



SUSTAINABILITY IN **PROGRESS**

ANNUAL
REPORT
2015



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NOTICE OF
ANNUAL GENERAL
MEETING

Terratech Group Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 30 July 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor" or "PPCF").

This 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 for a term of 33 years up to 26 January 2044. The Kelantan Marble Quarry consists of four hills that have total estimated marble resources of 20.17 million cubic metres and total estimated marble reserves of 10.96 million cubic metres as at 31 March 2015.

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 Singapore, Malaysia, Taiwan, India, the Middle East, Europe and the USA.

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 was 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 am pleased to present the inaugural Annual Report of Terratech Group Limited ("Terratech" and together with its subsidiaries the "Group") for the financial year ended 31 March 2015 ("FY2015").

During FY2015, the Group marked a momentous milestone in our corporate history with the successful Initial Public Offering ("IPO") and subsequent listing of Terratech shares on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 July 2014. We are proud that Terratech can lay claim as the first marble producer in the mineral, oil and gas sector to be listed on the Catalist Board.

The IPO is an important step for the Group as we embark on our journey towards building a solid foundation for sustainable growth. With our elevated status as a Singapore listed company and a ready platform to access the capital markets, Terratech is now in a stronger position to execute our business strategy and expansion plans. As such, we believe the Group's focus on the marble resource business presents our shareholders with an attractive opportunity to benefit from a promising business with long-term rewards.

Since Terratech's entry into the marble resource business, the Group's main aim has always been to capitalise on the steadily increasing demand for premium high-quality marble in the People's Republic of China ("PRC"). Hence, the Group's key strategy has been to focus our sales and marketing efforts on selling our marble products to end user customers in the country such as developers, construction companies and distributors.

However, our main target market in the PRC has been experiencing a considerable slowdown in economic growth since early 2015. Consequently, the demand for property developments has deteriorated significantly while the PRC government has slowed down and delayed public buildings and infrastructure developments or projects. The softer market conditions have, and will continue, to affect the demand for marble related products in the PRC, and this may have an impact on the Group's marble business.

Given the demand slowdown in the PRC, the Group has been exploring various options to help cushion the near-term impact on our business. This includes accelerating our plans to market our products in other countries such

CHAIRMAN'S STATEMENT

as Malaysia, Taiwan, India, the Middle East, Europe and the USA. In fact, we have already started working to increase market awareness of our marble products by participating in stone industry fairs and exhibitions in China, Italy, the USA and the Middle East. For the Asia market, we have been arranging site visits for potential customers to acquire a first-hand view of our quarrying and production operations at the Kelantan Marble Quarry in Malaysia. The initial response from customers to our marble products has generally been positive.

Although the rate of the PRC's economic growth has tapered recently, it is still expected to continue on a growth path over the long term, albeit at a less rapid pace. We believe this should bode well for the demand outlook and usage of our marble products.

According to the "12th Five-Year plan" released by the Ministry of Industry and Information Technology of the PRC, consumption of marble slabs is expected to grow at a compound annual growth rate of 17.6% from 2010 to 2015. The consumption of stone, including marble, is expected to be driven by development of infrastructure, building and construction as a result of increased urbanization; rising consumer demand due to growth in incomes and standard of living; development of high-end hotels, which is one of the largest marble slab consuming sectors, on the back of tourism growth; and increased application in residential buildings due to standardisation of marble slab sizes.

Moreover, based on development trends predicted by the PRC Government for the Chinese economy, future plans for hotels, office buildings and residential buildings, and government plans and estimations made by China Stone Material Association, the consumption of Chinese marble block and white marble block is expected to remain at a relatively high growth rate of around 20% to 25% from 2013 to 2018.

As PRC companies that specialize in white marble tend to be only small and medium-sized companies, there are insufficient white marble resources. Due to this limited availability of high-quality marble resources domestically, the PRC's demand for high end products is met from countries with recognised high quality marble resources. Generally, imported white marble is considered to be a premium product that commands higher prices than those produced domestically.

To ensure that Terratech will be in a strong position to capitalise on the positive long term prospects of the PRC market, the Group has been working to improve our brand recognition by raising customer and market exposure of

our white marble products. Besides participating in industry forums, trade fairs and exhibitions in the PRC, the Group has been actively engaging marble industry participants, property developers, contractors as well as industry professionals such as architects and designers. These various market participants have significant influence over customer preferences and purchasing decisions which will create greater awareness of our products and branding.

At the same time, the Group has been working to strengthen our marketing and sales capabilities. In December 2014, the Group acquired an 80% stake in 陕西恒宇建筑装饰工程有限公司 ("Hengyu") which focuses on undertaking interior and exterior decoration works for large property development projects by the private sector and local governments in the PRC. In addition to providing immediate access to improve sales of our marble products, the acquisition of Hengyu has also enabled the Group to establish a complete value chain spanning from marble resources and marble products to decoration services. As a result, Terratech now has the capability to provide a quality one-stop service to large property developers and infrastructure/public developments or projects by local government in the PRC. This places us in a better position to develop our business.

In addition to the acquisition of Hengyu, the Group is also presently negotiating to acquire a group of companies, 宜兴市美联常弛石业有限公司 ("Meilian Changchi"), 宜兴市新弛石业有限公司 ("Xinchi") and 上海美联常弛国际贸易有限公司 ("Shanghai Meilian Changchi") (collectively the "Meilian Changchi companies"), as previously announced on 28 January 2015. The proposed acquisition will be of strategic benefit to the Group as it extends our business downstream into the production of marble tiles as well as expands our sales focus on the USA market. We will update shareholders as and when there are any further developments relating to the proposed acquisition.

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,

The successful listing of Terratech Group Limited ("Terratech" and together with its subsidiaries, the "Group") on the Catalist Board of the SGX-ST in 2014 heralds the beginning of a new chapter in our history. The stage is now set for Terratech to pursue and realise our growth ambitions for the Group's marble resource business.

The Group is a producer of premium-quality marble blocks and marble slabs, with exclusive rights to explore, develop, quarry, extract and sell marble and other stones from the Kelantan Marble Quarry (the "Quarry") in Malaysia. Our Quarry site comprises of four hills – termed as hills 1, 2A, 2B and 3, for which the Group has been granted a sub-lease term of 33 years from January 2011 to January 2044.

Sizeable and High Grade Marble Reserves

With sizeable marble reserves over the area of our Quarry, the Group is well-positioned to provide a stable and long-term supply of products to customers. According to the Qualified Person's Report dated 31 March 2014, our Quarry

has total estimated resources of 20.29 million cubic metres ("m³") and total estimated Proved and Probable Reserves of 11.02 million m³ that can be extracted as dimension stone blocks.

Following development and excavation works during the last financial year ended 31 March 2015 ("FY2015"), the total resources of our Quarry decreased slightly by 0.61% to 20.17 million m³ while Proved and Probable Reserves of marble dipped 0.52% to 10.96 million m³ as at 31 March 2015. These updated mineral resource and reserve estimates are based on the latest Qualified Person's Report dated 8 June 2015.

Apart from the massive reserves at our Quarry, it is also noteworthy that the marble is relatively consistent and homogenous in colour, strength, texture and appearance. These high quality characteristics of our marble products enable Terratech to stack up favourably against other marble suppliers from Europe.

CEO'S STATEMENT

With the ability to guarantee a stable supply and consistent grade of marble, our products are a good fit to major construction and infrastructure projects which demand large amounts of marble products with consistent quality.

Strategic Focus on Quarry Development and Marketing in FY2015

During FY2015, the Group's strategy was to focus mainly on development works and marketing initiatives to drive higher brand and product awareness.

The Group limited the production of marble blocks in FY2015 as we aligned our production plan to current market demand amid a deceleration of PRC's economic growth. In total, the production of marble blocks in FY2015 was approximately 6,372 m³.

Having already commenced production at Hill 2B, we are now channeling our resources and energies to the development and extraction works at Hill 1 and Hill 2A. Works at both hills are already at advanced stages. We believe this move is beneficial to our marketing efforts as the dimension stone blocks from Hills 1 and 2A will broaden the range of our white marble products. The marble that the Group has started extracting at Hill 1 is of the black-spotted white marble selection which is considered a premium range and typically commands higher selling prices than purplish white marble products.

Besides marble blocks and slabs, the Group is also able to sell aggregates from marble pieces which are broken blocks or loose fragments. Pending the receipt of the necessary licenses for our in-house aggregates processing facility, we have recently engaged a third-party factory in Malaysia in May 2015 to process all our marble pieces into aggregates. These aggregates are used in road construction and also as raw material for production of calcium carbonate powder.

Expanding Market Reach and Business Platforms

During FY2015, the Group continued to maximise our marketing efforts to build stronger awareness of Terratech and our marble products. The main target market for our marble blocks and marble slabs is in PRC where demand for premium high-quality marble is on the rise.

Our marketing efforts are yielding positive results as we see Terratech's brand and products steadily gaining traction.

Over the past one year, Terratech has been extensively marketing and promoting our product samples in the PRC through a broad series of initiatives including engagements with designers, introductions and collaborations with industry counterparts, and participation in trade exhibitions in the PRC and overseas. The Group participated in several exhibitions in the PRC including "The 15th China Shuitou (Nanan) International Stone Fair" and "The 15th China Xiamen International Stone Fair" which is an internationally renowned industry event.

These efforts spurred the increase in awareness of Terratech's products among a wide range of potential customers such as local and foreign distributors of stone products, decoration companies, designers, end-users and fellow players in the same trade.

We are pleased to witness gradual market recognition and acceptance of our marble products. The use of our marble in the renovation project for DoubleTree by Hilton, Xiamen, is a valuable opportunity to showcase our products and drive further market awareness. The DoubleTree hotel renovation project is designed by one of the world's leading interior and architectural design firms in the USA which counts many renowned international hotel brands among its clients. We believe that when the hotel commences operations, more customers will come to know of and develop greater interest in our marble products.

We have already established relationships and contacts with several design firms including prominent designers in China and the world. The Group is following up specifically on certain projects for our purplish-white marble product. The successful take-off of these projects is expected to drive the sales of our marble blocks and slabs.

To accelerate our market penetration, the Group acquired an 80% stake in 陕西恒宇建筑装饰工程有限公司 ("Hengyu"), an architectural designer and contractor based in Xi'an, Shanxi Province, for a cash consideration of RMB9.6 million. Hengyu focuses on design and construction services for interior and exterior architectural structures and decorations work for large scale property development projects in the PRC.

Hengyu has a proven management team, sound track record, established clientele as well as the necessary licenses to carry out the sale and installation of marble products for property developments, public infrastructure/buildings and government projects in the PRC. The acquisition of

CEO'S STATEMENT

Hengyu provides an important platform for Terratech to gain immediate market access and widen the sales channels for our marble products.

