424	–



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Pursuant to the income tax rules and regulations in Singapore, Malaysia and the PRC, the subsidiaries located in Singapore, Malaysia and the PRC are liable to Singapore corporate income tax at 17%, Malaysia corporate income tax at 25% and the PRC corporate income tax at 25%, respectively, on the assessable profits generated in these countries.

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

	Group	
	2016	2015
	SGD	SGD
Consolidated income statement:		
Current income tax:		
Current income tax	330,198	–
(Over)/under provision in respect of previous years	–	–
Income tax expense recognised in profit or loss	<u>330,198</u>	<u>–</u>

A reconciliation of the tax applicable to loss before taxation at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Group	
	2016	2015
	SGD	SGD
Loss before tax	<u>(3,290,538)</u>	<u>(12,321,583)</u>
Tax at the statutory tax rate	(559,392)	(2,094,669)
Higher tax rate enacted by local authorities	(172,857)	(378,842)
Income not subject to tax	(341,252)	(183,435)
Expenses not deductible for tax	712,744	1,612,510
Deferred tax assets not recognised	701,705	1,044,436
Others	(10,750)	–
Tax charge at the Group's effective rate	<u>330,198</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

8. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets

As at 31 March 2016, the Group has unutilised tax losses amounting to approximately SGD18,766,505 (2015: SGD15,884,000), which are subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Company and its subsidiaries operate. The tax losses have no expiry date.

Deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits.

9. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing loss for the year attributable to the owners of the Company by the weighted average number of ordinary shares of 615,042,003 (2015: 560,023,071).

Diluted loss per share amounts are calculated by dividing the loss for the year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Diluted loss per share for the years ended 31 March 2016 and 31 March 2015 are the same as the basic loss per share because there are no potential dilutive instruments present at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Mining infrastructure	Construction in progress	Total
31 March 2015	SGD	SGD	SGD	SGD	SGD	SGD	SGD
Cost							
At 1 April 2014	55,325	5,007,477	110,638	109,956	921,247	433,990	6,638,633
Additions	—	338,996	17,597	82,167	59,178	309,629	807,567
Acquisition of a subsidiary (Note 27)	—	14,591	24,528	—	—	—	39,119
Transfer	—	538,355	—	—	—	(538,355)	—
Exchange realignment	—	(29,216)	(1,518)	(5,525)	(39,542)	(7,848)	(83,649)
At 31 March 2015 and 1 April 2015	55,325	5,870,203	151,245	186,598	940,883	197,416	7,401,670
Additions	—	12,000	955	—	618,565	69,539	701,059
Write off	—	(19,305)	(151)	(1,029)	—	—	(20,485)
Exchange realignment	—	(50,001)	(8,113)	(12,034)	(60,792)	(13,399)	(144,339)
At 31 March 2016	55,325	5,812,897	143,936	173,535	1,498,656	253,556	7,937,905
Accumulated depreciation							
At 1 April 2014	5,533	1,118,971	21,770	44,327	62,107	—	1,252,708
Depreciation	5,533	553,273	17,050	31,185	14,630	—	621,671
Exchange realignment	—	(2,121)	(759)	(2,651)	(3,073)	—	(8,604)
At 31 March 2015 and 1 April 2015	11,066	1,670,123	38,061	72,861	73,664	—	1,865,775
Depreciation	5,532	588,108	20,477	32,545	16,259	—	662,921
Write off	—	(9,330)	(73)	(657)	—	—	(10,060)
Exchange realignment	—	(3,660)	(2,502)	(4,809)	(5,037)	—	(16,008)
At 31 March 2016	16,598	2,245,241	55,963	99,940	84,886	—	2,502,628
Net carrying amount							
At 31 March 2015	44,259	4,200,080	113,184	113,737	867,219	197,416	5,535,895
At 31 March 2016	38,727	3,567,656	87,973	73,595	1,413,770	253,556	5,435,277

The net carrying amount of the Group's fixed assets held under finance leases included in the total amount of plant and machinery and motor vehicles as at 31 March 2016 was SGD463,024 (2015: SGD1,420,041).

Sensitivity to changes in assumptions

Increase in estimated useful life of plant and machinery by 1 year would result in increase of approximately \$50,000 in the net book value, while decrease in estimated useful life by 1 year would result in reduction of approximately \$61,000 in the net book value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

11. INTANGIBLE ASSETS

Group	Mining rights SGD
Cost:	
At 1 April 2014	824,247
Exchange realignment	(8,288)
At 31 March 2015 and 1 April 2015	815,959
Exchange realignment	(13,601)
At 31 March 2016	802,358
Accumulated amortisation:	
At 1 April 2014	85,882
Provided during the year	11,782
Exchange realignment	(1,174)
At 31 March 2015 and 1 April 2015	96,490
Provided during the year	18,172
Exchange realignment	(1,922)
At 31 March 2016	112,740
Net carrying amount:	
At 31 March 2015	719,469
At 31 March 2016	689,618

The Group has exclusive rights to explore, develop, quarry, extract, remove and sell marble and/or other stones for commercial sale or consumption on a piece of land known as Lot 1781, PN 4112, Mukim Ulu Nenggiri, Jajahan Gua Musang, Kelantan Darul Naim, of approximately 25.94 hectares which is owned by Kelantan State Economic Development Corporation. This quarry is operated by the Company's indirectly wholly-owned subsidiary, CEP Resources Entity Sdn. Bhd. The Group was granted the right to possess the quarry for a term of 33 years up to 26 January 2044.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

12. GOODWILL

Group	Note	SGD
Cost at 1 April 2014		–
Acquisition of a subsidiary	27	1,362,687
Net carrying amount as at 31 March 2015		1,362,687
At 31 March 2015 and 1 April 2015		
Cost		1,362,687
Exchange realignment		(64,002)
Net carrying amount as at 31 March 2016		1,298,685

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the construction cash-generating unit for impairment testing.

The recoverable amount of the construction cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.0%. The growth rate used to extrapolate the cash flows of the construction unit beyond the five-year period is 3.0%.

Assumptions were used in the value in use calculation of the above cash generating unit for 31 March 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue – The basis used to determine the value assigned to the revenue is the average revenue achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Other income and expenses – The basis used to determine the amount assigned to the other income and expenses, increased for inflation for China where the other income and expenses are incurred.

The values assigned to the key assumptions on market development of the construction industry, discount rate and other income and expenses are consistent with external information sources.

Sensitivity to changes in assumptions

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the recoverable amount of the CGU to be materially lower than their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	SGD	SGD
Unquoted shares, at cost	<u>32,573,368</u>	<u>24,543,368</u>

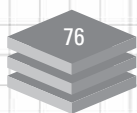
Details of subsidiaries are as follows:

Name of Company (Place of incorporation/ operations)	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
		2016		2015		
		Direct	Indirect	Direct	Indirect	
Terratech Resources Pte. Ltd. ¹ (Singapore)	SGD32,573,368	100%	—	100%	—	Investment holding, sales and marketing outside of PRC/ Singapore
CEP Resources Entity Sdn. Bhd. ² (Malaysia)	RM500,000	—	100%	—	100%	Exploration, development and extraction of marble and production of marble products
Qingdao Terratech Resources Co., Ltd. ^{3, 4} (PRC)	RMB6,135,833	—	100%	—	100%	Sales and marketing in PRC
Shaanxi Hengyu Architectural Interior Engineering Co., Ltd. ^{3, 4} (PRC)	RMB15,000,000	—	80%	—	80%	Undertaking interior and exterior decoration work

¹ Audited by Ernst & Young LLP Singapore² Audited by Ernst & Young Malaysia³ Not required to be audited under law in its country of incorporation⁴ The English name of this company represents the best effort made by management of the Company to directly translate its Chinese name as it did not register any official English name

Acquisition of subsidiary

During the year ended 31 March 2015, the Group acquired Shaanxi Hengyu Architectural Interior Engineering Co., Ltd. from an independent third party. Further details of this acquisition are included in Note 27.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Interest in a subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Loss allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
		%	SGD	SGD
31 March 2016:				
Shaanxi Hengyu Architectural Interior Engineering Co., Ltd. ("Hengyu")	PRC/Mainland China	20	(79,152)	50,842
31 March 2015:				
Shaanxi Hengyu Architectural Interior Engineering Co., Ltd. ("Hengyu")	PRC/Mainland China	20	(58,045)	129,994

Summarised financial information about a subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of a subsidiary with material NCI are as follows:

Summarised balance sheet

	Hengyu	
	2016 SGD	2015 SGD
Current		
Assets	2,146,005	1,431,112
Liabilities	(1,920,260)	(820,845)
Net current assets	225,745	610,267
Non-current		
Assets	28,464	39,699
Liabilities	—	—
Net non-current assets	28,464	39,699
Net assets	254,209	649,966

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**Summarised financial information about a subsidiary with material NCI (Continued)*****Summarised statement of comprehensive income***

	Hengyu	
	2016	2015
	SGD	SGD
Revenue	9,339,472	267,005
Loss before tax	(39,225)	(289,870)
Income tax expense	(329,355)	—
Loss after tax	(368,580)	(289,870)
Other comprehensive income	—	—
Total comprehensive income	(368,580)	(289,870)

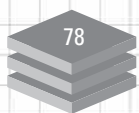
14. INVENTORIES

	Group	
	2016	2015
	SGD	SGD
Consumable materials	18,884	—
Finished goods	3,800,341	3,516,899
At cost and net realisable value	3,819,225	3,516,899

The reversal of write-down of inventories amounting to S\$257,851 was made when the related inventories were sold above their carrying amount in 2015.

15. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2016	2015
	SGD	SGD
Aggregate amount of costs incurred and recognised profits to date	5,005,248	570,751
Less: Progress billings	(4,964,456)	(296,441)
	40,792	274,310
Presented as:		
Amounts due from contract customers	119,999	274,310
Amounts due to contract customers	(79,207)	—
	40,792	274,310



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

16. TRADE RECEIVABLES

	Group	
	2016	2015
	SGD	SGD
Trade receivables	1,939,828	1,123,560
Less: Impairment	(400,027)	(191,841)
	1,539,801	931,719

Trade receivables are non-interest bearing and are generally on 90 days' credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The carrying amounts of trade receivables approximated to their fair values.

Trade receivables denominated in foreign currencies at 31 March are as follows:

	Group	
	2016	2015
	SGD	SGD
Chinese Renminbi	1,317,343	789,734
United States Dollar	205,986	141,249
Malaysia Ringgit	16,472	736

The movement in the provision for impairment of trade receivables, including both individually and collectively assessed components, is as follows:

	Group	
	2016	2015
	SGD	SGD
At beginning of year	191,841	—
Impairment losses, net (Note 7)	215,871	191,841
Exchange realignment	(7,685)	—
At end of year	400,027	191,841

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to customers that have been in default for prolonged periods and there is significant uncertainty over the recovery of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

16. TRADE RECEIVABLES (CONTINUED)**Receivables that are past due but not impaired**

The Group has trade receivables amounting to SGD1,212,552 (2015: SGD405,741) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

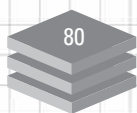
	Group	
	2016 SGD	2015 SGD
Trade receivables past due but not impaired:		
Lesser than 30 days	56,086	—
30 – 60 days	140,538	—
60 – 90 days	10,113	—
More than 90 days	1,005,815	405,741
	1,212,552	405,741

Receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no further provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the carrying amounts of these balances are still considered fully recoverable.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2016 SGD	2015 SGD	2016 SGD	2015 SGD
Prepayments	194,473	1,047,812	38,278	205,098
Deposits	648,191	374,492	—	—
Other receivables	156,684	329,748	4,474	—
	999,348	1,752,052	42,752	205,098
Less: Non-current portion	—	(377,877)	—	—
Current portion	999,348	1,374,175	42,752	205,098

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 SGD	2015 SGD	2016 SGD	2015 SGD
Cash and bank balances	793,383	2,888,215	3,314	2,065,787
Time deposits	–	98,727	–	–
	793,383	2,986,942	3,314	2,065,787
Less: Pledged deposits:				
Pledged for long term bank loans (Note 23)	–	(98,727)	–	–
Cash and cash equivalents	793,383	2,888,215	3,314	2,065,787

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

At 31 March 2016, the cash and bank balances of the Group denominated in Renminbi (“RMB”) was SGD447,659 (2015: SGD240,547). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

Cash and bank balances denominated in foreign currencies as at 31 March are as follows:

	Group	
	2016 SGD	2015 SGD
Chinese Renminbi	447,659	240,547
Malaysian Ringgit	308,022	164,396

19. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled on 30 days’ terms.

