

CONVERTIBLE LOAN AGREEMENT

1. INTRODUCTION

- 1.1 The board of directors ("**Board**" or "**Directors**") of Trittech Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 27 October 2017 entered into a convertible loan agreement ("**CLA**") with Yongsheng (S) Holdings Pte Ltd (the "**Lender**"), pursuant to which the Lender has agreed to grant an interest-bearing convertible loan of S\$4,000,000 ("**Loan**") to the Company, convertible into new ordinary shares in the share capital of the Company ("**Loan Shares**") at a conversion price of S\$0.08 ("**Loan Conversion Price**").
- 1.2 The Loan Conversion Price represents a premium of approximately 31.1% to the volume weighted average price of S\$0.061 of each ordinary share of the Company ("**Share**") based on trades done on 27 October 2017 (being the last full market day on which the CLA was signed).

2. INFORMATION ON THE LENDER

- 2.1 The Lender was introduced to the Company by our Independent Director, Mr Aw Eng Hai. The Lender is interested in making private investments and is providing the Loan to the Company for investment purposes.
- 2.2 The Lender has confirmed to the Company that its directors, shareholders and/or ultimate beneficial shareholders:
- (a) it has no connection (including business relationships) with the Company, its Directors or substantial shareholders and are not persons to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**"); and
 - (b) it is not acting in concert with any Director or substantial shareholder of the Company to obtain or consolidate effective control of the Company through the Loan (including as contemplated in the Singapore Code on Take-overs and Mergers).

As at date of this announcement, save for a director and shareholder of the Lender who holds 7,500,000 shares or approximately 0.8% equity interests in the Company, none of the remaining directors and/or shareholders of the Lender has any shareholding interests in the Company.

The Loan Shares will not be issued and allotted to persons who fall within the categories set out in Rule 812(1) of Catalyst Rules. The issuance of the Loan Shares will also not result in a change of controlling interest in the Company.

- 2.3 No commission or referral fees were paid by the Company in connection with the Loan and the CLA.

3. **PRINCIPAL TERMS OF CLA**

3.1 The principal terms of the CLA are as follows:

3.1.1 **Principal Sum of Loan:** S\$4,000,000

3.1.2 **Conversion Price:** S\$0.08, subject to adjustments in accordance with the provisions of the CLA.

3.1.3 **Conversion Shares:** The number of Loan Shares of 50,000,000, when allotted and issued in full, will represent approximately 5.51% of the Company's existing and paid-up capital of 907,971,182 Shares as at the date of this announcement, and approximately 5.22% of the enlarged issued and paid-up share capital of 957,971,182 Shares assuming full conversion to the Loan Shares.

3.1.4 **Term of Loan:** The term of the Loan is for a period of two (2) years.

3.1.5 **Conditions:** The grant of the Loan by the Lender is conditional upon:-

- i) The Company shall grant the Lender a first fixed charge on the 25,140,000 quoted shares of Capital World Limited on the Catalist of the SGX-ST ("**Capital World Shares**") that are owned and held by the Company by executing the deed of share charge of such changes in favour of the Lender ("**Deed of Share Charge**").
- ii) The Company shall within five (5) Business Days of the date of CLA or such other date as may be agreed by the Lender and furnished to the Lender:
 - (a) a copy of the confirmation of filing of the relevant documents by the Company with the Accounting and Corporate Regulatory Authority of Singapore for the lodgement and registration of the charge created pursuant to the Deed of Share Charge;
 - (b) the certificate of stamp duty issued by the Inland Revenue Authority of Singapore in respect of the stamp duty fees paid on the Deed of Share Charge; and
 - (c) to the satisfaction of the Lender, evidence of the submission by the Company to the relevant authorities including the Depository of such form(s) as may be prescribed by the applicable laws (including but not limited to the Securities and Futures Act (Chapter 289 of Singapore) and the Securities and Futures (Central Depository System) Regulations 2015) for the creation of such security interests over any book-entry securities pursuant to any transaction documents that may be entered into as security for the Loan (the "**Transaction Documents**").
 - (d) Additional Security

The Company acknowledges that the value of the Capital World Shares (based on the volume weighted average price of approximately S\$0.075 per share as at 27 October 2017) is substantially lesser than the quantum of the Loan.