With the acquisition of Hengyu, we have also formed a complete value chain from marble resource and marble products to decoration services. We believe this ability to be a quality one-stop product and service provider will allow the Group to compete more effectively for major property development and government public projects in future.

The Group is also presently in negotiations to acquire a group of companies, namely 宜兴市美联常驰石业有限公司 ("Meilian Changchi"), 宜兴市新驰石业有限公司 ("Xinchi") and 上海美联常驰国际贸易有限公司 ("Shanghai Meilian Changchi") (collectively referred to as "Meilian Changchi"). Based in YiXing, Jiangsu Province and Shanghai in the PRC, Meilian Changchi produces and sells marble tiles and marble mosaic tiles to overseas markets including North and South America, Canada, Europe, Japan, Korea and the Middle East.

The proposed acquisition of Meilian Changchi will enable the Group to move downstream into the marble tiles business with a focus on the USA market, by using our smaller dimension stone blocks as raw material for production of marble tiles and mosaic tiles.

Beyond the PRC market, we are also looking to sell our marble blocks in other countries such as Malaysia, Singapore, Taiwan, India, Europe, Middle East and the USA. To gain product and brand awareness, Terratech has participated in various trade fairs including the "Marmomacc 2014 Stone Fair in Verona, Italy", "The Coverings 2015 in Orlando, USA" and "The Middle East Stone Fair in Dubai". The resounding response we received at these trade fairs underscores the quality of our marble products which is on par with international standards.

In view of the significant progress that Terratech has achieved over the past year, we believe we are putting in place the right building blocks for the Group's future growth. While the pace of property developments and public development projects in the PRC have slowed, we remain confident of our longer term prospects in PRC market which continues to grow, albeit at a moderated pace than previously. Our ongoing initiatives to build sales of marble blocks and aggregates in other countries will also help to expand and diversify the Group's geographical exposure.

A Note of Appreciation

I wish to thank our management, staff, directors and the professionals who have contributed to the successful listing of Terratech on Catalist Board. I would also like to acknowledge the hard work and effort of all our people who have enabled Terratech to progress and succeed in bringing our marble products to the market. Terratech is indeed at the threshold of an expansionary phase. With the concerted efforts of our people, I believe the Group is well-positioned to scale new heights and realise its long-term growth potential.

Dr Loh Chang Kaan
CEO

BOARD OF DIRECTORS



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 Group 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 Group 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 Group.

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. With effect from 30 July 2014, Dr Loh has resigned as a director of TGL and its subsidiaries to focus exclusively on the 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.

BOARD OF DIRECTORS



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 Grant Thornton LLP where he is in charge of the various departments providing specialist advisory services to companies. Mr Aw has more than 12 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 2015, 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



FY2015 FINANCIAL REVIEW

In FY2015, the Group's revenue increased to S\$4.4 million from S\$0.2 million in FY2014 due to higher marble sales by S\$3.9 million and maiden contribution of S\$0.3 million from Hengyu which was acquired in December 2014. Sales of marble products commenced only from the last quarter of FY2014.

The Group's administrative expenses in FY2015 increased 30% to S\$6.5 million compared to S\$5.0 million in FY2014, due mainly to higher salaries and related expenses, cost incurred for the public listing of Terratech, as well as professional and director fees associated with the Group's new publicly-listed status.

Other expenses however declined 15% to S\$4.7 million from S\$5.5 million in FY2014, attributed mainly to the reduction in fair value loss of around S\$2.0 million on derivative financial instruments – convertible bonds and partially offset against the increase in write-down of inventories of S\$1.2 million.

The Group's finance costs also fell by 68% to S\$0.7 million in FY2015 from S\$2.2 million previously. This was due mainly to the conversion of Convertible Bonds in conjunction with the initial public offering of Terratech. Following the conversion, interest payments ceased to accrue on the Convertible Bonds.

As a result of the aforesaid factors, the Group recorded a loss after tax of S\$12.3 million in FY2015, a decrease of 3% from a loss of S\$12.7 million in FY2014.

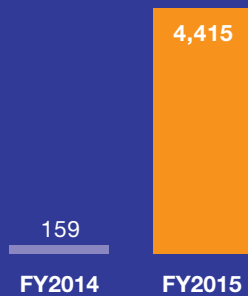
As at 31 March 2015, the Group was in a net cash position with net assets totaling S\$14.6 million. Non-current assets increased by S\$1.5 million to S\$8.0 million at the end of FY2015 due mainly to goodwill arising from the acquisition of Hengyu. Current assets as at 31 March 2015 also increased to S\$9.3 million from S\$7.6 million due primarily to higher trade receivables and inventory in tandem with progress of our marble production and sales. Other receivables and amount due from contract customers also increased during FY2015 due to the consolidation of Hengyu. At the end of March 2015, the Group had cash and cash equivalents of S\$2.9 million.

Current liabilities as at 31 March 2015 decreased significantly to S\$2.5 million from S\$32.9 million a year ago. This was attributed mainly to the full conversion of Convertible Bonds of S\$23 million in conjunction with Terratech's initial public offering during the second quarter of FY2015. Amount due to the immediate holding company also decreased to nil from S\$6.4 million as at 31 March 2014 due to settlement of the Convertible Bonds Settlement Amount. Non-current liabilities reduced to S\$0.2 million as at 31 March 2015 due to repayment of finance lease during FY2015.

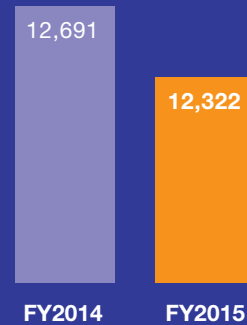


FINANCIAL HIGHLIGHTS

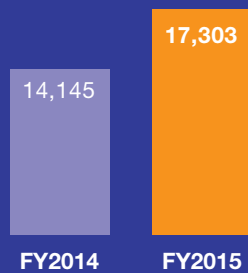
REVENUE (S\$'000)



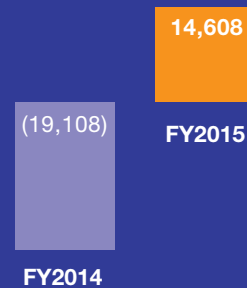
LOSS BEFORE TAX (S\$'000)



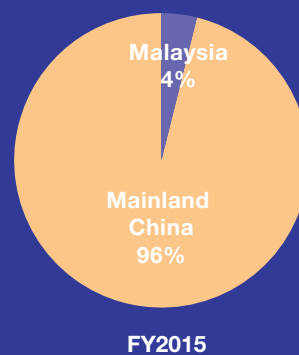
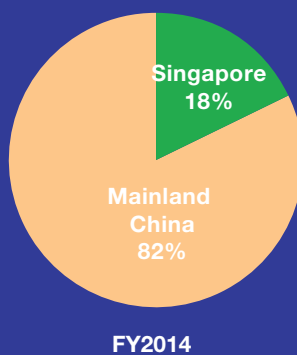
TOTAL ASSETS (S\$'000)



TOTAL EQUITY (S\$'000)



REVENUE BY GEOGRAPHICAL SEGMENT



■ Mainland China ■ Malaysia ■ Singapore

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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 2015 (“**FY2015**”), 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 FY2015.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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><th colspan="2">Table 1.1 – Composition of the Board</th></tr><tr><th>Name of Director</th><th>Designation</th></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⁽¹⁾</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>Mr Wong Kuan Meng Mark⁽²⁾</td><td>Independent Director</td></tr><tr><td>Professor Zhao Jian</td><td>Independent Director</td></tr><tr><td>Mr Tay Yew Khem⁽³⁾</td><td>Independent Director</td></tr></table> (1) Appointed as Chief Executive Officer (China) and Executive Director of the Board on 21 October 2014 (2) Ceased as Independent Director of the Board on 30 September 2014 (3) Appointed as Independent Director of the Board on 4 November 2014 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 ⁽¹⁾	Executive Director and Chief Executive Officer (China)	Mr Aw Eng Hai	Lead Independent Director	Mr Wong Kuan Meng Mark ⁽²⁾	Independent Director	Professor Zhao Jian	Independent Director	Mr Tay Yew Khem ⁽³⁾	Independent Director						
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 ⁽¹⁾	Executive Director and Chief Executive Officer (China)																									
Mr Aw Eng Hai	Lead Independent Director																									
Mr Wong Kuan Meng Mark ⁽²⁾	Independent Director																									
Professor Zhao Jian	Independent Director																									
Mr Tay Yew Khem ⁽³⁾	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 compositions of the Board Committees are as follows: <table><tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr><tr><th></th><th>AC</th><th>NC</th><th>RC</th></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
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																							

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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 FY2015, 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 FY2015</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>3</td><td>3</td><td>0⁽¹⁾</td><td>0⁽²⁾</td></tr><tr><th>Name of Director</th><th colspan="4">Number of Meetings Attended</th></tr><tr><td>Dr Wang Xiaoning</td><td>3</td><td>3</td><td>0</td><td>0</td></tr><tr><td>Dr Loh Chang Kaan</td><td>3</td><td>3</td><td>0</td><td>0</td></tr><tr><td>Mdm Zhan Ping</td><td>2</td><td>2</td><td>0</td><td>0</td></tr><tr><td>Mr Aw Eng Hai</td><td>3</td><td>3</td><td>0</td><td>0</td></tr><tr><td>Professor Zhao Jian</td><td>3</td><td>3</td><td>0</td><td>0</td></tr><tr><td>Mr Tay Yew Khem</td><td>2</td><td>2</td><td>0</td><td>0</td></tr><tr><td>Mr Wong Kuan Meng Mark⁽³⁾</td><td>1</td><td>1</td><td>0</td><td>0</td></tr></table> (1) As the Company was listed on 30 July 2014, the first NC meeting was held on 26 May 2015, after the close of FY2015 (2) As the Company was listed on 30 July 2014, the first RC meeting was held on 26 May 2015, after the close of FY2015 (3) Ceased as Independent Director of the Board on 30 September 2014 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 FY2015						Board	AC	NC	RC	Number of Meetings Held	3	3	0 ⁽¹⁾	0 ⁽²⁾	Name of Director	Number of Meetings Attended				Dr Wang Xiaoning	3	3	0	0	Dr Loh Chang Kaan	3	3	0	0	Mdm Zhan Ping	2	2	0	0	Mr Aw Eng Hai	3	3	0	0	Professor Zhao Jian	3	3	0	0	Mr Tay Yew Khem	2	2	0	0	Mr Wong Kuan Meng Mark ⁽³⁾	1	1	0	0
Table 1.4 – Board and Board Committee Meetings in FY2015																																																									
	Board	AC	NC	RC																																																					
Number of Meetings Held	3	3	0 ⁽¹⁾	0 ⁽²⁾																																																					
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Mr Aw Eng Hai	3	3	0	0																																																					
Professor Zhao Jian	3	3	0	0																																																					
Mr Tay Yew Khem	2	2	0	0																																																					
Mr Wong Kuan Meng Mark ⁽³⁾	1	1	0	0																																																					
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																																																							
1.6	(a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To obtain better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel.																																																							
	(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 FY2015 include: • the external auditors (“EA”) had briefed the AC on changes or amendments to accounting standards; • the Company Secretary, where appropriate, had briefed the Board on the new requirements under the Listing Manual and Companies Act; and • all Directors have attended the “Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know” course conducted by the Singapore Institute of Directors.																																																							

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 1/2 of the Board.
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?	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.