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 SGD	2015 SGD	2016 SGD	2015 SGD
Accrued operating expenses	1,005,437	895,285	865,167	353,639
Other payables	1,441,543	757,790	137,967	43,497
	2,446,980	1,653,075	1,003,134	397,136

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

21. CONVERTIBLE BONDS

On 23 November 2012, a subsidiary, Terratech Resources Pte. Ltd., issued convertible bonds with a nominal value of SGD15,000,000 with interest of 4% for the first twelve months, and 8% thereafter up to the date that is 3 years from the date of issuance of the convertible bonds ("Maturity Date"). The convertible bonds are convertible into new ordinary shares of the subsidiary which are allotted and credited as fully paid upon the following conditions:

- i) listing of the shares of the subsidiary or other listing vehicle whose assets include some or all of the assets of the Group on any international recognised stock exchange (other than The Stock Exchange of Hong Kong Limited ("the Stock Exchange")) as maybe approved in writing by the majority bondholder, upon the issuance of the in-principle approval to list or eligibility-to-list letter (or its equivalent) by any international recognised stock exchange;
- ii) at the election of the majority bondholder at its discretion;
- iii) acquisition of Terratech Resources Pte. Ltd. by another entity pursuant to a trade sale or buyout or similar event by means of any transaction or series of related transactions to which Terratech Resources Pte. Ltd. is a party other than a transaction or series of transactions in which the holders of the voting securities of Terratech Resources Pte. Ltd. outstanding immediately before such transaction continue to retain at least 50% of the total voting power represented by the voting securities of Terratech Resources Pte. Ltd. or such surviving entity outstanding immediately after such transactions or series of transactions; or
- iv) a sale, lease or other conveyance of all or substantially all of the assets of Terratech Resources Pte. Ltd. pursuant to a trade sale or buyout or similar event, other than pursuant to a restructuring, reorganisation, merger, amalgamation or consolidation pursuant to or in connection with a listing of Terratech Resources Pte. Ltd. or as approved in writing by the majority bondholder.

Upon the Company notifying all the bondholders in writing that the hearing of the listing committee of the Stock Exchange in respect of the listing of the shares of the Company on the Stock Exchange has taken place, it shall be mandatory for all the bondholders to convert all of the outstanding convertible bonds into new ordinary shares of the Company at a conversion price of 50% discount.

The convertible bonds are convertible into new ordinary shares of the Company at a conversion price of 50% discount to the Initial Public Offering (the "IPO") price upon successful IPO on any international recognised stock exchange (other than the Stock Exchange). In case of IPO failure, the convertible bonds are either convertible into ordinary shares of Trittech Group Limited ("Trittech") at a 10% discount from the average volume weighted closing prices of Trittech Group Limited's shares for the 10 or 30 consecutive market days or redeemable at principal plus premium of 15% per annum from the issuance date to the redemption date.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

21. CONVERTIBLE BONDS (CONTINUED)

Any convertible bonds not converted will be redeemed on or prior to the maturity date and upon the failure to list on the Stock Exchange at a price equivalent to the principal amount plus a premium of 15% per annum from the date of issuance of the bonds to the date of redemption. The bonds carry interest which is payable yearly in arrears on 23 November.

Based on the terms and conditions of the bonds, except for the deemed contribution relating to the exchangeable right to Trittech's shares and the guarantee provided by Trittech as described above, it is determined to be a hybrid instrument. This hybrid instrument is separated into two components, being financial liability and embedded derivative. The fair values of the liability component of the bonds determined as at 31 March 2015 are as follows.

	Group 2015 SGD
Derivative component	
Balance at the beginning of the year	9,417,129
Fair value loss	3,001,929
Less: conversion of the shares	(12,419,058)
Balance as at 31 March	–
Liability component	
Balance at the beginning of the year	14,046,896
Interest expense	657,471
Interest paid	(95,343)
Less: conversion of the shares	(14,609,024)
Balance as at 31 March	–
Less: conversion of the shares	–
Non-current liability portion	–
Equity component	
Deemed contribution	89,831
Transfer to share premium	(89,831)
	–

On 20 June 2014, the Company entered into an agreement with the subsidiary, Terratech Resources and TGL as disclosed in Note 1.1. During the financial year ended 31 March 2015, the bonds were converted and effectively settled by the issuance of new shares by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

22. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery for its quarrying business. These leases are classified as finance leases and have remaining lease terms ranging from one to two years.

Total future minimum lease payments under finance leases and their present values were as follows:

	Group			
	Minimum lease payments 2016 SGD	Minimum lease payments 2015 SGD	Present value of minimum lease payments 2016 SGD	Present value of minimum lease payments 2015 SGD
Amounts payable:				
Within one year	161,335	229,025	156,943	217,661
In the second year	27,501	188,836	27,372	184,315
In the third to fifth years, inclusive	—	—	—	—
Total minimum finance lease payments	188,836	417,861	184,315	401,976
Future finance charges	(4,521)	(15,885)		
Total net finance lease payables	184,315	401,976		
Portion classified as current liabilities (Note 23)	(156,943)	(217,661)		
Non-current portion (Note 23)	27,372	184,315		

Notes:

- (a) As at 31 March 2015, part of the Group's finance lease payables amounted to SGD67,689 was secured by the pledge of time deposits amounting to SGD98,727. These finance lease were settled and the time deposits were matured during the financial year ended 31 March 2016.
- The Group's immediate holding company, Trittech Group Limited, and its fellow subsidiaries, Trittech Consultants Pte. Ltd., Trittech Engineering & Testing (Singapore) Pte. Ltd., Presscrete Engineering Pte. Ltd., and Syseng (S) Pte. Ltd., have provided corporate guarantees to the Group's remaining finance lease payables.
- (b) As at 31 March 2016, the Group's immediate holding company, Trittech Group Limited has provided corporate guarantees to the finance lease payables.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group					
	31 March 2016			31 March 2015		
	Contractual rate (%)	Maturity	SGD	Contractual rate (%)	Maturity	SGD
Current						
Finance lease payables (Note 22)	4.01	31 March 2017	156,943	3.00 – 4.31	31 March 2016	217,661
Bank loans – unsecured	–	–	–	8.10	6 August 2015	336,000
			156,943			553,661
Non-current						
Finance lease payables (Note 22)	4.01	31 May 2017	27,372	3.00 – 4.31	2017 – 2019	184,315
			184,315			737,976

	Group	
	2016 SGD	2015 SGD
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	–	336,000
In the second year	–	–
In the third to fifth years, inclusive	–	–
Beyond five years	–	–
	–	336,000
Other borrowings repayable:		
Within one year or on demand	156,943	217,661
In the second year	27,372	184,315
In the third to fifth years, inclusive	–	–
Beyond five years	–	–
	184,315	401,976
	184,315	737,976

Notes:

As at 31 March 2016, the Group had aggregate facilities in relation to its finance leases amounting to approximately SGD1,200,000 (2015: SGD4,700,000), of which an aggregate amount of SGD184,315 (2015: SGD401,976) was utilised as at 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

24. ISSUED CAPITAL

	2016 Number of ordinary shares	2015	2016 SGD	2015 SGD
Authorised				
Ordinary shares of SGD0.01 each	1,000,000,000	1,000,000,000	10,000,000	10,000,000
Issued and paid-up				
Balance at the beginning of the year	615,042,003	4,301,076	6,150,420	430,108
Issue of shares from restructuring exercise (Note 1.1)	—	429,999,999	—	4,300,000
Adjustment from restructuring exercise (Note 1.1)	—	(4,301,075)	—	(430,108)
Issue of shares in connection with initial public offering ⁽¹⁾	—	43,500,000	—	435,000
Issue of shares to the sponsor ⁽²⁾	—	5,218,000	—	52,180
Issue of shares upon conversion of convertible bonds (Note 21)	—	136,324,003	—	1,363,240
	615,042,003	615,042,003	6,150,420	6,150,420

Fully paid ordinary shares each carry one vote and a right to dividends as and when declared by the Company.

(1) The Company issued 43,500,000 ordinary shares at \$0.23 per share pursuant to its initial public offering exercise.

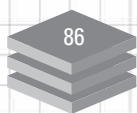
(2) Pursuant to the agreement entered into between the Company and PrimePartners Corporate Finance Pte. Ltd. ("PPCF") and as part of PPCF's professional fees for the Company's initial public offering exercise, the Company issued 5,218,000 new ordinary shares at \$0.23 per share to PPCF.

25. SHARE-BASED PAYMENT TRANSACTIONS

The Company's immediate holding company, TGL, operates a share-based payment plan (the "Plan") for the purpose of providing incentives and rewards to eligible participants, including the Company's eligible employees and directors, who contribute to the success of the Group's operations. TGL's equity instruments granted to the employees and directors are subject to the approval in advance by the board of directors of the immediate holding company.

Restricted Stock Units ("RSUs")

The RSUs of the Company's immediate holding company were granted for the primary purpose of providing incentives to eligible employees of the Company's immediate holding company and its subsidiaries. The RSUs are subject to certain vesting conditions and are convertible into the common stock of the immediate holding company when vested.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

25. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Restricted Stock Units ("RSUs") (Continued)

Details of movements in the RSUs granted to the directors and employees of the Company during the year are as follows. The RSUs have been fully exercised as at 31 March 2015.

Category of participants	At 1 April 2014	Granted during the year ⁽ⁱ⁾	Transferred during the year	Exercised during the year	Forfeited during the year	At 31 March 2015
Directors	—	500,000	—	(500,000)	—	—
Other employees	—	600,000	—	(600,000)	—	—
	—	1,100,000	—	(1,100,000)	—	—

Note:

(i) Granted on 26 November 2014 with a fair value of SGD157,300.

During the year ended 31 March 2015, the Group recognised an equity-settled share-based payment expense under IFRS 2 Share-based Payment of SGD157,300, which was related to the RSUs granted and vested during the year.

26. RESERVES

(a) Share premium

These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position resulted from the restructuring exercise in Note 1.1.

(b) Capital reserve

This reserve account represent the deemed capital contribution from the Company's immediate holding company in relation to the share-based payment plan in Note 25.

27. BUSINESS COMBINATION

On 16 December 2014, the Group acquired an 80% interest in Hengyu from an independent third party. Hengyu is engaged in the construction business in the PRC. The acquisition was made as part of the Group's strategy to create market for its marble products. The purchase consideration for the acquisition was in the form of cash, with SGD2,114,842 paid at the acquisition date.

As at 31 March 2015, the goodwill arising from the acquisition is determined on a provisional basis as the Group was in the process of completing a valuation to assess the fair values of the identifiable assets acquired and liabilities assumed. The valuation was completed during the financial year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

27. BUSINESS COMBINATION (CONTINUED)

The Group has elected to measure the non-controlling interest in Hengyu at the non-controlling interest's proportionate share of Hengyu's identifiable net assets.