In consideration for the early disbursement of the Loan on the date of CLA, the Company hereby irrevocably and unconditionally undertakes to the Lender as follows;

- i. to immediately upon the Lender's request, provide the Lender with information on such other assets of the Group which the Company shall grant or procure to be granted, to the Lender as security for the Loan. The Company hereby undertakes to provide the Lender with such additional information as the Lender may request in relation to such additional security to be provided;
 - ii. within three (3) Business Days from the date of the CLA, to enter into, or procure that the Group enter into, any additional security documents as the Lender may request and on terms acceptable to the Lender (the "**Additional Security Documents**") for the creation of a fixed and floating charge over certain assets of the Company (the "**Additional Secured Assets**"), the value of such assets to be to the satisfaction of the Lender. The Company represents, warrants and undertakes with the Lender that the Group has good title and possession over the Additional Secured Assets.
 - 3.1.6 **Disbursement of the Loan:** Concurrent with the signing of the CLA, Lender shall deliver a Bank Draft/Bank Cheque to and drawn in favour of the Company for the Loan.
 - 3.1.7 **Maturity Date:** The Loan shall commence from the date of the CLA and expire on the second (2nd) anniversary thereof.
 - 3.1.8 **Repayment:** If on or prior to the Maturity Date an Event of Default occurs, the Lender shall be entitled to demand full repayment of (i) the Loan amount (or such amount of the Loan outstanding), (ii) the accrued Interest and/or (iii) any unpaid fees and other sums due (excluding the Loan amount and the accrued interest) ("the **Outstandings**") whereupon the Loan amount (or such amount of the Loan outstanding), the accrued Interest and/or the Outstandings shall become due and payable.
- Subject as otherwise provided in the CLA and unless the Lender has exercised its right of conversion, the Company shall repay the Loan amount (or such amount of the Loan outstanding), the accrued Interest and/or the Outstandings on the Maturity Date or the default repayment date.
- The Company shall repay the Loan amount (or such amount of the Loan outstanding), the accrued Interest and/or Outstandings to the Lender at such bank account(s) as the Lender may notify the Company, in cash and in such currency in which the Loan was received by the Company, or in such other manner as may be specified by the Lender.
- 3.1.9 **Conversion Right:** Subject to the listing and quotation notice being obtained from SGX-ST, the Lender shall have the right to have the loan repaid into Loan Shares.
 - 3.1.10 **Status of Loan Shares:** The Loan Shares will, upon allotment and issue, rank *pari passu* in all respects with the existing Shares, except that they will not be entitled to any dividends, rights, allotments or other distributions, the record date for which occurs prior to the date of issue of the Loan Shares.
 - 3.1.11 **Accrual of Interest:** Interest shall accrue on the date of the CLA at an interest rate of 12% on the full amount of the Loan by the Lender to the Company, and thereafter at an interest rate of 12% on the anniversary of the date of the CLA, such interest as accrued ("**Accrued Interest**") the Loan shall be payable by the Company in cash as detailed in sub-paragraphs (3.1.12) below.

3.1.12 **Interest Payment Dates:** Accrued Interest shall be payable by the Company to the Lender as follows:

	<u>Interest Payment Date</u>	<u>Amount of Interest payable (S\$)</u>
(i)	On the date of this Agreement ("Y")	240,000
(ii)	Y + 6 months	Interest Rate x Loan (or such amount of Loan outstanding on the date which interest is payable) x the Fraction (as defined herein)
(iii)	Y + 12 months	
(iii)	Y + 18 months	

$$\text{Fraction} = \frac{\text{Number of days from the date of commencement of the relevant interest period until the interest payment date}}{365}$$

3.1.13 **Anti-Dilution and Adjustment Provisions to Conversion Price:** There are provisions for anti-dilution and adjustments to the Loan Conversion Price in the CLA which shall take effect upon the occurrence of certain dilutive events, for example the capitalization of profits or rights issues.

3.1.14 Any material alteration to the terms of the Loan shall be made subject to shareholders' approval if the alteration sought is to the advantage of the Lender, save where such alteration is in accordance with the terms of the CLA.

4 RATIONALE AND USE OF PROCEEDS

4.1 The Company intends to utilize the proceeds from the Loan entirely for its working capital requirements of the Group's existing businesses.