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FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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 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.
	(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 FY2015.
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 key management personnel?	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 Management at least once in FY2015.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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, 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 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.

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FOR THE YEAR ENDED 31 MARCH 2015

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/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 FY2015.												
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

FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
		<table><tr><th colspan="3">Table 4.6(b) – Process for the Re-electing Incumbent Directors</th></tr><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 Mdm Zhan Ping, Mr Aw Eng Hai, Professor Zhan Jian and Mr Tay Yew Khem be re-elected at the forthcoming AGM. The Board has accepted the NC's recommendation. Mdm Zhan Ping will, upon re-appointment as a Director of the Company, remain as an Executive Director and CEO (China). Mr Aw Eng Hai will, upon re-appointment as a Director of the Company, remain as Lead Independent Director and a member of AC, NC and RC. The Board considers Mr Aw Eng Hai to be independent for the purpose of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of the Catalist (the “Catalist Rules”). Professor Zhao Jian will, upon re-appointment, remain as an Independent Director, Chairman of the RC, and a member of the AC and NC. The Board Considers Professor Zhao Jian to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Tay Yew Khem will, upon re-appointment, remain as an Independent Director and a member of AC, RC and NC. The Board considers Mr Tay Yew Khem to be independent for the purpose of Rule 704(7) of the Catalist Rules. </td></tr></table>	Table 4.6(b) – Process for the Re-electing Incumbent Directors			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 Mdm Zhan Ping, Mr Aw Eng Hai, Professor Zhan Jian and Mr Tay Yew Khem be re-elected at the forthcoming AGM. The Board has accepted the NC's recommendation. Mdm Zhan Ping will, upon re-appointment as a Director of the Company, remain as an Executive Director and CEO (China). Mr Aw Eng Hai will, upon re-appointment as a Director of the Company, remain as Lead Independent Director and a member of AC, NC and RC. The Board considers Mr Aw Eng Hai to be independent for the purpose of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of the Catalist (the “Catalist Rules”). Professor Zhao Jian will, upon re-appointment, remain as an Independent Director, Chairman of the RC, and a member of the AC and NC. The Board Considers Professor Zhao Jian to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Tay Yew Khem will, upon re-appointment, remain as an Independent Director and a member of AC, RC and NC. The Board considers Mr Tay Yew Khem to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Table 4.6(b) – Process for the Re-electing Incumbent Directors											
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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 07 and 08 of this annual report.									

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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>Performance Criteria</th><th>Board and Board Committees</th></tr><tr><td rowspan="7">Qualitative</td><td>1. Size and composition</td></tr><tr><td>2. Access to information</td></tr><tr><td>3. Board processes</td></tr><tr><td>4. Strategic planning</td></tr><tr><td>5. Board accountability</td></tr><tr><td>6. Risk management</td></tr><tr><td>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 Committee on its ability to providing 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>	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 Committee on its ability to providing 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.
Performance Criteria	Board and Board Committees													
Qualitative	1. Size and composition													
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	3. Board processes													
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	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 Committee on its ability to providing 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.													
	(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 FY2015, 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 was 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/her performance. No external facilitator was used in the evaluation process.												
	(b) Has the Board met its performance objectives?	For FY2015, 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 Committee to be good and there were no particular issues or concerns that were highlighted. On this basis, the Board has met its performance objectives.												

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FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
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 <table> <tr> <th></th><th>Information</th><th>Frequency</th></tr> <tr> <td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Quarterly</td></tr> <tr> <td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr> <tr> <td>3.</td><td>Budgets and/or forecasts (with variance analysis) and management accounts (with financial ratios analysis)</td><td>Quarterly</td></tr> <tr> <td>4.</td><td>Reports on on-going or planned corporate actions</td><td>As and when relevant</td></tr> <tr> <td>5.</td><td>Internal auditors' ("IA") report</td><td>As and when available</td></tr> <tr> <td>6.</td><td>Research report(s)</td><td>As and when requested</td></tr> <tr> <td>7.</td><td>Shareholding statistics</td><td>Yearly</td></tr> </table> 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.		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly	2.	Updates to 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
	Information	Frequency																								
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly																								
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5.	Internal auditors' ("IA") report	As and when available																								
6.	Research report(s)	As and when requested																								
7.	Shareholding statistics	Yearly																								
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 memorandum and the Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules are complied with; • Assists the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assists the Chairman to ensure good information flows within the Board and its 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.																								

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FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		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.
REMUNERATION MATTERS		
Developing Remuneration Policies		
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 scheme; 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 FY2015.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																																								
Disclosure on Remuneration																																																																										
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.																																																																								
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 FY2015 is as follows: <table><tr><th colspan="6">Table 9 – Directors' Remuneration</th></tr><tr><th>Name</th><th>Salary (%)⁽²⁾</th><th>Bonus (%)⁽²⁾</th><th>Directors Fees (%)</th><th>Other benefits (%)⁽³⁾</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>73</td><td>10</td><td>–</td><td>17</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⁽⁴⁾</td><td>100</td><td>–</td><td>–</td><td>–</td><td>100</td></tr><tr><td>Mdm Zhan Ping</td><td>100</td><td>–</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><tr><td>Mr Wong Kuan Meng Mark⁽¹⁾</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr></table> (1) Ceased as Independent Director of the Board on 30 September 2014 (2) The salary and bonus amounts shown are inclusive of Central Provident Fund (3) Other benefit mainly is share-based payment plan as disclosed in page 31 of this annual report (4) The remuneration proposed to be paid to Dr Wang Xiaoning for his services rendered for the period up to 31 March 2015 is covered under the Service Agreement dated 10 July 2015 entered into between the Company and Dr Wang Xiaoning and which is subject to Shareholders' approval to be obtained at the extraordinary general meeting of the Company ("EGM") to be held after the annual general meeting to approve the Service Agreement. For further details, please refer to the Circular to Shareholders dated 16 July 2015. 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 (%) ⁽²⁾	Bonus (%) ⁽²⁾	Directors Fees (%)	Other benefits (%) ⁽³⁾	Total (%)	S\$250,000 to S\$500,000						Dr Loh Chang Kaan	73	10	–	17	100							Below S\$250,000						Dr Wang Xiaoning ⁽⁴⁾	100	–	–	–	100	Mdm Zhan Ping	100	–	–	–	100	Mr Aw Eng Hai	–	–	100	–	100	Professor Zhao Jian	–	–	100	–	100	Mr Tay Yew Khem	–	–	100	–	100	Mr Wong Kuan Meng Mark ⁽¹⁾	–	–	100	–	100
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CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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?	The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2015 is 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</td><td>85</td><td>15</td><td>100</td></tr><tr><td>Allan Leow Eng Teng⁽²⁾</td><td>100</td><td>–</td><td>100</td></tr></table> (1) The salary and bonus amounts shown are inclusive of Central Provident Fund (2) Resigned on 31 August 2014	Table 9.3 – Remuneration of Key Management Personnel				Name	Salary (%)⁽¹⁾	Bonus (%)⁽¹⁾	Total (%)	Below S\$250,000				Mui Siew Yun	85	15	100	Allan Leow Eng Teng ⁽²⁾	100	–	100
	Table 9.3 – Remuneration of Key Management Personnel																					
Name	Salary (%)⁽¹⁾	Bonus (%)⁽¹⁾	Total (%)																			
Below S\$250,000																						
Mui Siew Yun	85	15	100																			
Allan Leow Eng Teng ⁽²⁾	100	–	100																			
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the key management personnel in FY2015 was S\$124,615.																				
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 FY2015.																				
9.5	Please provide details of the employee share scheme(s).	The Company had no employee share schemes during FY2015.																				
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 FY2015. 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

FOR THE YEAR ENDED 31 MARCH 2015

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">Table 9.6(b)</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> 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices </td><td> 1. Commitment 2. Current market and industry practices </td></tr> <tr> <td>Quantitative</td><td> 1. Relative financial performance of the Group in terms of profit to its industry peers. </td><td> 1. Relative financial performance of the Group in terms of profit to its industry peers. </td></tr> </table>	Table 9.6(b)			Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives	Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices	1. Commitment 2. Current market and industry practices	Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers.	1. Relative financial performance of the Group in terms of profit to its industry peers.
Table 9.6(b)														
Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives												
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices	1. Commitment 2. Current market and industry practices												
Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers.	1. 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 FY2015.												
ACCOUNTABILITY AND AUDIT														
Risk Management and Internal Controls														
11.3	(a) 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 FY2015. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO, Financial Controller ("FC") 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.												

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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 FC in respect of FY2015.
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 service 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;

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
		(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.																								
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 FY2015.																								
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 FY2015</th></tr> <tr> <th></th><th>S\$</th><th>% of total</th></tr> <tr> <td>Audit fees</td><td>196,429</td><td>36</td></tr> <tr> <td>Non-audit fees</td><td></td><td></td></tr> <tr> <td>– Tax advice</td><td>6,000</td><td>1</td></tr> <tr> <td>– IPO</td><td>330,767</td><td>60</td></tr> <tr> <td>– Internal control review</td><td>19,477</td><td>3</td></tr> <tr> <td>Total</td><td>552,673</td><td>100</td></tr> </table>	Table 12.6(a) – Fees Paid/Payable to the EA in FY2015				S\$	% of total	Audit fees	196,429	36	Non-audit fees			– Tax advice	6,000	1	– IPO	330,767	60	– Internal control review	19,477	3	Total	552,673	100
Table 12.6(a) – Fees Paid/Payable to the EA in FY2015																										
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Audit fees	196,429	36																								
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– Tax advice	6,000	1																								
– IPO	330,767	60																								
– Internal control review	19,477	3																								
Total	552,673	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 FY2015 were substantial due to the IPO exercise whereby the EA rendered services as the reporting accountant.																								