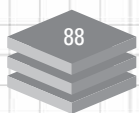
The fair values of the identifiable assets and liabilities of Hengyu were as follows:

	Note	Fair value recognised on acquisition SGD
Property, plant and equipment	10	39,119
Cash and bank balances		121,530
Trade and other receivables		1,343,904
Trade and other payables		(235,409)
Interest-bearing bank borrowings		(328,950)
Total identifiable net assets at fair value		940,194
Non-controlling interests		(188,039)
		752,155
Goodwill on acquisition	12	1,362,687
Satisfied by:		
Cash		2,114,842

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	SGD
Cash consideration	(2,114,842)
Cash and bank balances acquired	121,530
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,993,312)

Since the acquisition, Hengyu contributed SGD9,339,472 (2015: SGD267,005) to the Group's turnover and a loss of SGD368,580 (2015: SGD289,870) to the consolidated loss for the year ended 31 March 2016.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

28. OPERATING LEASE ARRANGEMENTS

The Group leases its quarry facilities and office premises under operating lease arrangements. Leases for quarry facilities are negotiated for terms of 33 years, and the office premises are for terms of 2 years to 10 years.

At 31 March 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2016 SGD	2015 SGD
Within one year	69,827	120,121
In the second to fifth years, inclusive	321,107	326,371
After five years	488,766	618,628
	<u>879,700</u>	<u>1,065,120</u>

The lease of the quarrying right also called for additional payments, which are based on certain percentage of sales value or market value (whichever is higher) of the blocks or products extracted or produced from the marble quarry, and a percentage of the profit for the mining on the marble quarry pursuant to the terms and conditions as stipulated in the agreement. As the future sales value/market value and profits could not be accurately determined as at the end of each reporting period, the relevant contingent rentals have not been included above.

29. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

	Group		Company	
	2016 SGD	2015 SGD	2016 SGD	2015 SGD
Contracted, but not provided for:				
Plant and machinery	<u>—</u>	<u>21,935</u>	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

30. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions, arrangements and balances detailed elsewhere in this report, the Group had the following transactions with related parties during the years ended 31 March 2016 and 2015:

	Notes	2016 SGD	2015 SGD
The immediate holding company:			
Management fee	(i)	—	195,300
Reimbursement of expenses	(ii)	—	50
Loan	(iii)	365,000	—
Fellow subsidiaries:			
Reimbursement of expenses	(ii)	—	248
A director:			
Interest expense	(iv)	—	12,712

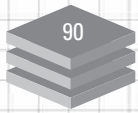
Notes:

- (i) The management fee was on terms agreed by the respective parties.
- (ii) The reimbursement of expenses was on bases agreed by the respective parties.
- (iii) The loan was granted by the Group's immediate holding company, Trittech Group Limited.
- (iv) The interest expense was on terms agreed by the respective parties.

- (b) Outstanding balances with related companies:

The outstanding balances with the immediate holding company and fellow subsidiaries are disclosed on the face of the consolidated statement of financial position, which are unsecured, interest-free and have no fixed terms of repayment.

The amounts due from subsidiaries included in the Company's current assets comprise of an intercompany loan to a subsidiary amounting to SGD1,941,346 (2015: SGD7,990,846) that is unsecured, interest-bearing and repayable on demand. The remaining balance of SGD4,227,210 (2015: SGD4,817,168) is unsecured, interest-free and repayable on demand in cash.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group:

	2016 SGD	2015 SGD
Short-term employee benefits	893,635	600,100
Director fees	222,200	117,264
Share-based benefits	—	71,500
Post-employment benefits	15,934	18,197
Total compensation paid to key management personnel	1,131,769	807,061

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year ended 31 March 2015, the Group converted the entire principal amount of the convertible bonds with an entire principal amount of SGD15,000,000 and the outstanding accrued interest thereon for the period from 23 November 2013 up to and including 16 June 2014 in an aggregate amount of to approximately SGD677,260 into such number of shares of the Company at a conversion price of SGD0.115.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets – loans and receivables

	Group		Company	
	2016 SGD	2015 SGD	2016 SGD	2015 SGD
Trade receivables	1,539,801	931,719	—	—
Deposits and other receivables	617,015	410,930	—	—
Due from a fellow subsidiary	9,718	222,767	—	—
Due from subsidiaries	—	—	6,168,556	12,808,014
Pledged deposits	—	98,727	—	—
Cash and cash equivalents	793,383	2,888,215	3,314	2,065,787
	2,959,917	4,552,358	6,171,870	14,873,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities at amortised cost

	Group		Company	
	2016	2015	2016	2015
	SGD	SGD	SGD	SGD
Trade payables	766,512	303,421	–	68,745
Other payables and accruals	2,446,980	1,653,075	1,003,134	397,136
Interest-bearing bank and other borrowings	184,315	737,976	–	–
Due to the immediate holding company	365,000	–	365,000	–
	<u>3,762,807</u>	<u>2,694,472</u>	<u>1,368,134</u>	<u>465,881</u>

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

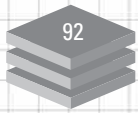
The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, deposits and other receivables, trade payables, other payables and accruals, amounts due from/to contract customers, amounts due from/to fellow subsidiaries, amounts due from/to subsidiaries, an amount due to the immediate holding company and the current portion of the interest-bearing bank and other borrowings approximate their carrying amounts largely due to the short term nature of these instruments.

The fair value of the finance lease payables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables as at 31 March 2016 and 2015 was assessed to be insignificant. The fair value is estimated to approximate the carrying amount.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks and they are summarised below.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing bank and other borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates regularly.

Sensitivity analysis for interest rate risk

As at 31 March 2016 and 2015, the Group has insignificant financial instruments that are exposed to interest rate risk.

b) Foreign currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia and the PRC. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and the PRC. The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currency. Management monitors the Group's foreign currency exposure and will consider hedging significant foreign currency exposure when the needs arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**b) Foreign currency risk (Continued)**

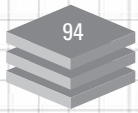
The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RM, USD and RMB exchange rates, with all other variables held constant, of the Group's loss before taxation (due to changes in the fair values of monetary assets and liabilities).

	Group Increase/ (decrease) in loss before taxation SGD
Increase/ (decrease) in exchange rate %	
31 March 2016	
If SGD weakens against USD	5 9,902
If SGD strengthens against USD	(5) (9,902)
If SGD weakens against RMB	5 80,097
If SGD strengthens against RMB	(5) (80,097)
31 March 2015	
If SGD weakens against RM	5 439,840
If SGD strengthens against RM	(5) (439,840)
If SGD weakens against RMB	5 1,850
If SGD strengthens against RMB	(5) (1,850)

c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, deposits and other receivables, and cash and cash equivalents.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history or government authorities. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Credit risk (Continued)

Exposure to credit risk

As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company. The Group's and the Company's historical experience in the collection of receivables fall within the credit terms granted. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade receivables).

d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from the mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and by matching the payment and receipt cycle.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

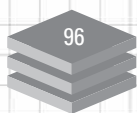
NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**d) Liquidity risk (Continued)**

The following tables detail the Group's and the Company's remaining contractual maturity for its financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

Group	As at 31 March 2016			Total SGD
	1 year or less SGD	1 to 5 years SGD	Over 5 years SGD	
Financial assets:				
Trade receivables	1,539,801	—	—	1,539,801
Deposits and other receivables	617,015	—	—	617,015
Due from a fellow subsidiary	9,718	—	—	9,718
Pledged deposits	—	—	—	—
Cash and cash equivalents	793,383	—	—	793,383
	<u>2,959,917</u>	<u>—</u>	<u>—</u>	<u>2,959,917</u>
Financial liabilities:				
Trade payables	766,512	—	—	766,512
Other payables and accruals	2,446,980	—	—	2,446,980
Interest-bearing bank and other borrowings	156,943	27,372	—	184,315
Due to the immediate holding company	365,000	—	—	365,000
	<u>3,735,435</u>	<u>27,372</u>	<u>—</u>	<u>3,762,807</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Liquidity risk (Continued)

Group	1 year or less SGD	As at 31 March 2015		Total SGD
		1 to 5 years SGD	Over 5 years SGD	
Financial assets:				
Trade receivables	931,719	—	—	931,719
Deposits and other receivables	410,930	—	—	410,930
Due from a fellow subsidiary	222,767	—	—	222,767
Pledged deposits	98,727	—	—	98,727
Cash and cash equivalents	2,888,215	—	—	2,888,215
	<u>4,552,358</u>	<u>—</u>	<u>—</u>	<u>4,552,358</u>
Financial liabilities:				
Trade payables	303,421	—	—	303,421
Other payables and accruals	1,653,075	—	—	1,653,075
Interest-bearing bank and other borrowings	553,661	184,315	—	737,976
Due to the immediate holding company	—	—	—	—
	<u>2,510,157</u>	<u>184,315</u>	<u>—</u>	<u>2,694,472</u>

35. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in Note 24 and 26.

The Group monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as interest-bearing bank and other borrowings, amount due to immediate holding company plus trade and other payables and accruals, less cash and bank balances. Total capital is calculated as total equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

35. CAPITAL MANAGEMENT (CONTINUED)

The Group monitors its capital structure as follows:

	Group		Company	
	2016 SGD	2015 SGD	2016 SGD	2015 SGD
Trade payables	766,512	303,421	–	68,745
Other payables and accruals	2,446,980	1,653,075	1,003,134	397,136
Interest-bearing bank and other borrowings	184,315	737,976	–	–
Amount due to immediate holding company	365,000	–	365,000	–
Less: Cash and cash equivalents	(793,383)	(2,888,215)	(3,314)	(2,065,787)
Net debt	2,969,424	(193,743)	1,364,820	(1,599,906)
Total equity	10,532,842	14,608,268	37,419,856	39,156,386
Total capital	13,502,266	14,414,525	38,784,676	37,556,480
Gearing ratio	22%	-1%	4%	-4%

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 March 2016 and 2015.

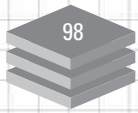
36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 21 April 2016, the Company had completed the allotment and issuance of an aggregate of 68,500,000 new shares at an issue price of S\$0.0405 per share. Following the placement, the total number of issued shares has increased from 615,042,003 shares to 683,542,003 shares.

On 9 June 2016, the Company announced on the Singapore Stock Exchange ("SGX") that it had entered into a conditional sale and purchase agreement with the shareholders of Capital City Property Sdn Bhd ("Capital City") to acquire the entire issued and paid-up share capital of Capital City for S\$300 million. The proposed acquisition is expected to result in a Reverse Takeover and is to be satisfied by the issuance of 4,285,714,286 new shares in the capital of the Company to the shareholders of Capital City at an issue price of S\$0.07 per share.

37. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 29 June 2016.



QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016



Minerals Consultants & Advisors
(Company Members of AusIMM & CIM)



ANNUAL RESOURCE STATEMENT

Kelantan Marble Quarry,
Lot 1781 (Bukit Batu Bong), Mukim Ulu Nenggiri,
Jajahan Gua Musang, Kelantan, Malaysia

June 2016

Prepared for:
Terratech Group Ltd, Singapore

Prepared By

Mr Paul Fowler
BSc, MSc, CGeol, CEng, FGS,
FIQ, RPE, FIMMM, MHKIE

Reviewed and Edited By

Dr Gordon Anderson
BSc, PhD, CGeol, MIMMM
CEng, FGS, FHKIE, RPE

Rockhound Limited,
12A, Times Media Centre, 133 Wanchai Road,
Hong Kong. Tel: 852 2572-0122

RH Project 058

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016



Rockhound Limited
石犬有限公司

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June 17th 2016

The Board of Directors
Terratech Group Limited
2 Kaki Bukit Place #07-00
Tritech Building
Singapore 416180

Dear Sirs

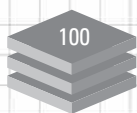
Kelantan Marble Quarry, Gua Musang, Malaysia
Updated Mineral Resource and Reserve Statement as at March 31st 2016
Qualified Person's Report

The Kelantan Marble Quarry ("The Project") located near Gua Musang in Kelantan Province, Malaysia is being operated by CEP Resources Entity Sdn. Bhd which is 100% owned by Terratech Resources Pte Ltd and which is in turn wholly owned by Terratech Group Limited ("Terratech" or the "Company"). Development at the Quarry started in early 2011 with commercial production of marble dimension stone blocks commencing in March 2012. Terratech was listed on the Singapore SGX-ST Catalist Board in July 2014.