<u>Use of Proceeds</u>	<u>S\$</u>
Estimated expenses for the issuance of the Loan	36,000
Working capital requirements of the Group's existing businesses	3,964,000

The Company will make periodic announcement(s) as to the use of the proceeds from the Loan as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the proceeds raised from the Loan in its interim and full-year financial statements issued under the Catalist Rules and the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and annual report.

4.2 Pending the deployment of the proceeds from the Loan for the purpose mentioned above, such proceeds may be placed as deposits with financial institutions or invested in short-term money markets and/or marketable securities or for any other purposes on a short-term basis, as the Directors may deem fit, from time to time.

5 AUTHORITY TO ISSUE THE LOAN SHARES

- 5.1 The Loan Shares will be issued pursuant to the general mandate (“**Share Issue Mandate**”) approved by the shareholders of the Company (“**Shareholders**”) at the annual general meeting held on 26 July 2017 (“**2017 AGM**”).
- 5.2 The Share Issue Mandate authorises, *inter alia*, the Directors to issue Shares and/or convertible securities of not more than 100% of the total number of issued Shares in the capital of the Company, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders shall not be more than 50% of the total number of Shares. As at the date of the 2017 AGM, the number of issued Shares was 907,971,182 Shares. No Shares were previously issued under the Share Issue Mandate prior to the CLA and as such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 907,971,182 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 453,985,591 Shares.

Based on the Loan Conversion Price of S\$0.08 and 50,000,000 Loan Shares to be issued, the issuance is within the limits of the Share Issue Mandate. Accordingly, specific approval from Shareholders for the issue and allotment of the Loan Shares is not required.

6 NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Loan (and the issue of the Loan Shares) will be undertaken by way of a private placement pursuant to the exemption of Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

7 APPROVALS

The Company, through its sponsor, PrimePartners Corporate Finance Pte. Ltd., will be making an application to the SGX-ST for the listing and quotation of the Loan Shares on the Catalist. The Company will make the necessary announcements once the application in respect of the Loan Shares has been obtained.

8 CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that after taking into consideration the present banking facilities of the Group, the working capital available to the Group is sufficient to meet the Group’s present requirements. Notwithstanding the above, the Company is proposing to undertake the issuance of Loan to raise additional funding for the purpose of working capital requirements.

9 FINANCIAL EFFECTS OF THE LOAN

9.1 Assumptions

The financial effects of the issue and allotment of the Loan Shares on the net assets value (“**NAV**”) per share and the loss per share (“**LPS**”) of the Group are set out below. The financial effects which have been prepared based on the audited consolidated financial statements of the Group for its most recently completed financial year ended 31 March 2017 (“**FY2017**”), are purely for illustrative purposes only and do not reflect the actual financial position of the Group after the allotment and issue of the Loan Shares.

9.2 NAV

For illustrative purposes and assuming the Loan Shares had been allotted and issued at the end of FY2017, with S\$4.0 million of Loan being converted at Loan Conversion Price of S\$0.08 per Loan Share.

	Before the issuance of the Loan Shares	Loan Shares	After the issuance of the Loan Shares
NAV (S\$'000)	71,288	4,000	75,288
Number of Shares ('000)	907,971	50,000	957,971
NAV per Share (cents)	7.85	8.00	7.86

9.3 LPS

For illustrative purposes and assuming the Loan Shares, had been allotted and issued at the beginning of FY2017, with S\$4.0 million of Loan being converted at Loan Conversion Price of S\$0.08 per Loan Share.

	Before the issuance of the Loan Shares	Loan Shares	After the issuance of the Loan Shares
(Loss) after tax (S\$'000)	(9,178)	-	(9,178)
Number of weighted average shares ('000)	833,005	50,000	883,005
LPS (cents)	(1.10)	-	(1.04)

10 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

11 DIRECTORS' RESPONSIBILITY STATEMENT

- 11.1 The Directors collectively and individually accept full responsibility (save in respect of the Lenders) for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the CLA and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.
- 11.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12 DOCUMENT AVAILABLE FOR INSPECTION

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

13 CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the Shares of the Company in relation to this announcement as there is no certainty that the issuance of Loan will be completed as it is subjected to the fulfillment of terms and conditions set out in the CLA. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisors.

BY ORDER OF THE BOARD

Dr Wang Xiaoning
Managing Director
27 October 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).