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 oversea 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. As of 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 FY2015, 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 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.
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 memoranda for AGMs and Extraordinary General Meetings ("EGM"). The notice 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. To that extent, the Company has undertaken regularly analyst briefings to provide market updates on the Company's business. The Board will also engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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.sg/ .
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 on our Shares will depend on our earnings, general financial position, results of operations, capital requirements, cash flow, general business condition, our development plans and other factors as our Directors may, in their absolute discretion, deem appropriate. Therefore, there can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended for FY2015, as the Group reported a net loss of S\$12.3 million in FY2015 due to slowing economic activities in PRC which in turn affects its marble related products.

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 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. The Company shall, for the time being, put all resolutions to vote by show of hands as it is of the view that voting by poll is logistically burdensome and not cost effective. The Company would adopt poll voting for its general meetings of shareholders held on or after 1 August 2015. All minutes of general meetings will made available to shareholders upon their request after the general meeting.
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COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	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 FY2015 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;

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2015

COMPLIANCE WITH APPLICABLE CATALIST RULES																																		
Catalist Rule	Rule Description	Company's Compliance or Explanation																																
		- works performed by the IA and EA; - assurance from the CEO and FC; and - reviews done by the various Board Committees and key management personnel.																																
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. Other than those disclosed in the Offer Document, there were no IPTs with value more than S\$100,000 transacted during FY2015.																																
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 FY2015, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S\$1,690,140 to act as the sponsor, issue manager and joint placement agent pursuant to the Company's IPO.																																
1204(22)	Use of IPO Proceeds	The following table set out the breakdown of the use of proceeds from the IPO as at 31 March 2015: <table><tr><th>Purpose</th><th>Amount before reallocation S\$'000</th><th>Amount after reallocation S\$'000</th><th>Utilised S\$'000</th><th>Balance S\$'000</th></tr><tr><td>Expansion of production capacity and processing facilities</td><td>1,000</td><td>1,000</td><td>788</td><td>212</td></tr><tr><td>Working Capital</td><td>5,996</td><td>3,916</td><td>3,885⁽¹⁾</td><td>31</td></tr><tr><td>Listing expenses</td><td>3,009</td><td>3,009</td><td>3,009</td><td>–</td></tr><tr><td>Business Expansion</td><td>–</td><td>2,080</td><td>2,080⁽²⁾</td><td>–</td></tr><tr><td>TOTAL</td><td>10,005</td><td>10,005</td><td>9,762</td><td>243</td></tr></table> (1) The amount allocated for working capital had been utilized mainly for the payment of salary and wages and staff related costs of S\$1.72 million, purchase of materials of S\$1.06 million, payment to subcontractor of S\$0.31 million, rental office of S\$0.18 million and other expenses of S\$0.61 million. (2) The amount allocated for business expansion had been utilized for the acquisition of 80% equity interests in Hengyu as defined in the Company's announcement on 5 January 2015.			Purpose	Amount before reallocation S\$'000	Amount after reallocation S\$'000	Utilised S\$'000	Balance S\$'000	Expansion of production capacity and processing facilities	1,000	1,000	788	212	Working Capital	5,996	3,916	3,885 ⁽¹⁾	31	Listing expenses	3,009	3,009	3,009	–	Business Expansion	–	2,080	2,080 ⁽²⁾	–	TOTAL	10,005	10,005	9,762	243
Purpose	Amount before reallocation S\$'000	Amount after reallocation S\$'000	Utilised S\$'000	Balance S\$'000																														
Expansion of production capacity and processing facilities	1,000	1,000	788	212																														
Working Capital	5,996	3,916	3,885 ⁽¹⁾	31																														
Listing expenses	3,009	3,009	3,009	–																														
Business Expansion	–	2,080	2,080 ⁽²⁾	–																														
TOTAL	10,005	10,005	9,762	243																														

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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 2015 and the statement of financial position of the Company as at 31 March 2015.

DIRECTORS

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

Dr Wang Xiaoning	(appointed on 18 June 2014)
Dr Loh Chang Kaan	(appointed on 15 March 2013)
Aw Eng Hai	(appointed on 18 June 2014)
Professor Zhao Jian	(appointed on 18 June 2014)
Zhan Ping	(appointed on 21 October 2014)
Tay Yew Khem	(appointed on 4 November 2014)

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' 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 or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
The Company				
Ordinary shares of SGD0.01 each				
Dr Wang Xiaoning	–	–	1	386,948,000
Immediate holding company				
Tritech Group Limited				
Ordinary shares				
Dr Wang Xiaoning ⁽¹⁾	–	–	310,081,554	310,081,554
Aw Eng Hai	765,000	765,000	–	–

⁽¹⁾ Dr Wang Xiaoning is deemed to be interested in ordinary shares of the Company by virtue of its 30.2% shareholdings in Trittech International Holdings Limited. Trittech International Holdings Limited is deemed to be interested in Trittech Group Limited by virtue of its 39.62% shareholdings in Trittech Group Limited.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

<u>Name of Director</u>	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Immediate holding company				
<i>Tritech Group Limited</i>				
Bonus warrants issued at 31 March 2014				
Dr Wang Xiaoning ⁽¹⁾	–	–	155,040,777	155,040,777
Aw Eng Hai	382,500	382,500	–	–

⁽¹⁾ Dr Wang Xiaoning is deemed to be interested in warrants of the immediate holding company by virtue of its 30.2% shareholdings in Trittech International Holdings Limited.

Immediate holding company
Tritech Group Limited
Performance share plan

Dr Wang Xiaoning	–	500,000	–	–
Aw Eng Hai	–	1,000,000	–	–
Dr Loh Chang Kaan	–	500,000	–	–

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 2015 in the shares or debentures of the Company have not changed from those disclosed as at 31 March 2015.

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 date of appointment if later, or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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)	(appointed on 18 June 2014)
Professor Zhao Jian	(appointed on 18 June 2014)
Tay Yew Khem	(appointed on 4 November 2014)

The AC performs the functions specified in accordance with the Listing Manual of the SGX-ST, 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 three 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

FOR THE YEAR ENDED 31 MARCH 2015

AUDITOR

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

On behalf of the Board of Directors,

Dr Wang Xiaoning

Director

Dr Loh Chang Kaan

Director

Singapore

10 July 2015

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2015

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 2015, 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 2015 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 statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Dr Wang Xiaoning

Director

Dr Loh Chang Kaan

Director

Singapore

10 July 2015

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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 37 to 101, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity 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 audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 YEAR ENDED 31 MARCH 2015

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
Certified Public Accountants
Hong Kong
Partner-in-charge: Ada Lam

10 July 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 SGD	2014 SGD
REVENUE	8	4,415,400	158,510
Cost of sales		(4,757,173)	(138,756)
Gross profit/(loss)		(341,773)	19,754
Other income and gains, net	8	99,670	62,371
Selling and distribution expenses		(177,373)	(93,189)
General and administrative expenses		(6,503,833)	(4,954,596)
Other expenses, net		(4,686,000)	(5,526,298)
Finance costs	10	(712,274)	(2,198,676)
LOSS BEFORE TAX	9	(12,321,583)	(12,690,634)
Income tax expense	11	—	—
LOSS FOR THE YEAR		(12,321,583)	(12,690,634)
Attributable to:			
Owners of the parent	12	(12,263,609)	(12,690,634)
Non-controlling interests		(57,974)	—
		(12,321,583)	(12,690,634)
LOSS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (in cents)	13	(2.19)	(2.95)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	2015 SGD	2014 SGD
LOSS FOR THE YEAR	(12,321,583)	(12,690,634)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	516,403	88,627
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(11,805,180)	(12,602,007)
Attributable to:		
Owners of the parent	(11,747,135)	(12,602,007)
Non-controlling interests	(58,045)	–
	(11,805,180)	(12,602,007)

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 2015

		Group		Company	
	Notes	2015 SGD	2014 SGD	2015 SGD	2014 SGD
NON-CURRENT ASSETS					
Property, plant and equipment	15	5,535,895	5,385,925	–	–
Intangible assets	16	719,469	738,365	–	–
Goodwill	17	1,362,687	–	–	–
Investments in subsidiaries	18	–	–	24,543,368	–
Prepayments and deposits	22	377,877	393,813	–	–
Total non-current assets		7,995,928	6,518,103	24,543,368	–
CURRENT ASSETS					
Inventories	19	3,516,899	3,057,744	–	–
Trade receivables	21	931,719	55,514	–	–
Amount due from a contract customer	20	274,310	–	–	–
Prepayments, deposits and other receivables	22	1,374,175	546,362	205,098	3,525
Due from a fellow subsidiary	36(b)	222,767	–	–	–
Due from a subsidiary	18	–	–	12,808,014	–
Pledged deposits	23	98,727	191,057	–	–
Cash and cash equivalents	23	2,888,215	3,775,978	2,065,787	–
Total current assets		9,306,812	7,626,655	15,078,899	3,525
CURRENT LIABILITIES					
Trade payables	24	303,421	130,093	68,745	–
Other payables and accruals	25	1,653,075	1,382,059	397,136	126,918
Derivative financial instruments	26	–	9,417,129	–	–
Interest-bearing bank and other borrowings	29	553,661	1,945,433	–	–
Due to a subsidiary	36(b)	–	–	–	394,934
Due to a fellow subsidiary	36(b)	–	389	–	–
Due to the immediate holding company	36(b)	–	6,352,496	–	–
Convertible bonds	27	–	13,622,786	–	–
Total current liabilities		2,510,157	32,850,385	465,881	521,852
NET CURRENT ASSETS/(LIABILITIES)		6,796,655	(25,223,730)	14,613,018	(518,327)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,792,583	(18,705,627)	39,156,386	(518,327)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2015

		Group		Company	
	Notes	2015 SGD	2014 SGD	2015 SGD	2014 SGD
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	29	<u>184,315</u>	<u>401,976</u>	<u>–</u>	<u>–</u>
Net assets/(liabilities)		<u>14,608,268</u>	<u>(19,107,603)</u>	<u>39,156,386</u>	<u>(518,327)</u>
EQUITY					
Equity attributable to the equity holders of the Company					
Issued capital	30	<u>6,150,420</u>	<u>430,108</u>	<u>6,150,420</u>	<u>–</u>
Reserves	32	<u>8,327,854</u>	<u>(19,537,711)</u>	<u>33,005,966</u>	<u>(518,327)</u>
		<u>14,478,274</u>	<u>(19,107,603)</u>	<u>39,156,386</u>	<u>(518,327)</u>
Non-controlling interests		<u>129,994</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total equity/(net deficiency in assets)		<u>14,608,268</u>	<u>(19,107,603)</u>	<u>39,156,386</u>	<u>(518,327)</u>