Terratech has requested that Rockhound Limited ("RH") carry out an updated Mineral Resource and Reserve statement, consistent with the requirements of Rule 1204 – Annual Reports – of the SGX-ST Listing Manual Section B: Rules of Catalist. RH prepared the Qualified Person's Report (QPR) for the Listing in 2014 ("QPR2014") and this was included in the Listing Prospectus. The Effective date of that Report was 31 March 2014. RH was also appointed to carry out the updated Mineral Resource and Reserve statement as at 31 March 2015 ("QPR2015").

Over the last year the main focus of Terratech has been to create market awareness and sales penetration of the marble dimension stone products from the Quarry. Production is in progress at a controlled rate to accommodate slow sales. The expansion of production platforms is on-going. Total excavation in 2015/16 has been estimated at 134,200m³ representing 0.69% of the total resources at the Quarry at 31 March 2015.

This QPR dated June 2016 ("QPR2016") is prepared in support of the Terratech Annual Report for the financial year up to 31 March 2016. It has been provided to the Directors of Terratech in relation to the reporting of the Total Resources for inclusion in full or in part within the Annual Report and it should not be used or relied upon for any other purpose. In doing so the written consent of RH is required as to the form and context in which it appears.



QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

RH is a Hong Kong based minerals advisory group, set up in 2006 to provide advice to listed companies, other local firms and institutions. It performs industry studies for mining and quarrying companies, works with funds, financial institutions and natural resources firms. Studies include mineral resource/ore reserve compilations and audits, technical valuations, due diligence, independent expert reviews for acquisition and financing purposes, expert witness in litigation and assistance in negotiating mineral agreements and market analysis. Projects are mostly within the Asia Pacific Region including the PRC.

The Reporting Standard adopted for this Annual Resource Statement is the JORC Code 2012 which is the same as that used for QPR2014 and QPR2015. The current Resource statement has been prepared by Paul Fowler who was the principal author for QPR2014 and QPR2015. He fulfills the requirements of an independent Qualified Person as defined by Catalist Rule 442 of the SGX. He also meets the requirements of a "Competent Person" as defined in the JORC Code and as such is taking responsibility for this Statement. Likewise with the previous QPR, Dr. Gordon Anderson has carried out the peer review for QPR2016.

Annual Resources and Reserves Summary at 31 March 2016

		Gross Volume Attributable to License (million m ³)	Net Volume Attributable to Company (million m ³)	Change from QPR2015 (%)
	Mineral Type			
Reserves				
Proved		10.41	10.41	-0.57
Probable	White Marble	0.49	0.49	—
Total		10.90	10.90	-0.55
Resources				
Measured		18.37	18.37	-0.76
Indicated	White Marble	0.90	0.90	—
Inferred		0.76	0.76	—
Total		20.03	20.03	-0.69

After review of the excavation works carried out on site over the last two years RH is of the view that with only 0.69 % of the total resources at the Quarry as at 31 March 2015 having been extracted that there is No Material Change and at the effective date of 31 March 2016 the Mineral Resources and Reserves at the Kelantan Marble Quarry are as summarized in the table above.

The Reserves are 10.90 million cubic metres ("m³") and these are included in the Total Resources which are estimated at 20.03 million m³.

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

RH has relied on the data, reports and information provided by Terratech; RH nevertheless has made such enquiries and exercised its judgement as it has deemed necessary and has no reasons to doubt the reliability of the data, reports and information which has been provided by Terratech.

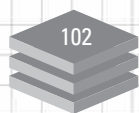
Yours Faithfully
For Rockhound Ltd



Paul Fowler
Director



Gordon Anderson
Director



QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

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QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

EXECUTIVE SUMMARY

Rockhound Limited ("RH") was requested by Terratech Group Limited ("Company") to submit a Qualified Person Report 2016 ("QPR2016") on the Kelantan Marble Quarry (or "The Project") located near Gua Musang in Kelantan Province, Malaysia.

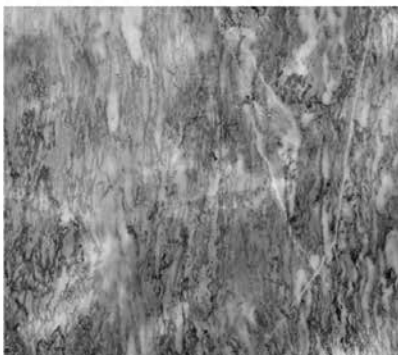
The purpose of QPR2016 is to provide an annual mineral resource and ore reserves update. This QPR2016 has been prepared in accordance with the SGX-ST Listing Rules. The marble resources and reserves are stated in accordance with the 2012 Edition of Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). QPR2016 follows on from the previous QPR ("QPR2015") also prepared by RH.

The marble at the Quarry is massive and homogenous over the whole Project area and is suitable for both dimension stone and as a raw material in the carbonate powder business. The marble is almost a pure carbonate, mostly calcite with small amounts of dolomite.

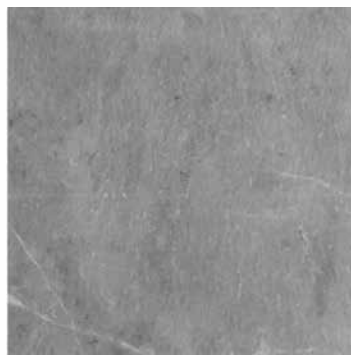
The Project is located in karst terrain comprising four hills which protrude out of an adjacent plain defined by near vertical cliffs in places over 100metres ("m") high. There is virtually no soil cover and fresh rock is widely exposed at surface. Development of the quarry is top down with working platforms at 1.5m intervals. The final level will match in with the surrounding plain meaning that the maximum amount of excavation in the area of the two hills at the north end of the site will be in excess of 150m whereas at the southern end excavation will range from 30m to 70m below the existing ground surface. A slope with an average angle of 60° will be present at the back of the excavation.

There are three marble colour types at the Project site;

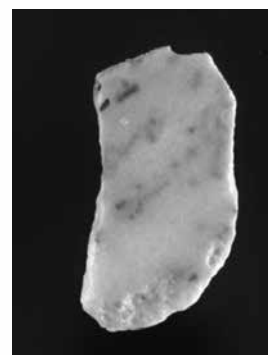
- Kelantan Misty White
- Kelantan Purplish White
- Kelantan Black-Spotted White



Misty White



Purplish White



Black-Spotted White

The Black-Spotted White is the premium product and commands potentially the highest selling price followed by the Purplish White and Misty White. Marble not suitable to be sold as blocks, such as broken blocks and loose fragments, will be crushed into aggregate. Larger broken blocks will be kept on site for processing into standard sized marble slabs.

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

The combined Proved and Probable Reserves at the Quarry of marble that can be extracted as dimension stone blocks is estimated at 10.90 million cubic metres ("m³"). These Reserves are included in the total Resources which are estimated at 20.03 million m³. The Resources and Reserves Summary at 31 March 2016 is as follows;

Annual Resources and Reserves Summary at 31 March 2016

	Mineral Type	Gross Volume Attributable to License (million m ³)	Net Volume Attributable to Company (million m ³)	Change from QPR2015 (%)
Reserves				
Proved	White Marble	10.41	10.41	-0.57
Probable		0.49	0.49	—
Total		10.90	10.90	-0.55
Resources				
Measured	White Marble	18.37	18.37	-0.76
Indicated		0.90	0.90	—
Inferred		0.76	0.76	—
Total		20.03	20.03	-0.69

1.0 INTRODUCTION

Terratech Group Limited (The "Company"), is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The controlling shareholder is Trittech Group Limited; another company listed on the SGX-ST. CEP Resources Entity Sdn. Bhd ("CEP") operates the Kelantan Marble quarry (Figure 1-1) who in turn is 100% owned by Terratech Resources Pte Ltd which is owned by the Company. Its major product is dimension stone blocks.



Figure 1-1; Site Entrance at the Kelantan Marble Project

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

CEP is incorporated in Malaysia and has 'the exclusive rights to explore, develop, quarry, extract, remove and sell marble and/or other stones for commercial sale or consumption from a quarry at Lot 1781 (Bukit Batu Bong) in the state land at Mukim Ulu Nenggiri, Jajahan Gua Musang, Kelantan, Malaysia' ("Kelantan Marble Quarry" or "The Project"). CEP was given possession of the Quarry for a term of 33 years, effective 27 January 2011.

Table 1-1; Asset Details

Asset Name/Country	Issuer's Interest	Development Status	Licence expiry date	Licence area	Type of mineral, oil & gas deposit	Remarks
Lot 1781/Kelantan, Malaysia	100%	Commercial Operation	26 Jan 44	25.94 ha	Marble	—

Since development of the Quarry commenced in 2012 the Company has applied for an additional 10.171 hectares ("ha") of land adjacent to Lot 1781 as it was found that it is within the same rock mass and it is technical more efficient to operate the Quarry with this additional area. The current asset details are shown in Table 1-1.

The Project is supported by the State Government and was reached through an Agreement dated 9 September 2007 between CEP and Kelstone Sdn Bhd, which is a wholly owned subsidiary of the Kelantan State Economic Development Corporation ("KSEDC"). The location of "The Project" is shown in Figure 1-2.

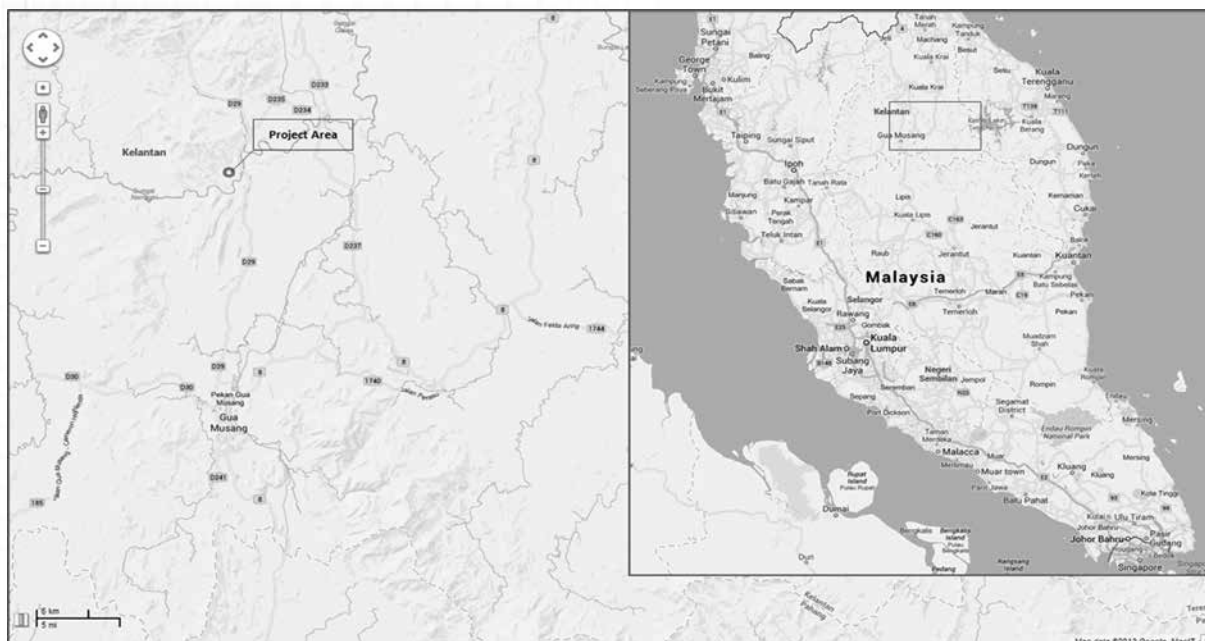


Figure 1-2; Quarry is located in Kelantan State, Peninsular Malaysia

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

Marble is a metamorphosed limestone (a carbonate rich rock which is primarily composed of Calcium Carbonate) or dolomite (a carbonate rich rock which contains a significant percentage of Magnesium in addition to Calcium) where the original sedimentary and biological structures of the rock have been obliterated during recrystallization. The recrystallization is the result of intense heat, pressure and chemical solutions at some time in the geological past which have caused the limestone to be reformed into an interlocking crystal structure of Calcium Carbonate – CaCO_3 (termed Calcite), aragonite and sometimes dolomite (CaMgCO_3). This structure leads to a greater strength to the rock than would have existed in the original sedimentary limestone. Limestone can have either a freshwater or marine origin and usually indicates a warm clear water environment at the time of its formation.