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 2015

	Attributable to the parent							Non-controlling interests	Total equity
	Issued capital	Share premium	Capital reserve [#]	Deemed contribution	Foreign currency translation reserve	Accumulated losses	Total		
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
At 1 April 2013	430,108	-	-	89,831	29,302	(7,054,837)	(6,505,596)	-	(6,505,596)
Loss for the year	-	-	-	-	-	(12,690,634)	(12,690,634)	-	(12,690,634)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	88,627	-	88,627	-	88,627
Total comprehensive loss for the year	-	-	-	-	88,627	(12,690,634)	(12,602,007)	-	(12,602,007)
At 31 March 2014	430,108	-*	-*	89,831*	117,929*	(19,745,471)*	(19,107,603)	-	(19,107,603)
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 for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	516,474	-	516,474	(71)	516,403
Total comprehensive loss for the year	-	-	-	-	516,474	(12,263,609)	(11,747,135)	(58,045)	(11,805,180)
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

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

This reserve account represents the deemed capital contribution from the Company's immediate holding company.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 SGD	2014 SGD
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(12,321,583)	(12,690,634)
Adjustments for:			
Impairment of trade receivables	9	191,841	–
Write-off of an item of property, plant and equipment	9	–	83,208
Write-down of inventories to net realisable value	9	1,492,230	361,778
Finance costs	10	712,274	2,198,676
Fair value loss of derivative financial instruments			
– transactions not qualifying as hedges	9	3,001,929	5,081,492
Depreciation of property, plant and equipment	9	621,671	622,958
Amortisation of intangible assets	9	11,782	27,674
Equity-settled share-based compensation expense	31	157,300	–
Interest income	8	(2,204)	(422)
		(6,134,760)	(4,315,270)
Increase in inventories		(1,954,499)	(2,228,604)
Increase in prepayments, deposits and other receivables		(20,591)	(474,337)
Increase in trade receivables		(558,341)	(55,581)
Increase in an amount due from a contract customer		(256,186)	–
(Increase)/decrease in an amount due from a fellow subsidiary		(222,767)	113,846
(Decrease)/increase in trade payables		(162,993)	95,110
Increase in other payables and accruals		2,398,140	855,615
Increase in an amount due to the immediate holding company		2,200,446	1,727,204
Decrease in amounts due to fellow subsidiaries		(389)	(203,335)
Cash used in operations		(4,711,940)	(4,485,352)
Interest received		2,204	422
Interest element of finance lease rental payments		(29,626)	(71,576)
Interest paid		(25,177)	(18,674)
Net cash flows used in operating activities		(4,764,539)	(4,575,180)

**CONSOLIDATED STATEMENT
OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 SGD	2014 SGD
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(807,567)	(1,145,236)
Acquisition of a subsidiary	33	(1,993,312)	–
Decrease/(increase) in pledged deposits		92,330	(422)
Net cash flows used in investing activities		(2,708,549)	(1,145,658)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		10,005,000	–
Share issue expenses		(1,493,510)	–
Interest paid on convertible bonds		(95,343)	(600,000)
Capital element of finance lease rental payments		(658,711)	(784,198)
Net cash flows from/(used in) financing activities		7,757,436	(1,384,198)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		284,348	(7,105,036)
Cash and cash equivalents at beginning of year		2,489,256	9,663,108
Effect of foreign exchange rate changes, net		114,611	(68,816)
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,888,215	2,489,256
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,888,215	3,775,978
Bank overdrafts		–	(1,286,722)
Cash and cash equivalents as stated in the statement of cash flows		2,888,215	2,489,256

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. The Company was 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 18 to the financial statements.

In the opinion of the directors of the Company, the immediate holding company of the Company is Trittech Group Limited ("TGL"), which is listed on the Catalist Board of the SGX-ST, and the ultimate holding company of the Company is Trittech International Holdings Pte. Ltd. Both were incorporated in Singapore.

1.1 THE RESTRUCTURING EXERCISE

During the financial year, the Group undertook the restructuring exercise in preparation for its listing on the Catalist Board of the 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 FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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 TGL (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. 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 for derivative financial instruments which had been measured at fair value.

The financial statements are presented in SGD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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 derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests are presented in the statement of financial position of the Group within equity, separately from the Company's owners, and are separately disclosed in the statement of profit or loss and statement of changes in equity of the Group.

Merger method

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. BASIS OF PREPARATION (CONTINUED)

Going Concern

The Group recorded a consolidated loss of SGD12,321,583 (2014: SGD12,690,634) and net cash outflows from operating activities of SGD4,764,539 (2014: SGD4,575,180) for the year ended 31 March 2015 and had cash and cash equivalents of SGD2,888,215 at 31 March 2015 (2014: SGD3,775,978).

The Company's immediate holding company, Trittech Group Limited, has confirmed that it will provide adequate financial support to the Group to meet its financial obligations as they fall due, if required. On the basis that the Group will continue to receive the support of the immediate holding company, if required, the directors consider the going concern basis of preparation of the financial statements to be appropriate.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27	<i>Investment Entities</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRIC 21	<i>Leases</i>
Amendment to IFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to IFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to IFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to IFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective IFRSs</i>

¹ Effective from 1 July 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	<i>Financial Instruments</i> ⁴
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
IFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
IFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to IAS 1	<i>Disclosure Initiative</i> ²
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	<i>Amendments to a number of IFRSs</i> ¹
<i>Annual Improvements 2011-2013 Cycle</i>	<i>Amendments to a number of IFRSs</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of IFRSs</i> ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore not applicable to the Group

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that 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 the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its derivative financial instruments at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, 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, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

- (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;
 - (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).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	3%
Plant and machinery	10%
Furniture, fixtures and equipment	10-33.3%
Motor vehicles	16.6%

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 estimated useful life of the mining infrastructure is 33 years, which is determined in accordance with the production plans of the entity concerned and the proved and probable reserves of mines using the UOP method.

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 including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are reassessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 exiting 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.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

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

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other 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. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, derivative financial instruments, amounts due to affiliates, interest-bearing bank and other borrowings and convertible bonds.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings 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.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or 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 derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all 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 taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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, when 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences 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, deferred tax assets are only recognised 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.

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 sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for “Construction contracts” below; and
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Retirement benefit schemes

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in SGD, which is 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. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. 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. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries are currencies other than SGD. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into SGD at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into SGD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into SGD at the weighted average exchange rates for the year.

6. 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 their accompanying disclosures, 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 assets or liabilities affected in the future.

Judgement

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

6. SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

Judgement (Continued)

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 each entity of the Group, judgement is required to determine and consider 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 goods and services; the currency that mainly influences labour, materials and other costs of providing goods or services; the currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained. The Company's principal activity is investment holding with the management team mainly situated in Singapore, and its operating expenses are mainly denominated in SGD so management considers SGD as the Company's functional currency. The functional currency of each entity of the Group is determined based on management's assessment of the primary economic environment in which the entity operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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 2015 was SGD1,362,687 (2014: Nil). Further details are given in note 17.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

6. SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

Estimation uncertainty (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. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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 2015 was SGD5,535,895 (2014: SGD5,385,925).

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 16 to the financial statements.

Change in accounting estimates

Effective from 1 April 2014, the Group adopted UOP method to calculate the amortisation charge and depreciation charge of the mining rights and the mining infrastructure. As a result of these change in accounting estimates, the amortisation decreased by approximately SGD13,195 and the depreciation decreased by approximately SGD19,719 for the year ended 31 March 2015.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

7. 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 2015, 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.

Geographical information

(a) Revenue from external customers

	Group	
	2015 SGD	2014 SGD
Mainland China	4,259,584	130,150
Singapore	–	28,360
Malaysia	155,816	–
	<u>4,415,400</u>	<u>158,510</u>

The revenue information above is based on the locations of customers.

(b) Non-current assets

	Group	
	2015 SGD	2014 SGD
Mainland China	64,218	4,893
Singapore	5,523,260	4,393,257
Malaysia	2,408,450	2,119,953
	<u>7,995,928</u>	<u>6,518,103</u>

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

8. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents gross revenue from the sales of marble products and revenue from construction contracts.

An analysis of revenue is as follows:

	Group	
	2015 SGD	2014 SGD
Sales of marble products	4,148,395	158,510
Construction contracts	267,005	—
	4,415,400	158,510

An analysis of other income and gains, net is as follows:

	Group	
	2015 SGD	2014 SGD
Interest income	2,204	422
Others	97,466	61,949
	99,670	62,371

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

9. LOSS BEFORE TAX

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

	Notes	2015 SGD	2014 SGD
Cost of inventories sold		4,495,508	138,756
Cost of construction		261,665	–
Audit fees:			
Auditors of the Company		196,429	–
Other auditors		–	28,967
Non-audit fees:			
Auditors of the Company		356,244	329,584
Other auditors		4,696	8,437
Depreciation of property, plant and equipment	15	621,671	622,958
Amortisation of intangible assets	16	11,782	27,674
Minimum lease payments under operating leases:			
Equipment		2,557	2,605
Land and buildings		229,852	131,940
		232,409	134,545
Employee benefit expense (excluding compensation of key management personnel (note 36(c))):			
Wages, salaries and bonuses		2,386,030	2,478,828
Pension schemes contributions (defined contribution schemes)		66,130	55,020
Equity-settled share-based payments		85,800	–
Less: Amount capitalised		(946,180)	(1,042,151)
		1,591,780	1,491,697
Foreign exchange differences, net		449,887	255,655
Impairment of trade receivables	21	191,841	–
Write-down of inventories to net realisable value*		1,492,230	361,778
Fair value loss of derivative financial instruments			
– transactions not qualifying as hedges*		3,001,929	5,081,492
Write-off of an item of property, plant and equipment*		–	83,208

* These balances are included in "Other expenses, net" in the consolidated statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. FINANCE COSTS

Group

	2015	2014
	SGD	SGD
Interest on bank loans, overdrafts and other loans wholly repayable within five years	25,177	18,674
Interest on convertible bonds	657,471	2,108,426
Interest on finance leases	29,626	71,576
	712,274	2,198,676

11. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands, the Group 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.

No provision for profits tax has been made as the Group had no taxable profits derived during the years ended 31 March 2015 and 2014.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

11. INCOME TAX (CONTINUED)

A reconciliation of the tax applicable to loss before tax 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

	2015 SGD	2014 SGD
Loss before tax	<u>(12,321,583)</u>	<u>(12,690,634)</u>
Tax at the statutory tax rate	(2,094,669)	(2,157,409)
Higher tax rate enacted by local authorities	(378,842)	(244,589)
Income not subject to tax	(183,435)	(3,086)
Expenses not deductible for tax	1,612,510	2,037,761
Deferred tax assets not recognised	1,044,436	367,323
Tax charge at the Group's effective rate	<u>–</u>	<u>–</u>

Unrecognised deferred tax assets

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately SGD402,000 (2014: SGD182,000) and SGD15,884,000 (2014: SGD10,284,000) respectively, 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.

Deferred tax assets relating to certain subsidiaries have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 5 – Income tax to the financial statements.

12. LOSS ATTRIBUTABLE TO HOLDERS OF THE PARENT

The consolidated loss attributable to holders of the parent for the year ended 31 March 2015 includes a loss of SGD6,178,238 (2014: SGD518,327) which has been dealt with in the financial statements of the Company (note 32(b)).

13. LOSS PER SHARE ATTRIBUTABLE TO HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to the ordinary equity holders of the parent, and the weighted average number of ordinary shares of 560,023,071 in issue during the year (2014: 430,000,000), on the assumption that the restructuring exercise had been completed on 1 April 2013.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to equity holder of the Company, adjusted to reflect the interest on the convertible bonds and the fair value loss on the derivative component of the convertible bonds, where applicable.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2015 and 2014 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

14. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements SGD	Plant and machinery SGD	Furniture, fixtures and equipment SGD	Motor vehicles SGD	Mining infrastructure SGD	Construction in progress SGD	Total SGD
31 March 2015							
At 31 March 2014 and at 1 April 2014:							
Cost	55,325	5,007,477	110,638	109,956	921,247	433,990	6,638,633
Accumulated depreciation	(5,533)	(1,118,971)	(21,770)	(44,327)	(62,107)	–	(1,252,708)
Net carrying amount	49,792	3,888,506	88,868	65,629	859,140	433,990	5,385,925
At 1 April 2014, net of accumulated depreciation	49,792	3,888,506	88,868	65,629	859,140	433,990	5,385,925
Additions	–	338,996	17,597	82,167	59,178	309,629	807,567
Acquisition of a subsidiary (note 33)	–	14,591	24,528	–	–	–	39,119
Transfer	–	538,355	–	–	–	(538,355)	–
Depreciation provided during the year	(5,533)	(553,273)	(17,050)	(31,185)	(14,630)	–	(621,671)
Exchange realignment	–	(27,095)	(759)	(2,874)	(36,469)	(7,848)	(75,045)
At 31 March 2015, net of accumulated depreciation	44,259	4,200,080	113,184	113,737	867,219	197,416	5,535,895
At 31 March 2015:							
Cost	55,325	5,870,203	151,245	186,598	940,883	197,416	7,401,670
Accumulated depreciation	(11,066)	(1,670,123)	(38,061)	(72,861)	(73,664)	–	(1,865,775)
Net carrying amount	44,259	4,200,080	113,184	113,737	867,219	197,416	5,535,895

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

	Leasehold improvements SGD	Plant and machinery SGD	Furniture, fixtures and equipment SGD	Motor vehicles SGD	Mining infrastructure SGD	Construction in progress SGD	Total SGD
31 March 2014							
At 1 April 2013:							
Cost	–	3,901,700	63,161	100,774	496,417	542,449	5,104,501
Accumulated depreciation	–	(644,165)	(10,423)	(26,823)	(27,274)	–	(708,685)
Net carrying amount	–	3,257,535	52,738	73,951	469,143	542,449	4,395,816
At 1 April 2013, net of accumulated depreciation	–	3,257,535	52,738	73,951	469,143	542,449	4,395,816
Additions	55,325	1,344,733	49,641	12,274	–	278,579	1,740,552
Transfers	–	(117,550)	–	–	489,475	(371,925)	–
Write-off	–	(83,208)	–	–	–	–	(83,208)
Depreciation provided during the year	(5,533)	(508,652)	(11,803)	(18,597)	(78,373)	–	(622,958)
Exchange realignment	–	(4,352)	(1,708)	(1,999)	(21,105)	(15,113)	(44,277)
At 31 March 2014, net of accumulated depreciation	49,792	3,888,506	88,868	65,629	859,140	433,990	5,385,925
At 31 March 2014:							
Cost	55,325	5,007,477	110,638	109,956	921,247	433,990	6,638,633
Accumulated depreciation	(5,533)	(1,118,971)	(21,770)	(44,327)	(62,107)	–	(1,252,708)
Net carrying amount	49,792	3,888,506	88,868	65,629	859,140	433,990	5,385,925

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 2015 was SGD1,420,041 (2014: SGD2,520,832).

During the year ended 31 March 2014, a machine used for quarrying purpose with a carrying amount of SGD83,208 was damaged and management considered the carrying amount to be irrecoverable.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

16. INTANGIBLE ASSETS

Group

	Quarrying right SGD
Cost:	
At 1 April 2013	
Cost	821,979
Exchange realignment	2,268
At 31 March 2014 and 1 April 2014	824,247
Exchange realignment	(8,288)
At 31 March 2015	815,959
Accumulated amortisation:	
At 1 April 2013	
Accumulated amortisation	50,202
Provided during the year	27,674
Exchange realignment	8,006
At 31 March 2014 and 1 April 2014	85,882
Provided during the year	11,782
Exchange realignment	(1,174)
At 31 March 2015	96,490
Net carrying amount:	
At 31 March 2015	719,469
At 31 March 2014	738,365

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 FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

17. GOODWILL

Group

	Note	SGD
Cost at 1 April 2013, 31 March 2014 and 1 April 2014, net of accumulated impairment		–
Acquisition of a subsidiary	33	1,362,687
At 31 March 2015		1,362,687
At 31 March 2015:		
Cost		1,362,687
Impairment		–
Net carrying amount		1,362,687

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 13.0%. The growth rate used to extrapolate the cash flows of the construction unit beyond the five-year period is 4.0%.

Assumptions were used in the value in use calculation of the above cash generating unit for 31 March 2015. 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	SGD	SGD
Unlisted shares, at cost	24,543,368	–

The amount due from a subsidiary included in the Company's current assets of SGD12,808,014 (2014: Nil) is unsecured, interest-free and repayable on demand. In the prior year, the amount due to a subsidiary included in the Company's current liabilities was unsecured, interest-free and repayable on demand.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Terratech Resources Pte. Ltd. ("Terratech Resources") ¹	Singapore	SGD24,543,368	100%	–	Investment holding, sales and marketing outside of PRC/Singapore
CEP Resources Entity Sdn. Bhd. ²	Malaysia	RM500,000	–	100%	Exploration, development and extraction of marble and production of marble products
Qingdao Terratech Resources Co., Ltd. ^{3, 4, 6}	PRC/Mainland China	RMB6,135,833	–	100%	Sales and marketing in PRC
Shaanxi Hengyu Architectural Interior Engineering Co., Ltd. ("Hengyu") ^{3, 5, 6}	PRC/Mainland China	RMB15,000,000	–	80%	Undertaking interior and exterior decoration work

¹ Audited by Ernst & Young Singapore, a member firm of the Ernst & Young global network

² Audited by Ernst & Young Malaysia, a member firm of the Ernst & Young global network

³ Not considered as significant subsidiary under Rule 718 of the Listing manual – Section B, Rules of Catalyst of the Singapore Exchange Securities Trading Limited

⁴ Registered as a wholly-foreign-owned enterprise under PRC law

⁵ Registered as a limited company under PRC law

⁶ 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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Audit Committee and the Board of Directors are of the opinion that Rule 712 and Rule 715 of the SGX-ST Listing Manual (the "Listing Manual") have been complied with.

During the year, the Group acquired Hengyu from an independent third party. Further details of this acquisition are included in note 33 to the financial statements.

During the year, Terratech Resources, a wholly-owned subsidiary of the Company, increased the paid-up capital of its wholly-owned subsidiary, Qingdao Terratech Resources Co., Ltd, by 520,000 United States dollar ("USD") (equivalents to SGD655,675) from USD480,000 to USD1,000,000.

Non-controlling interests

The non-controlling interests arising from Hengyu are considered to be insignificant to the Group's financial statements.

19. INVENTORIES

	Group	
	2015 SGD	2014 SGD
Finished goods	<u>3,516,899</u>	<u>3,057,744</u>

20. AMOUNT DUE FROM A CONTRACT CUSTOMER

	Group	
	2015 SGD	2014 SGD
Gross amount due from a contract customer	<u>274,310</u>	<u>—</u>
Contract costs incurred plus recognised profits		
less recognised losses to date	<u>570,751</u>	<u>—</u>
Less: Progress billings	<u>(296,441)</u>	<u>—</u>
	<u>274,310</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21. TRADE RECEIVABLES

	Group	
	2015 SGD	2014 SGD
Trade receivables	1,123,560	55,514
Less: Impairment	(191,841)	–
	931,719	55,514

The Group generally allows an average credit period of 3 months for customers. The Group seeks to maintain strict control over its collection of outstanding receivables, and overdue balances are reviewed regularly by management. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2015 SGD	2014 SGD
Within 1 month	293,151	55,514
1 to 2 months	136,025	–
2 to 3 months	96,802	–
Over 3 months	405,741	–
	931,719	55,514

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

	Group	
	2015 SGD	2014 SGD
At beginning of year	–	–
Impairment losses recognised (note 9)	191,481	–
At end of year	191,481	–

Included in the above provision for impairment of trade receivables as at 31 March 2015 was a full provision for individually impaired trade receivables of SGD191,481 (2014: Nil) with a carrying amount of SGD191,481 (2014: Nil). The individually impaired trade receivables relate to customers that have been in default for prolonged periods and there is significant uncertainty over the recovery of the receivables.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21. TRADE RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2015 SGD	2014 SGD
Within 1 month	293,151	55,514
1 to 2 months	136,025	–
2 to 3 months	96,802	–
Over 3 months	405,741	–
	931,719	55,514

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.

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2015 SGD	2014 SGD	2015 SGD	2014 SGD
Prepayments	1,341,122	749,593	205,098	3,525
Deposits and other receivables	410,930	190,582	–	–
	1,752,052	940,175	205,098	3,525
Less: Non-current portion	(377,877)	(393,813)	–	–
Current portion	1,374,175	546,362	205,098	3,525

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 FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

23. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2015	2014	2015	2014
		SGD	SGD	SGD	SGD
Cash and bank balances		2,888,215	3,775,978	2,065,787	–
Time deposits		98,727	191,057	–	–
		2,986,942	3,967,035	2,065,787	–
Less: Pledged deposits:					
Pledged for long term bank loans	29	(98,727)	(191,057)	–	–
Cash and cash equivalents		2,888,215	3,775,978	2,065,787	–

At 31 March 2015, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to SGD240,547 (2014: SGD770,705). 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 authorised to conduct foreign exchange business.

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.

24. TRADE PAYABLES

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

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	SGD	SGD	SGD	SGD
Accrued interest on convertible bonds	–	424,110	–	–
Accruals and other payables	1,653,075	957,949	397,136	126,918
	1,653,075	1,382,059	397,136	126,918

The convertible bonds bore interest at 8% per annum in the prior year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2015 SGD	2014 SGD
Financial liabilities at fair value through profit or loss	–	9,417,129

Further details of these derivative financial instruments relating to the convertible bonds are provided in note 27.