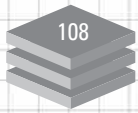
In the dimension stone business, the commercial term “marble” has far wider coverage than the formal geological definition. It includes other rock types, such as unmetamorphosed limestone and dolomites, which are capable of being polished. The resources and reserves discussed in this Qualified Person's Report (“QPR2016”) refer to what is commercially classified as marble in the stone business.

The Project involves excavating marble by cutting it into dimension stone blocks and/or to be used as a raw material in the carbonate powder business. The Project has been in commercial operation since early 2012: large marble blocks have already been sent to China and marble slabs have been cut from the blocks for marketing purposes. Over the next four years the plans are to grow the quarry operations of The Project focusing on increasing production of marble blocks to be sent to markets in the PRC and marble slabs to be produced by the Company. By Financial Year (“FY”) 2018, total production of marble to be mined out as dimension stone blocks is targeted by the Company at 230,000 cubic metres (“m³”). The intention is to generate minimal waste other than what is generated during processing.

The marble products will primarily be large marble blocks (approx. 6m³ to 9m³) and standard market size slabs (300mm by 300mm and 600mm by 600mm of 18mm or 20mm standard thickness) manufactured on site from smaller marble blocks and pieces. Raw material for carbonate powder will also be produced. Initially the raw material will be sold as aggregate, crushed down from other loose marble fragments and small blocks, but later the Company intends to build its own powder plants: initially a small plant and then a bigger plant once the product has achieved market acceptance.

The Project is using standard block cutting techniques, including diamond wire sawing and disc saw cutting to produce marble blocks. There is very little soil cover and the weathering profile in the marble is minimal and development for the most part only involves the clearance of surface vegetation and then creation of working platforms using explosives.

By 31 March 2016 (the end of financial year 2015/16 – “FY2016”), excavation rates of up to 25,700m³ per month had been achieved. The facility to process small slabs on site has been completed and is in production. During the year trial running of the crushing & screening plant has taken place with aggregate production, with final commissioning is pending and dependent on market demand. The slab processing facility has the capacity to produce 600m² of slabs per day whilst the aggregate plant will have a capacity of 60,000 tonnes (“t”) per month.



QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

The Board of Directors of the Company engaged Rockhound Limited ("RH") as their independent adviser to prepare a Qualified Person's Report 2016 ("QPR2016") in connection with the Company's Annual Report. RH also prepared QPR2014 for the year to 31 March 2014 and QPR2015 for the year to 31 March 2015. QPR2014 was prepared in conjunction with, and included in, the Prospectus for Terratech's listing on the Catalist board of the SGX in July 2014, and as such was comprehensive and thorough and contained forecasts and projections, as well as assessments of the projected schedules and capital and operating costs. Much of the background information including photographs, survey drawings and audited data which were received pursuant to the IPO is still relevant to QPR2016 and as such no site visits were carried out for QPR2016. Hence this QPR was based on technical reviews of project data and previous project site visits and is thus a summary of what small changes there have been in the operation in the context of the annual resource statement.

As with QPR2014 and QPR2015 the reporting standard adopted for QPR2016 is the Valmin Code and Guidelines for the Technical Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports, as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in 1995 and updated in 2005. Likewise the marble resources and marble dimension stone reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) prepared by the Joint Ore Reserves Committee of the AusIMM, the Australasian Institute of Geoscientists, and the Minerals Council of Australia – 2012 revision.

The effective date of QPR2016 is 31 March 2016 being the end of the Financial Year. It has been prepared in accordance with the Requirements of Rule 1204 – Annual Reports – of the SGX-ST Listing Manual Section B: Rules of Catalist.

Over the last year the main focus of Terratech has been to create market awareness and sales penetration of the marble dimension stone products from the Quarry. On site development has taken place in Hills 1, 2A and 2B with total excavation estimated at 134,200m³.

1.1 Statement of Capability

RH is a Hong Kong based minerals advisory group, set up in 2006 to provide advice to listed companies, other local firms and institutions. It performs industry studies for mining and quarrying companies, works with funds, financial institutions and natural resources firms. This includes mineral resource/ore reserve compilations and audits, property assessments and technical valuations, due diligence, independent expert reviews for acquisition and financing purposes, expert witness in litigation, assistance in negotiating mineral agreements and market analysis. The firm has worked with a broad spectrum of commodities. Projects are mostly within the PRC, Indonesia, Philippines and Malaysia.

RH is a corporate member of the Canadian Institution of Mining, Metallurgy and Petroleum, an organizational member of the AusIMM. To ensure its independence, it has no equity in any mining or quarrying project. This allows conflict-free and objective recommendations on crucial judgment issues.

The principals of RH have occupied senior management roles in both public and private companies and have worked in the Asia Pacific Region for over 30 years as consultants, operators and clients. The Project Manager and Qualified Person for this QPR is Paul Fowler. He is the principal author, with the review and editing of the QPR by Dr. Gordon Anderson.

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

- **Paul FOWLER MBA, MSc. CGeol, CEng, FGS, FIQ, FIMMM, MHKIE, RPE**

Paul Fowler is Managing Director of RH. As a geologist he has more than 30 years of experience in the areas of exploration, operations, planning, resources and modeling. In the Quarry Business he has over 25 years' working experience.

With RH, of which he is also a founding partner, he has undertaken due diligence and provided technical and geological support for listed and private companies operating in Indonesia, the PRC and Philippines. Projects have ranged from gold, base metals and iron ore to dimension stone, quarry products and industrial minerals.

With regard to this QPR Paul Fowler fulfills the requirements of an Independent Qualified Person as defined by Catalyst Rule 442 of the SGX. Furthermore he also meets the requirements for a "Competent Person" as defined in the "JORC Code". He has visited the Project site on five occasions.

- **Gordon ANDERSON BSc., Ph.D, CGeol, CEng, FHKIE, FGS, MIMMM, RPE**

Dr. Anderson has over 30 years geological, management, consultancy and construction experience throughout Asia, the Middle East and Europe. He has been involved with the quarry business throughout his career, specifically in the Middle East and in Hong Kong.

As a Chartered Geologist and a Registered Professional Engineer, Dr. Anderson has been Project Director on numerous geological investigations. He has undertaken due diligence and provided technical and geological support for various Hong Kong listed companies operating in Indonesia, the PRC and Mongolia.

1.2 Statement of Independence

Paul Fowler and RH partners, directors, substantial shareholders and its associates (i) are independent of the Company, its directors and substantial shareholders (ii) do not have any interest, direct or indirect in the Company or its subsidiaries; and (iii) will not receive benefits other than remuneration paid to RH in connection with this QPR.

1.3 Responsibility

RH has reviewed the resource and reserves estimate and have tabulated in this report the respective resources and reserves according to the comparable JORC Code categorisation. It believes that what is reported and tabulated are reasonable and are in compliance with the JORC Code.

The current Resource statement has been prepared by Paul Fowler who was the principal author for the QPR2014 and QPR2015. He fulfills the requirements of an independent Qualified Person as defined by Catalyst Rule 442 of the SGX. He also meets the requirements of a "Competent Person" as defined in the JORC Code and as such is taking responsibility for this Statement.

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

In preparing this QPR, RH has not undertaken an audit of the data but has taken into account all relevant information supplied by the Company and as such has relied on the data, reports and information provided. RH has nevertheless made such reasonable enquiries and exercised its judgment on the reasonable use of such information and has found no reason to doubt the accuracy or reliability of the data, reports and information provided by the Company.

2.0 PROPERTY DESCRIPTION

2.1 Location, Access and Infrastructure

The Kelantan Marble Quarry is located in the middle of Kelantan State on the east side of Peninsular Malaysia. It is 22km north of Gua Musang, a town of 100,000 people and 14km south west of Kampung Bertram Bahru. The geographic location of the Project is:

Latitude; N05°05'26" to 05°05'49" and **Longitude;** E101°57'44" to 101°58'13"

Marble is being extracted from the quarry located in Lot 1781 which is within 2km of the Highway linking Gua Musang (Figure 2-1). The Project also includes land outside Lot 1781 for marble processing plant facilities and for the storage of marble Blocks. These areas are pending the transfer of legal title to CEP. In summary the facilities are:

- Extraction Area inc. area for Offices, Workshops, Workers Quarters (25.94 hectares)
- Slab Processing Plant
- Storage Area for Blocks, Crushing and Screening Plant
- Three separate Storage Areas for Blocks

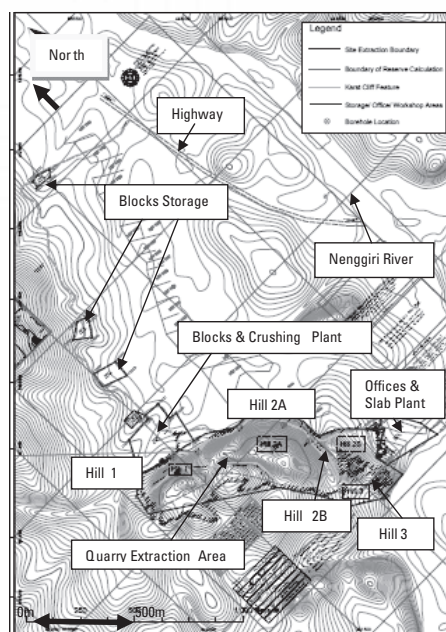


Figure 2-1; Quarry Extraction Area

QUALIFIED PERSON'S REPORT

AS AT 31 MARCH 2016

The project area comprises four hills (termed Hills 1, 2A, 2B and 3 by the Company – see Figure 2-1) of typical karst landscape which rises abruptly out of the adjacent plain situated at a level of 80m above mean sea level ("MSL") to 90m above MSL. The hills are defined by near vertical cliffs – which have meant that in the past there has been no access to the top of the hills other than by climbing. Hills 1 and 2A are the highest with Hill 1 extending in excess of 150m above the plain at its highest point (245m above MSL) and Hill 2A nearly 200m (highest point 275m above MSL) above the Plain. Hills 2B and 3 (Figure 2-2) were respectively 70m and 35m above the Plain.

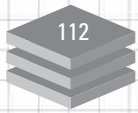


Figure 2-2; Top view of Hill 2B and Hill 3 in the far end

The project area is bounded by rubber plantations on the northeast side and the Berangkat Forest Reserve – a densely vegetated rain forest – on the south side. Immediately to the west the hillsides have been cleared of trees where logging has taken place in the past and old logging tracks are present, one of which has been used to provide access from the Kelantan State road network into the Project area.

The Lot boundary of the Quarry Extraction Area has been set out to follow the line of the vertical cliffs but on the south side of Hill 1 the ground topography in the Forest Reserve merges with the cliffs forming only small escarpments. Survey points installed in 2008 to define the lot boundary have been consumed by the Forest.

The dimensions of the Extraction Area are approximately 1.2km by 0.4km but narrowing significantly on the west side on Hill 1 to less than 100m. The southern boundary is marked by the Nenggiri River, across which is the nearest village, Kampung Star. The river is fast flowing, brown in colour being heavily laden with silt. It is also very shallow and dredging of river sand is ongoing close to the site. On site there are no streams except during heavy rain.



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Access to the Project area is good. It is located 2km along an old logging road which has been upgraded and covered with gravel. This access road connects to a paved twin carriageway road which is part of the state road network connecting the town of Gua Musang, about 35 minutes by car, with Kampung Bertram Bahru. Gua Musang is located on the main railway line up the east side of the Peninsular and originally developed as a centre to service the logging industry. From Gua Musang there is ready access to the nearest ports and centers of industry along both the road and railway networks.

An electrical substation for the Project has already been constructed on site with grid supply the whole site except Hill 2A; Hill 2A will be connected to the grid supply in a few months. Until there is full supply any shortfall in power demand will be met by the continued use of diesel generators. The supply from the Grid matches in with the Quarry development plan.

Water demand is very small and the site has a plentiful supply year round. There are no competing demands for water in the immediate vicinity of the Quarry.

2.2 Sub-lease of the Land by KSEDG for Quarrying

All land in Malaysia is owned by the State and the beneficial owner in which the Project is found is the KSEDG. The State Authority has arranged for KSEDG to grant a sub-lease to the Company with possession for a term of 33 years. The term ends on 26 January 2044.

However, on an annual basis the Company is required to renew its Quarry Scheme Approval not later than two weeks before the expiry of its Permit – the current Approval is valid for 12 months from June 2015. The Company has already applied for a renewal and is waiting for a formal renewal letter from JMG (Jabatan Mineral Dan Geosains).

With the renewal application the Company is required to report on operating performance including Environmental Matters and Health and Safety Issues. If breaches occur, the Company is obliged to rectify them in accordance with the approved Environmental Management Plan. Monitoring is carried out several times annually.

The Scheme Approval also sets no limits on production but if there are deviations from any conditions set on Approval these are to be brought to the attention of the Quarry Inspector of the issuing authority (Department of Minerals and Geoscience of Kelantan) in order to be endorsed. In total there are 16 conditions set out and each shall be fulfilled by the Company.

RH has not reviewed the report accompanying the renewal application for the year from June 2016 but it is understood that the conclusion is that the 'works on site have been carried out in accordance with the license requirements with a recommendation that the SKSK (ie the Malaysian language term for the license) for CEP is renewed for one (1) more year.

2.3 History of Site

There is no history of quarrying in the area of The Project. In 1996 an investigation comprising 8 shallow boreholes was undertaken by M/S Unique Marble and Granite Sdn. Bhd. within The Project area. There was no subsequent quarrying despite the conclusion being that the marble showed potential for dimension stone production.

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3.0 GEOLOGICAL BACKGROUND AND GROUND INVESTIGATION

3.1 Regional Geology

The geology of Kelantan is dominated by limestone and in the Gua Musang area the rock is exposed in majestic, precipitous cliffs which rise abruptly above gently undulating foothills and plains. The morphology of the hills is that of typical karst landscape. Stalactites and Stalagmites are common and cave systems are present in some of the larger hills.

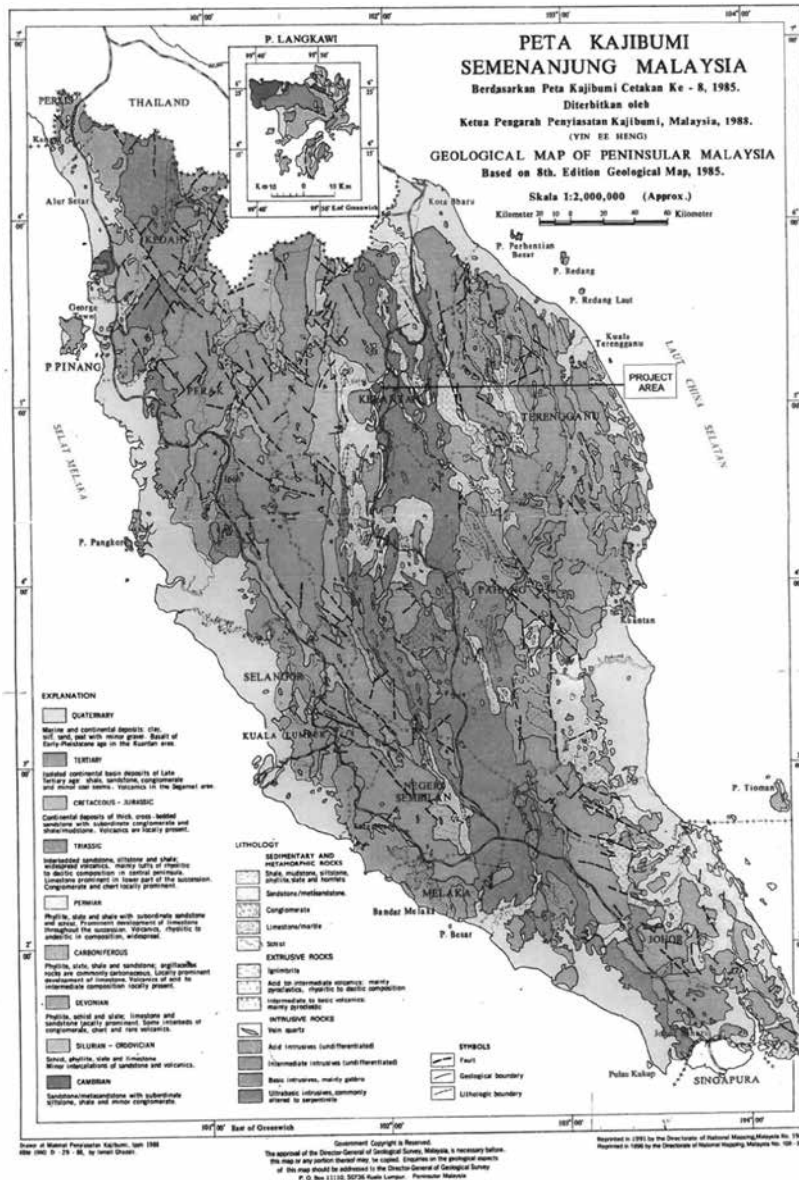


Figure 3-1; Geological map of Peninsular Malaysia by Malaysian Geological Survey

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The limestone at Gua Musang area is of Permian (280 million years to 225 million years before present) to Triassic (225 million years to 195 million years before present) age and part of a predominantly north south trending sequence of carbonate rocks (in blue in Figure 3-1) with interbedded non-carbonate sediments (green in Figure 3-1). At some time in the geological past the limestones were recrystallized into a marble resulting in a largely white to pale grey fine-grained massive rock. At that time the original structure of the limestone would have been removed. The limestones in the Gua Musang area are almost pure carbonate with very little other constituents.

The structural geology of the region is unclear and the thick vegetation cover of the area makes interpretation difficult. Some of the hills show steep bedding and thus some major structural movements may have taken place over geological time. However the area is not known to be tectonically active and there have been no earthquakes recorded.

3.2 Geology of the Quarry

The marble which is present at The Project is massive forming near-vertical cliffs in a typical karst landscape. In places the cliffs are over 100m high. Stalagmites and stalactites are common especially where the cliffs are overhanging (Figure 3-2). In places there are small cave structures.



Figure 3-2; Stalactites and small caves in vertical cliff feature at base of Hill 2A

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The rock is massive with no indication of any bedding structure and therefore it is not clear what is the predominant dip direction or dip angle of the geological formation. Visually the rock looks to be homogenous throughout the four hills forming The Project area and the marble exposed during the excavation of Hills 2B and 3 shows the rock to be consistent in colour, strength, texture and appearance.

The surface geology is dominated by the exposure of marble. Outside the line of the hills metamorphosed sandstone was seen to be present, albeit with only occasional exposure. A metasiltstone was seen in the access tracks behind Hill 2A and from a localized exposure within Hill 2A near to these tracks it appears that there may be an unconformity. Also, behind Hill 1 a very weathered rock, possibly of igneous origin, can be seen in some of the slopes cut to create an access track. Here the depth of weathering compared to the marble areas is reflected by the different vegetation cover and this has helped in making an interpretation of the geological contacts in this area.

The marble outcrop is characterized by virtually no soil cover and there is hardly any weathering profile. Vegetation is confined to growth from soil which is contained in solution features and crevices in the rock. Trees are mostly of low height because of the limited soil cover. The surface of the marble in which the vegetation is present comprises fresh rock.

3.3 Conclusions

The geology of The Project has been investigated in detail by a desk top study and from a Ground Investigation carried out in late 2012 comprising boreholes, on site mapping, sampling and testing of both rock core and fragments taken from the outcrop. The rock is a massive white to light grey marble. It is almost a pure carbonate rock comprising mainly calcite (CaCO_3) with some dolomite (CaMgCO_3) with less than 3% other constituents.

Sandstones and other rock types appear also to be present but outside the line of the Hills or at depths. There will be below or outside the line of final excavation of the Quarry. Cavities are also present in the marble, as is typical of a karst landscape, but these are seen to be mostly narrow solution features rather than laterally extensive cave features.

Over the last two years with more of the site opening up the nature of the marble exposed is what had been anticipated at the time of the IPO in 2014.

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4.0 QUARRY OPERATION AT THE KELANTAN MARBLE QUARRY IN FY2016

The amount of extraction at Kelantan Marble Quarry for FY2016 (ie to 31 March 2016) as reproduced from Company records is summarized in the following table.

Table 4-1; Excavation Details over Year to 31 March 2016

Month	Hill 1 (m ³)	Hill 2A (m ³)	Hill 2B (m ³)	Total Excavation (m ³)	Blocks Production (m ³)	Block Rate (%)
Financial Year 2016						
April 15	5,300	3,850	—	9,150	3,800	41.54
May	3,000	3,600	150	6,750	3,000	44.44
June	1,500	3,100	1,500	6,100	2,600	42.62
July	2,800	10,100	500	13,400	7,500	55.97
August	—	8,750	900	9,650	4,010	41.55
September	7,100	2,700	1,700	11,500	4,870	42.35
October	300	7,100	1,100	8,500	4,020	47.29
November	3,100	4,200	900	8,200	3,890	47.44
December	500	5,750	800	7,050	3,400	48.23
January 16	—	12,950	1,150	14,100	6,610	46.88
February	—	11,600	2,500	14,100	6,660	47.23
March	—	23,500	2,200	25,700	12,010	46.73
Total				134,200	62,370	46.48

Blocks were produced from Hill 1, 2A and 2B. The total material excavated for FY2016 was 134,200m³. Blocks are stored in designated areas between the Extraction area and the main highway to Gua Musang.

Photos showing general development of the Quarry from Figures 4-1, 4-2 and 4-3.



Figure 4-1; Access road and platforms have been created at the top of Hill 1

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Figure 4-2; Excavation at Level 3 of Hill 2A



Figure 4-3; Production platform in Hill 2B

The block rate for FY2016 is relatively similar to FY2015. The monthly block rates range from 41.54% to 55.97% with an average of 46.48%. In comparison, the monthly block rates in FY2015 ranged from 30.17% to 67.85% with an average of 46.34%.

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5.0 MARBLE RESOURCES AND RESERVE AS OF 31 MARCH 2015

5.1 Mineral Resource Statement

The mineral resource estimate under the JORC Code (excluding the inferred resource) as at the effective date of 31 March 2014 is summarized in the table below;

Table 5-1; Resource Statement (million m³) at 31 March 2014

Hill	Measured	Indicated	Total
1	4.33	0.28	4.61
2A	12.27	0.62	12.89
2B	1.89	—	1.89
3	0.14	—	0.14
Total	18.63	0.90	19.53

It should be noted that this resource statement is a measure of the total volume but not all of this will be recovered as operational losses are inevitable.

5.2 Reserve Statement for Marble Dimension Stone Blocks

After taking into account the issues of waste and a 70% Block rate estimated for the Resource as whole the Measured and Indicated marble resources can be converted to Reserves which include both Proved and Probable Reserves. The statement as at the effective date of 31 March 2014 and reported within the IPO prospectus in July 2014 is shown below.