27. 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 issue of the convertible bonds ("Maturity Date"). The convertible bonds are convertible into new ordinary shares of the Company which are allotted and credited as fully paid upon the following conditions:

- i) listing of the shares of the Company 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

27. CONVERTIBLE BONDS (CONTINUED)

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'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.

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 2014 and 2015 are as follows:

	Group	
	2015 SGD	2014 SGD
Derivative component		
Balance at the beginning of the year	9,417,129	4,335,637
Fair value loss	3,001,929	5,081,492
Less: conversion of the shares	(12,419,058)	–
Balance as at 31 March	–	9,417,129
Liability component		
Balance at the beginning of the year	14,046,896	12,538,470
Interest expense	657,471	2,108,426
Interest paid	(95,343)	(600,000)
Less: conversion of the shares	(14,609,024)	–
Balance at 31 March	–	14,046,896
Less: current liability portion at 31 March	–	(424,110)
Non-current liability portion at 31 March	–	13,622,786
Equity component		
Deemed contribution	89,831	89,831
Transfer to share premium	(89,831)	–
	–	89,831

On 15 July 2014, Luminor Capital Pte. Ltd. and Mr. Kwan Chee Seng, the holders of the Group's convertible bonds, have converted the convertible bonds with nominal value of SGD15,000,000 and the outstanding accrued interest of approximately SGD677,260 has converted into new ordinary shares of the Company of 136,324,003 shares at a conversion price of SGD0.115.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

28. 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 four years.

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

	Group			
	Minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Present value of minimum lease payments
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	SGD	SGD	SGD	SGD
Amounts payable:				
Within one year	229,025	691,829	217,661	658,711
In the second year	188,836	417,861	184,315	401,976
In the third to fifth years, inclusive	–	–	–	–
Total minimum finance lease payments	417,861	1,109,690	401,976	1,060,687
Future finance charges	(15,885)	(49,003)		
Total net finance lease payables	401,976	1,060,687		
Portion classified as current liabilities (note 29)	(217,661)	(658,711)		
Non-current portion (note 29)	184,315	401,976		

Notes:

- (a) All of the Group's finance lease payables were secured by the pledge of the Group's time deposits amounting to SGD98,727 as at 31 March 2015 (2014: SGD191,057) which was equivalent to 10% of the drawdown sum.
- (b) As at 31 March 2015 and 2014, 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 finance lease payables.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group			Group		
	31 March 2015			31 March 2014		
	Contractual rate (%)	Maturity	SGD	Contractual rate (%)	Maturity	SGD
Current						
Finance lease payables (note 28)	3.00 – 4.31	31 March 2016	217,661	4.01 – 6.02	31 March 2015	658,711
Convertible bonds (note 27)	–	–	–	8.00	15 July 2014	13,622,786
Bank loans – unsecured	8.10	6 August 2015	336,000	–	–	–
Bank overdrafts – secured	–	–	–	4.75	31 March 2015	1,286,722
			<u>553,661</u>			<u>15,568,219</u>
Non-current						
Finance lease payables (note 28)	3.00 – 4.31	2017 – 2019	184,315	4.01 – 6.02	2016 – 2018	401,976
			<u>737,976</u>			<u>15,970,195</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	Group	
	2015 SGD	2014 SGD
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	336,000	1,286,722
In the second year	-	-
In the third to fifth years, inclusive	-	-
Beyond five years	-	-
	<u>336,000</u>	<u>1,286,722</u>
Other borrowings repayable:		
Within one year	217,661	14,281,497
In the second year	184,315	401,976
In the third to fifth years, inclusive	-	-
Beyond five years	-	-
	<u>401,976</u>	<u>14,683,473</u>
	<u>737,976</u>	<u>15,970,195</u>

Notes:

- (a) The Group did not have overdraft facilities as at 31 March 2015. As at 31 March 2014, the Group had overdraft facilities amounting to SGD1,500,000 of which SGD1,286,722 had been utilised as at 31 March 2014.
- (b) As at 31 March 2015, the Group had aggregate facilities in relation to its finance leases amounting to approximately SGD3,500,000 (2014: SGD3,500,000), of which an aggregate amount of SGD401,976 (2014: SGD1,060,687) was utilised as at 31 March 2015.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. SHARE CAPITAL

Group and Company

	2015	2014	2015	2014
	Number of ordinary shares		SGD	SGD
Authorised				
Ordinary shares of SGD0.01 each	1,000,000,000	–	10,000,000	–
Issued and paid-up				
Balance at the beginning of the year	4,301,076	4,301,076	430,108	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 27)	136,324,003	–	1,363,240	–
Balance at the end of the year	615,042,003	4,301,076	6,150,420	430,108

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 SGD0.23 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 SGD0.23 per share to PPCF.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

31. 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.

Details of movements in the RSUs granted to the directors and employees of the Company during the year are as follows:

Category of participants	Number of RSUs					At 31 March 2015
	At 1 April 2014	Granted during the year ⁽ⁱ⁾	Transferred during the year	Exercised during the year	Forfeited during the year	
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 (2014: Nil).

During the year, the Group recognised an equity-settled share-based payment expense under IFRS 2 *Share-based Payment* of SGD157,300 (2014: Nil), which was related to the RSUs granted and vested during the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 41 of the financial statements.

(b) Company

	Note	Share premium SGD	Capital reserve SGD	Accumulated losses SGD	Total SGD
At 1 April 2013		–	–	–	–
Loss and total comprehensive loss for the year	12	–	–	(518,327)	(518,327)
At 31 March 2014		–	–	(518,327)	(518,327)
Loss and total comprehensive loss for the year	12	–	–	(6,178,238)	(6,178,238)
Issue of shares from restructuring exercise		4,136,000	–	–	4,136,000
Adjustment from restructuring exercise		430,108	–	–	430,108
Issue of new shares in connection with initial public offering		9,570,000	–	–	9,570,000
Share issue expenses		(1,493,510)	–	–	(1,493,510)
Issue of shares to the sponsor		1,147,960	–	–	1,147,960
Issue of shares upon conversion of convertible bonds		25,754,673	–	–	25,754,673
Grant of equity-settled shares to employees and directors		–	157,300	–	157,300
At 31 March 2015		39,545,231	157,300	(6,696,565)	33,005,966

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

33. BUSINESS COMBINATION

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

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 provisional fair values of the identifiable assets and liabilities of Hengyu as at the date of acquisition were as follows:

	Notes	Provisional fair value recognised on acquisition SGD
Property, plant and equipment	15	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
Provisional goodwill on acquisition	17	1,362,687
Satisfied by:		
Cash		2,114,842

The goodwill arising from the above acquisition is determined on a provisional basis as the Group is in the process of completing a valuation to assess the fair values of the identifiable assets acquired and liabilities assumed.

The provisional fair values recognised on acquisition as shown above may be adjusted upon the completion of the initial accounting for the business combination during the measurement period, which shall not exceed one year from the acquisition date.

The provisional fair values of the trade receivables and other receivables of the Hengyu at the date of acquisition approximate to their gross contractual amounts and the directors of the Company do not expect any significant acquired receivables to be uncollectible.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

33. BUSINESS COMBINATION (CONTINUED)

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	<u>(1,993,312)</u>

Since the acquisition, Hengyu contributed SGD267,005 to the Group's turnover and a loss of SGD289,870 to the consolidated loss for the year ended 31 March 2015.

It is impracticable to disclose the information regarding the combination if had taken place at the beginning of the year since the Group has no full access to the accounting books and records of Hengyu for the period prior to the date of the acquisition.

34. 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 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2015	2014
	SGD	SGD
Within one year	120,121	195,681
In the second to fifth years, inclusive	326,371	326,266
After five years	618,628	696,295
	<u>1,065,120</u>	<u>1,218,242</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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

35. COMMITMENTS

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

	Group		Company	
	2015	2014	2015	2014
	SGD	SGD	SGD	SGD
Contracted, but not provided for:				
Plant and machinery	<u>21,935</u>	<u>285,777</u>	<u>-</u>	<u>-</u>

36. 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 2015 and 2014:

	Notes	2015 SGD	2014 SGD
The immediate holding company:			
Management fee	(i)	195,300	540,975
Reimbursement of expenses	(ii)	50	26,985
Fellow subsidiaries:			
Reimbursement of expenses	(ii)	248	213,484
Accounting fee	(iii)	-	42,961
Handling fee	(iv)	-	11,507
A director:			
Interest expense	(v)	<u>12,712</u>	<u>108,274</u>

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 accounting fee was on terms agreed by the respective parties.
- (iv) The handling fee was on terms agreed by the respective parties.
- (v) The interest expense was on terms agreed by the respective parties.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related companies:

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

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

	2015 SGD	2014 SGD
Short-term employee benefits	600,100	–
Director fees	117,264	–
Share-based benefits	71,500	–
Post-employment benefits	18,197	–
Total compensation paid to key management personnel	807,061	–

(d) The convertible bond of SGD2,000,000 was held by a director of the Terratech Resources Pte. Ltd., Kwan Chee Seng as at 31 March 2014.