Table 5-2; Marble Reserves at Kelantan Marble Quarry (million m³)

Hill	Proved	Probable	Total
1	1.07	0.07	1.14
2A	8.09	0.42	8.51
2B	1.28	—	1.28
3	0.09	—	0.09
Total	10.53	0.49	11.02

The Reserves of Dimension Stone Blocks were estimated at 11.02 million m³. There is an additional 1.87 million m³ in the expanded area (10.171ha) behind Hill 1 which can be converted to reserves once the legal title to this area is formalized.

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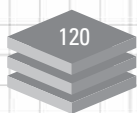
5.3 Summary of Marble Reserves and Resources at 31 March 2015

The Resource statement has been built on the basis of proper modelling and assessment of the ground topography and the nature of the geological profile down to the line of final excavation.

**Table 5-3; Summary of Statements of Reserves and Resources at Kelantan Marble Quarry
(million m³) at 31 March 2015**

Mineral Type		Gross Volume Attributable to License (million m³)	Net Volume Attributable to Company (million m³)
Reserves			
Proved	White Marble	10.47	10.47
Probable		0.49	0.49
Total		10.96	10.96
Resources			
Measured	White Marble	18.51	18.51
Indicated		0.90	0.90
Inferred		0.76	0.76
Total		20.17	20.17

Although the production in FY2016 had a relatively similar block rate to FY2015 – and still less than what was anticipated at the time of the IPO – it is still expected that the block rate will increase as excavation deepens. The Block Rate of 70% used to estimate the Resource was based on historic excavation data within the marble rock mass being excavated in Hills 3 and 2B. As there has been nothing to change the view that the marble retains its massiveness with depth and is laterally consistent across the outcrop a 70% Block rate can be used for ongoing planning of the Resource to be excavated as Blocks. The Resources and Reserves reported in QPR2015 are summarized in Table 5-3.



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6.0 MARBLE RESOURCES AND RESERVE AS OF 31 MARCH 2016

In Section 4 Table 4.4 presented the excavation on Hills 1,2A and 2B over the last 12 months. In total 134,200m³ of excavation has taken place in the year to 31 March 2016. This represents 0.69% of the Total Resources presented in QPR2015. This is a small fraction and thus in the opinion of RH this represents no material change.

The Annual Mineral Resources and Reserves Summary as at 31 March 2016 is shown in the Table below:

**Table 6-1; Summary of Statements of Reserves and Resources at Kelantan Marble Quarry
at 31 March 2016 (million m³)**

	Mineral Type	Gross Volume Attributable to License (million m ³)	Net Volume Attributable to Company (million m ³)	Change from QPR2015 (%)
Reserves				
Proved	White Marble	10.41	10.41	-0.57
Probable		0.49	0.49	—
Total		10.90	10.90	-0.55
Resources				
Measured	White Marble	18.37	18.37	-0.76
Indicated		0.90	0.90	—
Inferred		0.76	0.76	—
Total		20.03	20.03	-0.69

7.0 FINANCIAL ANALYSIS OF THE OPERATIONS

The Company is relatively simple with essentially one business operation – ie the Kelantan Marble Quarry. However Sales and Marketing represents a major obligation in order to raise awareness to the products and to establish a foothold in the market.

The tax obligations and Malaysian Government charges are also significant. All land in Malaysia is owned by the State and as is common in all jurisdictions the benefits gained from the extraction of natural resources are to be shared with the State and not only the Company (ie the miner) carrying out the extraction. In the case of the Company the charges include a Tribute of 8% based on sales of Blocks, a Royalty of 5% based on the Gross Proceeds and finally profit sharing of 15% paid to the JV partner, Kelstone.

The Company does not have any significant tax payments outstanding at 31 March 2016.

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7.1 Sales and Marketing

The current sales strategy for marble blocks and marble slab products is to target customers primarily in the PRC and the Southeast Asia. The intention is to sell these products primarily to end-user customers such as developers and construction companies whose demand is mainly in marble slabs. Separately, the Company may enter into distribution agreements with marble distributors and wholesalers for them to distribute the marble blocks and marble slabs. These are selected based on their track record, customer base and sales and marketing network.

The Company also continues to increase customer and market exposure of products by attending industry forums, trade fairs and exhibitions. Over the last year the fairs and exhibitions participated include;

- May 15 – The Middle East Stone Fair held in Dubai
- Mar 16 – The 16th China Xiamen International Stone Fair, an internationally renowned industry event attended by many stone industry participants

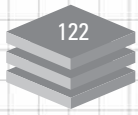
At the same time, the Company is communicating and engaging with marble industry participants, property developers, contractors, professionals such as architects and designers and others who have significant influence over customer preferences and purchasing decisions to create greater awareness of the products and branding.

For aggregates, the current sales strategy has been to directly market and sell to end-users in Malaysia, such as contractors in the construction industry as well as producers of calcium carbonate. However market conditions have not been good this year and thus this strategy is on hold until an upturn.

All sales in the PRC are currently carried out through Qingdao Terratech Resources Co. Ltd. ("Qingdao Terratech"). As at the Effective Date, Qingdao Terratech has established sales offices in Beijing, Chengdu and Qingdao in the PRC. The sales function in Malaysia is carried out through CEP.

To better market the marble products in the PRC, on 10 December 2014 the Company acquired an 80% stake of Shanxi Hengyu Architectural Decoration Engineering Co. Ltd. ("Hengyu") headquartered in Xi'an, Shanxi, PRC. Hengyu's existing business is focused on undertaking interior and exterior decoration work for large development projects in the PRC.

The successful acquisition of Hengyu enable the Company to leverage on Hengyu's existing licenses, management, track record and clientele, in particular to gain immediate access to property developers and infrastructure public buildings developments or projects by local governments in the PRC. With this acquisition, it has established a complete value chain of marble resource-products-decoration services, which will enable the provision of a quality one-stop service. This will better position the Company for the development of its business in the PRC.



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8.0 ENVIRONMENTAL AND SOCIAL MANAGEMENT

8.1 Environmental Requirements

In Malaysia environmental regulatory requirements for the Kelantan Marble Quarry require compliance with the Environmental Quality Act 1974 as amended by the Environmental Quality (Amendment) Act 1985. Section 34(A) states that any person intending to carry out any of the 'prescribed activities' shall need to submit an Environmental Impact Assessment (EIA) report to the Director General of the Department of the Environment and get it endorsed before any approval for carrying out such activity shall be granted by the relevant approving authority.

As there are human settlements within 3km the Kelantan Marble Quarry qualified as a "Prescribed Activity" and accordingly an EIA was prepared in January 2008 by EQM Consultancy Services (now trading as EQM Ventures Sdn. Bhd.), specialist environmental and quarrying consultants based in Ipoh. A supplemental report dated 10 June 2009 was also submitted and on 23 June 2009, the Kelantan Department of Environment issued a letter (the "EIA Approval Letter") confirming that the supplemental to the EIA Report complies with the Environmental Quality Act 1974 as amended by the Environmental Quality (Amendment) Act 1985, subject to compliance with certain conditions (the "Approval Conditions").

The "Approval Conditions" include but are not limited to the requirements for the prior consent in writing from the Kelantan Department of Environment to be secured for the construction of sewage treatment systems and for the approval or consent in writing from the Director of the Department of Environment to be secured for the construction of any factory or placing of any combustion equipment prior to the commencement of the construction works. The only combustion equipment on site is one generator set and approval has already been granted by the Department of the Environment; it is used for the operation on Hill 2A until power cable is laid to connect Hill 2A to the power grid. However no sewage treatment system has been installed up to this point and thus no application made.

Each year when the Quarry Permit is renewed it is a requirement that the environmental performance is reported as part of the Permit application. The renewal application is made with the report prepared by independent consultants EQM Ventures Sdn Bhd. The current Quarry Scheme Approval is valid for 12 months from June 2015 and to date the environmental performance has met the requirements of the EIA. The Company has already applied for a renewal of its Permit and is waiting for a formal renewal letter from JMG. RH has not reviewed the report accompanying the renewal application.

However it is understood that the conclusion is that the 'works on site have been carried out in accordance with the license requirements with a recommendation that the SKSK (ie the Malaysian language term for the license) for CEP is renewed for one (1) more year.

8.2 Existing Environment

The Kelantan Marble Quarry is a karst limestone hill which protrudes out of the surrounding plain. Near vertical cliffs define the hill and are over 100m high. The hill comprises four individual hills with a total site area of approximately 1200m in length by 400m in width.

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Rubber plantations are present on the northern and eastern side of the Quarry area. The access to the Quarry area is through these plantations along a track which was originally constructed for logging. The Berangkat Forest Reserve is present on the western and southern side and in the past extensive logging has taken place close to the quarry site. On the site there is no existing farmland and no habitation although within 3km of the quarry there are four small 'Kampung' (i.e. villages).

The climate is equatorial which is characterized by warm and humid weather all year round with a mean daily temperature of 26.5°C and yearly rainfall in excess of 2300mm. There are four small natural ditches and two small streams flowing just outside the site boundary. There are some seepage points in the marble cliff faces with small flows of water.

Air and water quality in the area surrounding the Quarry are within recommended guidelines and ambient noise is much lower than World Health Organization Guidelines. The quarry area contains no unique flora and fauna.

8.3 Environmental Impact

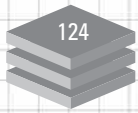
The effects on the environment from quarrying arise during:

- **Development;** clearance of vegetation, any overburden removal, construction of access, any blasting to form production platforms, building and infrastructure construction such as offices, workshops, living quarters and processing facilities. Environmental effects arise from air pollution, surface run-off, generation of waste as well as issues related to workers occupational health and safety.
- **Operations;** cutting of marble blocks and haulage, removal of loose marble fragments and broken blocks downslope, dust, vibration and noise from these activities. Ongoing modification of surface run-off features. Noise and air quality impacts from the operation of the marble slab processing facility and the crushing and screening facility. General site activities such as movement of site vehicles, activities related to storage and loading of blocks to be sent to markets.

The sensitive receiver used as the reference point is a school approximately 300m from the Quarry in a village (Kampung Star) immediately across the Nenggiri River. As the Quarry is being worked from south to north, over time the main working areas will be moving away from the village and thus the impact should be further reduced.

8.4 Mitigation Measures Implemented

- **Dust Mitigation;** measures comprise use of water with drilling, cutting and sawing activities; and water trucks to spray access roads and stockpile areas during dry periods. Workers wear masks as personal protection from dust.
- **Noise Control;** methods of control include silencers, use of absorbing materials, Containing noisy activities behind topographic or vegetation barriers to create a buffer. Workers wear ear muffs or ear plugs for noise affected activities.



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- **Control of Surface Water Run-Off;** construction of silt traps at two locations where water discharge from the site is taking place. Construction of sumps as necessary to collect rainwater with use of water for operational activities and recycling where possible.
- **Minimizing Use of Explosives;** used only in the development stage and at low charges to minimize damage to the marble. As the surface karst features provide attractive features for gardens and as natural sculptures the Company intends to preserve these where possible for sale and as such the use of explosives will be less than what would normally be expected.
- **Environmental Management;** regular noise, water and air quality monitoring with reporting by independent consultants as follows:
 - monthly in respect of environmental compliance;
 - monthly in respect of water quality;
 - quarterly in respect of air quality; and
 - quarterly in respect of environmental audit.
- **Ongoing Review of Measures in Place;** as The Project operations at the Quarry have only been in operation since early 2012 the environmental measures in place are being modified and improved as the Quarry is opened up and site specific issues identified.

8.5 Rehabilitation and Abandonment

In Malaysia requirements for restoration, reclamation and rehabilitation are not clearly defined either legally or administratively. This is because most quarries have a long anticipated life, which makes it difficult to determine a precise after use. There is no specific provision in the National Land Code. However it is also recognised that the appearance of an abandoned quarry does much harm to the Environment and thus it is understood by operators that legal provisions may be imposed if the necessity for rehabilitation is ignored.

The Company has undertaken to rehabilitate the Quarry on an ongoing basis but as there has been no discussion on an after use, and until such times that an after use is decided, rehabilitation will be simply to return the land to a landform with the quarry floor suitable for development and any slopes to be stable and able to be vegetated.

The marble cliffs which are currently present will be removed as part of the quarry operation and the landscape will be fundamentally different. A slope will be created from the back of the current Hills 1 and 2A and these will be cut to a geotechnically safe angle of 60° and vegetated. Elements of the reclamation and restoration process will be carried out concurrently with the quarrying operation.

Areas quarried out will be backfilled with waste materials and soil to restore the natural landforms where possible and a drainage system installed such that the landform would retain sufficient water for plant growth, reduce the risk of erosion and prevent unwanted waterlogging. The rehabilitation plan will be carried out in accordance with the terms set out in the EIA Report, the Environmental Management Plan and the Quarry Scheme Approval conditions.

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8.6 Social Management

The company has stated that whilst it will engage skilled workers from outside Kelantan the policy is also to ensure that the Quarry operation provides social and economic benefits to the local communities. To this effect local people have already been engaged and trained for specific tasks. In addition they will be employed on an as-need basis and trained as the quarry operation develops.

8.7 Conclusions

Any quarry operation will have an impact on the environment and the Kelantan Marble Quarry is a big operation. The approved EIA identified no unique flora and fauna and there is no habitation or farmland in the quarry area.

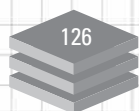
There are therefore there are no major impacts associated with the operation other than to ensure that the works are carried out in a properly managed way. The Company has undertaken to do this and implemented proper mitigation measures and working procedures. A proper management plan monitored by independent consultants is in place and ongoing. To date the performance has been good with no adverse reports.

In the long term the quarry will significantly change the landscape and it is important that the land is not sterilized for future use. The rehabilitation plan for when the quarry is closed, which will be developed in due course, will be to leave the land suitable for future development with adjacent slopes and landforms stable and properly vegetated to suit the surrounding environment.

The local community is benefiting from the Kelantan Marble Quarry. They are providing resources to work in the Quarry and there are local businesses such as transport contractors that benefit from the presence of the Quarry. It is a mutually beneficial relationship as the local community also provides knowledge of local practices, customs and the environment.

9.0 CONCLUSIONS AND RECOMMENDATIONS

- The Kelantan Marble Quarry, located 22Km north of Gua Musang in Kelantan Province, Malaysia is excavating massive white marble from four hills which rise abruptly out of the adjacent plain.
- Commercial extraction commenced in early 2012 and Dimension Stone Blocks are the main products with the PRC the target market for these products. These blocks will be cut into slabs and further processed into a number of end uses but primarily as tiles and cladding. There are three marble colour types at the site and the Dimension Stone Blocks are sold on the basis of these three types.
- Marble retained on site and not sold as Dimension Stone Blocks will be either be cut into small tiles at a processing facility on site or crushed into aggregate and sold for use in the calcium carbonate business.
- The Quarry is operated by CEP Resources Entity Sdn. Bhd ("CEP") which is indirectly owned by Terratech Group Limited via its wholly-owned subsidiary Terratech Resources Pte Ltd. Terratech listed on the Catalist Board of the SGX in July 2014 with a development plan up to 2021. The lease on the Quarry is for 33 years ending in January 2044 and the Quarry Permit has to be reapplied and renewed each year.



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- In the July 2014 IPO the QPR was comprehensive and covered both technical and commercial matters. The effective date was 31 March 2014 and the total resources estimated under the JORC code was 20.29Mm³ of which 11.02Mm³ were proved and probable Reserves. The Block rate estimated was 70%.
- Over the year up to 31 March 2016 an estimated 134,200m³ of rock has been extracted. The block production has taken place in Hill 1, 2A and 2B.
- The excavation in last year up to 31 March 2016 has represented about 0.69% of the total resources. This is minimal and as such it can be reported that there is no material change in the resources at the Quarry. There has also been no change in the business approach and likewise this represents no material change.
- A major focus this year has been to increase the awareness of the Marble products in the PRC and the Southeast Asia market. Several high profile trade fairs have been attended where the Company has invested in stands. There has been good response.
- The environmental performance remains good and there have been no complaints. This performance is one of the key criteria in assessing the performance of Terratech and whether they are eligible for the renewal of the Quarry Permit.

9.1 Recommendation

It is recommended that the annual resource statement effective 31 March 2016 is reported in the Company Annual Report to shareholders in tabular form as shown below:

	Mineral Type	Gross Volume Attributable to License (million m ³)	Net Volume Attributable to Company (million m ³)	Change from QPR2015 (%)
Reserves				
Proved	White Marble	10.41	10.41	-0.57
Probable		0.49	0.49	—
Total		10.90	10.90	-0.55
Resources				
Measured	White Marble	18.37	18.37	-0.76
Indicated		0.90	0.90	—
Inferred		0.76	0.76	—
Total		20.03	20.03	-0.69

It can also be reported that there has been “No Material Change” in both the total resources at the Quarry and in the way that the business is being run.

The Reporting Standard adopted for this Annual Resource Statement is the JORC Code 2012 which is the same as that used for the QPR dated 31 March 2014. The current Resource statement has been prepared by Paul Fowler who was the principal author for the QPR2014.

STATISTICS OF SHAREHOLDINGS

AS AT 20 JUNE 2016

SHARE CAPITAL

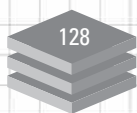
Issued and Fully Paid-up Ordinary Share Capital	:	S\$8,924,670
Class of Ordinary Shares	:	Ordinary Shares
Number of Ordinary Shares	:	683,542,003
Voting Rights	:	1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.18	26	0.00
100 – 1,000	7	1.24	3,400	0.00
1,001 – 10,000	90	15.93	578,600	0.08
10,001 – 1,000,000	431	76.28	71,631,297	10.48
1,000,001 AND ABOVE	36	6.37	611,328,680	89.44
TOTAL	565	100.00	683,542,003	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TRITECH GROUP LIMITED	386,948,000	56.61
2	LUMINOR PACIFIC FUND 1 LTD	61,640,802	9.02
3	CHUA SWEE WAH	24,600,000	3.60
4	UOB KAY HIAN PRIVATE LIMITED	18,800,077	2.75
5	VSTL INVESTMENT LTD	11,100,000	1.62
6	PHILLIP SECURITIES PTE LTD	8,846,900	1.29
7	YAP XI MING	7,500,000	1.10
8	HONG LEONG FINANCE NOMINEES PTE LTD	7,482,100	1.09
9	CHAN HOCK LYE	7,127,400	1.04
10	OCBC SECURITIES PRIVATE LIMITED	6,785,200	0.99
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,090,000	0.89
12	ZENG LIREN	4,990,000	0.73
13	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	4,821,700	0.71
14	KWAN CHEE SENG	4,483,201	0.66
15	TOH SOON HUAT	4,298,000	0.63
16	LEE EE @ LEE ENG	4,059,500	0.59
17	KGI FRASER SECURITIES PTE. LTD.	3,600,000	0.53
18	CHUA KWEE SIN	3,550,000	0.52
19	PHANG CHU MAU	3,000,000	0.44
20	TAN CHIN TUAN	2,720,000	0.40
TOTAL		582,442,880	85.21



STATISTICS OF SHAREHOLDINGS

AS AT 20 JUNE 2016

SUBSTANTIAL SHAREHOLDERS

NO.	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	%	DEEMED INTEREST	%
1	Tritech Group Limited	386,948,000	56.61	—	—
2	Luminor Pacific Fund 1 Ltd	61,640,802	9.02	—	—

Based on the information available to the Company as at 20 June 2016, approximately 43.39% of the ordinary issued shares of the Company are held by the public.

Accordingly, Rule 723 of the Listing Manual (Section B: Rule of Catalyst) of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting of Terratech Group Limited (the “**Company**”) will be held at 31 Changi South Avenue 2 Singapore 486478 on Tuesday, 26 July 2016 at 10.30 a.m., to consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:–

AS ORDINARY BUSINESS

- | | | |
|----|--|---------------------|
| 1. | To receive and adopt the Directors’ Report and the Audited Financial Statements for the financial year ended 31 March 2016 together with the Auditors’ Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors’ fees of S\$155,000 for the financial year ended 31 March 2016. <i>(See Explanatory Notes)</i> | Resolution 2 |
| 3. | To re-elect Dr Wang Xiaoning retiring pursuant to Article 85(6) of the Articles of Association of the Company. <i>(See Explanatory Notes)</i> | Resolution 3 |
| 4. | To re-elect Dr Loh Chang Kaan retiring pursuant to Article 85(6) of the Articles of Association of the Company. <i>(See Explanatory Notes)</i> | Resolution 4 |
| 5. | To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 5 |

AS SPECIAL BUSINESS

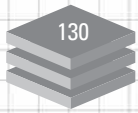
- | | | |
|----|--|---------------------|
| 6. | General Authority to Allot and Issue Shares | Resolution 6 |
|----|--|---------------------|

That, pursuant to Article 12(1) the Articles of Association of the Company and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**Rules of Catalist**”), authority be and is hereby given to the Directors to:

- | | | |
|-----|------|--|
| (a) | (i) | allot and issue shares in the capital of the Company (“ Shares ”) whether by way of rights, bonus or otherwise; and/or; |
| | (ii) | make or grant offers, agreements or options (collectively “ Instruments ”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into shares; |

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, and

- | | |
|-----|--|
| (b) | (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, |
|-----|--|



NOTICE OF ANNUAL GENERAL MEETING

provided always that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), provided that the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company;
- (2) (subject to such manner of calculation as may be prescribed by the Rules of Catalist), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;
 - (b) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Cayman Companies Law, and otherwise, and the Memorandum and Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(See Explanatory Notes)**

7. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Lee Pih Peng
Company Secretary

Singapore
11 July 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:–

1. A member entitled to attend and vote at the Annual 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 Annual 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual 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.

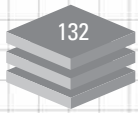
Explanatory Notes on Ordinary Business to be transacted:

Resolution 2

The Directors’ fees of S\$155,000 does not include the remuneration proposed to be paid to Dr Wang Xiaoning for his services rendered for the period up to 31 March 2016, which is covered under the Service Agreement dated 10 July 2016 entered into between the Company and Dr Wang Xiaoning and which has been approved by the Shareholders on 31 July 2015.

Resolution 3

Dr Wang Xiaoning will, upon re-appointment as the Director of the Company, remain as the Non-Executive Chairman of the Company, and a member of the Nominating Committee and Remuneration Committee.



NOTICE OF ANNUAL GENERAL MEETING

Resolution 4

Dr Loh Chang Kaan will, upon re-appointment as a Director of the Company, remain as the Chief Executive Officer and Executive Director of the Company.

Explanatory Note on Special Business to be transacted:

Resolution 6

The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting of the Company until the next Annual General Meeting of the Company, to allot and issue Shares and convertible securities in the Company, without seeking any further approval from Shareholders in a general meeting but within the limitation imposed by Ordinary Resolution 6, for such purposes as the Directors may consider would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and issue under Ordinary Resolution 6 would not exceed one hundred per cent. (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) at the time of the passing of Ordinary Resolution 6. For issue of Shares and convertible securities other than on a *pro rata* basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent. (50%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) at the time of the passing of Ordinary Resolution 6.

The one hundred per cent. (100%) limit and the fifty per cent. (50%) limit will be calculated based on the Company's issued share capital at the time of the passing of Ordinary Resolution 6, after adjusting for:

- (i) new Shares arising from the conversion or exercise of convertible securities; and
- (ii) any subsequent bonus issue, consolidation or subdivision of Shares.



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