37. CONTINGENT LIABILITIES

As at 31 March 2014 and 2015, the Group did not have any significant contingent liabilities.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

- (a) The interest of the convertible bonds for the year ended 31 March 2014 amounting to SGD424,110 was accrued as other payables and accruals as at 31 March 2014.
- (b) During the year ended 31 March 2014, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of SGD595,316.
- (c) 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

39. 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	
	2015 SGD	2014 SGD	2015 SGD	2014 SGD
Trade receivables	931,719	55,514	–	–
Amount due from a contract customer	274,310	–	–	–
Financial assets included in prepayments, deposits and other receivables	410,930	190,582	–	–
Due from a fellow subsidiary	222,767	–	–	–
Due from a subsidiary	–	–	12,808,014	–
Pledged deposits	98,727	191,057	–	–
Cash and cash equivalents	2,888,215	3,775,978	2,065,787	–
	<u>4,826,668</u>	<u>4,213,131</u>	<u>14,873,801</u>	<u>–</u>

Financial liabilities at amortised cost

	Group		Company	
	2015 SGD	2014 SGD	2015 SGD	2014 SGD
Trade payables	303,421	130,093	68,745	–
Financial liabilities included in other payables and accruals	1,653,075	1,382,059	397,136	126,918
Convertible bonds	–	13,622,786	–	–
Interest-bearing bank and other borrowings	737,976	2,347,409	–	–
Due to the immediate holding company	–	6,352,496	–	–
Due to fellow subsidiaries	–	389	–	394,934
	<u>2,694,472</u>	<u>23,835,232</u>	<u>465,881</u>	<u>521,852</u>

Financial liabilities at fair value through profit or loss

	Group		Company	
	2015 SGD	2014 SGD	2015 SGD	2014 SGD
Designated as such upon initial recognition:				
Derivative financial instruments	–	9,417,129	–	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair value of the non-current portion of 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 2015 and 2014 was assessed to be insignificant. The fair value of the liability portion of the convertible bonds was estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities measured at fair value:

	Fair value measurement using			Total SGD
	Quoted prices in active markets (Level 1) SGD	Significant observable inputs (Level 2) SGD	Significant unobservable inputs (Level 3) SGD	
As at 31 March 2015				
Derivative financial instruments	-	-	-	-
	Fair value measurement using			Total SGD
	Quoted prices in active markets (Level 1) SGD	Significant observable inputs (Level 2) SGD	Significant unobservable inputs (Level 3) SGD	
As at 31 March 2014				
Derivative financial instruments	-	-	9,417,129	9,417,129

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2014: Nil). During the year, the net amount of SGD9,417,129 (2014:Nil) was settled out of Level 3 for financial liabilities.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total SGD
	Quoted prices in active markets (Level 1) SGD	Significant observable inputs (Level 2) SGD	Significant unobservable inputs (Level 3) SGD	
As at 31 March 2015				
Finance lease payables	–	401,976	–	401,976
Interest-bearing bank and other borrowings	–	336,000	–	336,000
	–	737,976	–	737,976
	Fair value measurement using			Total SGD
	Quoted prices in active markets (Level 1) SGD	Significant observable inputs (Level 2) SGD	Significant unobservable inputs (Level 3) SGD	
As at 31 March 2014				
Finance lease payables	–	1,060,687	–	1,060,687
Interest-bearing bank and other borrowings	–	1,286,722	–	1,286,722
Convertible bonds	–	–	13,622,786	13,622,786
	–	2,347,409	13,622,786	15,970,195

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, finance leases and other interest-bearing loans, which mainly arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates regularly.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax through the impact on the interest-bearing bank and other borrowings.

	Group		Company	
	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax SGD	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax SGD
31 March 2015				
SGD	(50)	(12,416)	(50)	(10,329)
	50	12,416	50	10,329
Malaysian Ringgit ("RM")	(50)	(822)	(50)	–
	50	822	50	–
Chinese Renminbi ("RMB")	(50)	(1,203)	(50)	–
	50	1,203	50	–
31 March 2014				
SGD	(50)	(8,246)	(50)	–
	50	8,246	50	–
RM	(50)	(347)	(50)	–
	50	347	50	–
RMB	(50)	(3,854)	(50)	–
	50	3,854	50	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from costs of construction by the Group's operating units denominated in RM. Approximately 100% of the Group's costs of construction were denominated in RM (2014: 100%).

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.

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

	Group	
	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in loss before tax SGD
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)
31 March 2014		
If SGD weakens against RM	5	674,038
If SGD strengthens against RM	(5)	(674,038)
If SGD weakens against RMB	5	2,658
If SGD strengthens against RMB	(5)	(2,658)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The credit risk of the Group's financial assets, which comprise amounts cash and cash equivalents, trade receivables, and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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.

Liquidity risk

The Group's objective is to maintain adequate funds to meet commitments associated with its financial liabilities. Cash flows of the Group are closely monitored by senior management on an on-going basis, considering the maturity of the Group's financial liabilities and financial assets, and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	As at 31 March 2015				Total SGD
	No fixed terms of repayment/ on demand SGD	Less than 3 months SGD	3 to less than 12 months SGD	1 to 5 years SGD	
Trade payables	-	303,421	-	-	303,421
Financial liabilities included in other payables and accruals	208,422	625,706	818,947	-	1,653,075
Finance lease payables	-	57,256	171,769	188,836	417,861
Bank borrowings	-	-	363,216	-	363,216
	<u>208,422</u>	<u>986,383</u>	<u>1,353,932</u>	<u>188,836</u>	<u>2,737,573</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

	As at 31 March 2014				
	No fixed terms of repayment/ on demand SGD	Less than 3 months SGD	3 to less than 12 months SGD	1 to 5 years SGD	Total SGD
Trade payables	–	130,093	–	–	130,093
Financial liabilities included in other payables and accruals	217,212	740,737	424,110	–	1,382,059
Convertible bonds	–	–	–	14,280,257	14,280,257
Finance lease payables	–	172,957	518,872	417,861	1,109,690
Bank overdrafts	1,305,545	–	–	–	1,305,545
Due to the immediate holding company	6,352,496	–	–	–	6,352,496
Due to a fellow subsidiary	389	–	–	–	389
Derivative financial instruments	9,417,129	–	–	–	9,417,129
	<u>17,292,771</u>	<u>1,043,787</u>	<u>942,982</u>	<u>14,698,118</u>	<u>33,977,658</u>

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Company

	As at 31 March 2015				
	No fixed terms of repayment/ on demand SGD	Less than 3 months SGD	3 to less than 12 months SGD	1 to 5 years SGD	Total SGD
Trade payables	–	68,745	–	–	68,745
Financial liabilities included in other payables and accruals	–	353,639	43,497	–	397,136
	<u>–</u>	<u>422,384</u>	<u>43,497</u>	<u>–</u>	<u>465,881</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	As at 31 March 2014				Total SGD
	No fixed terms of repayment/ on demand SGD	Less than 3 months SGD	3 to less than 12 months SGD	1 to 5 years SGD	
Financial liabilities included in other payables and accruals	–	65,457	61,461	–	126,918
Due to a subsidiary	394,934	–	–	–	394,934
	<u>394,934</u>	<u>65,457</u>	<u>61,461</u>	<u>–</u>	<u>521,852</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to improve capital ratios in order 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 30 and 32 to the financial statements respectively. To maintain or adjust the capital structure, the Group may issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during each of the years ended 31 March 2015 and 2014.

42. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 10 July 2015.

QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015



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 2015

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 056

QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015

**Rockhound Limited**
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8 June 2015

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 31 March 2015
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.

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. There has been no exploration and limited production activity with development on site mostly to create access to future production platforms. Total Excavation has been estimated at 123,470 m³ which is about 0.61% of the total resources at the Quarry at 31 March 2014.

This QPR dated June 2015 ("QPR2015") is prepared in support of the Terratech Annual Report for the financial year up to 31 March 2015. 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 the form and context in which it appears.

QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015

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. The current Resource statement has been prepared by Paul Fowler who was the principal author for the 2014 QPR. 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 QPR2015.

After review of the excavation works carried out on site over the last year RH is of the view that with only 0.61% of the total resources at the Quarry as at 31 March 2014 having been extracted that there is No Material Change and at the effective date of 31 March 2015 the Mineral Resources and Reserves at the Kelantan Marble Quarry are summarized as follows:

		Gross Volume Attributable to License (million m³)	Net Volume Attributable to Company (million m³)	Change from previous update (%)
	Mineral Type			
Reserves				
Proved		10.47	10.47	-0.54
Probable	White Marble	0.49	0.49	–
Total		10.96	10.96	-0.52
Resources				
Measured		18.51	18.51	-0.66
Indicated	White Marble	0.90	0.90	–
Inferred		0.76	0.76	–
Total		20.17	20.17	-0.61

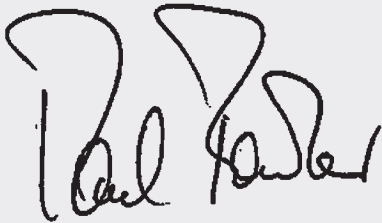
The Reserves are 10.96 million cubic metres ("m³") and these are included in the Total Resources which are estimated at 20.17 million m³.

QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015

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

FOR YEAR TO 31 MARCH 2015

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QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015

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QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015

EXECUTIVE SUMMARY

Rockhound Limited ("RH") was requested by Terratech Group Limited ("Company") to submit a Qualified Person Report 2015 ("QPR2015") on the Kelantan Marble Quarry (or "The Project") located near Gua Musang in Kelantan Province, Malaysia.

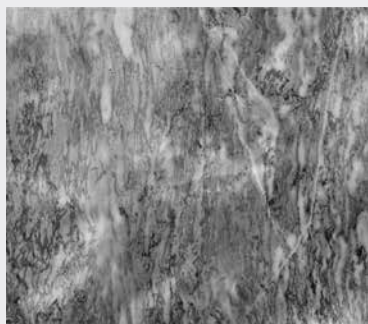
The purpose of QPR2015 is to provide an annual mineral resource and ore reserves update. This QPR2015 has been prepared in accordance with the SGX-ST Listing Rules. The marble resources and reserves are stated in accordance with the 2012 Edition of Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). QPR2015 follows on from the previous QPR ("QPR2014") 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.

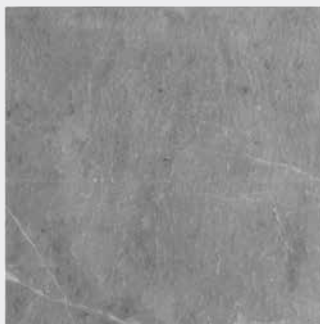
The Project is located in karst terrain comprising four hills which protrude out of an adjacent plain defined by near vertical cliffs in places over 100 metres ("m") high. There is virtually no soil cover and fresh rock is widely exposed at surface. Development of the quarry is top down with working 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;

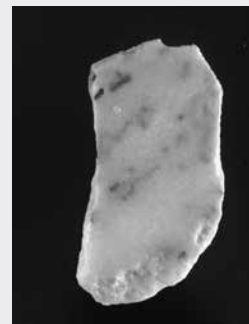
- Kelantan Misty White
- Kelantan Purplish White
- Kelantan Black-Spotted White



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

FOR YEAR TO 31 MARCH 2015

The combined Proved and Probable Reserves at the Quarry of marble that can be extracted as dimension stone blocks is estimated at 10.96 million cubic metres ("m³"). These Reserves are included in the total Resources which are estimated at 20.17 million m³. The Resources and Reserves Summary at 31 March 2015 is as follows;

Annual Resources and Reserves Summary at 31 March 2015

	Mineral Type	Gross Volume Attributable to License (million m ³)	Net Volume Attributable to Company (million m ³)	Change from previous update (%)
Reserves				
Proved	White Marble	10.47	10.47	-0.54
Probable		0.49	0.49	-
Total		10.96	10.96	-0.52
Resources				
Measured	White Marble	18.51	18.51	-0.66
Indicated		0.90	0.90	-
Inferred		0.76	0.76	-
Total		20.17	20.17	-0.61

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

FOR YEAR TO 31 MARCH 2015

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 there are technical constraints of operating within the original boundaries of the Lot. Approval in principle has been given to operate in this area which is now awaiting transfer of the legal title. 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.

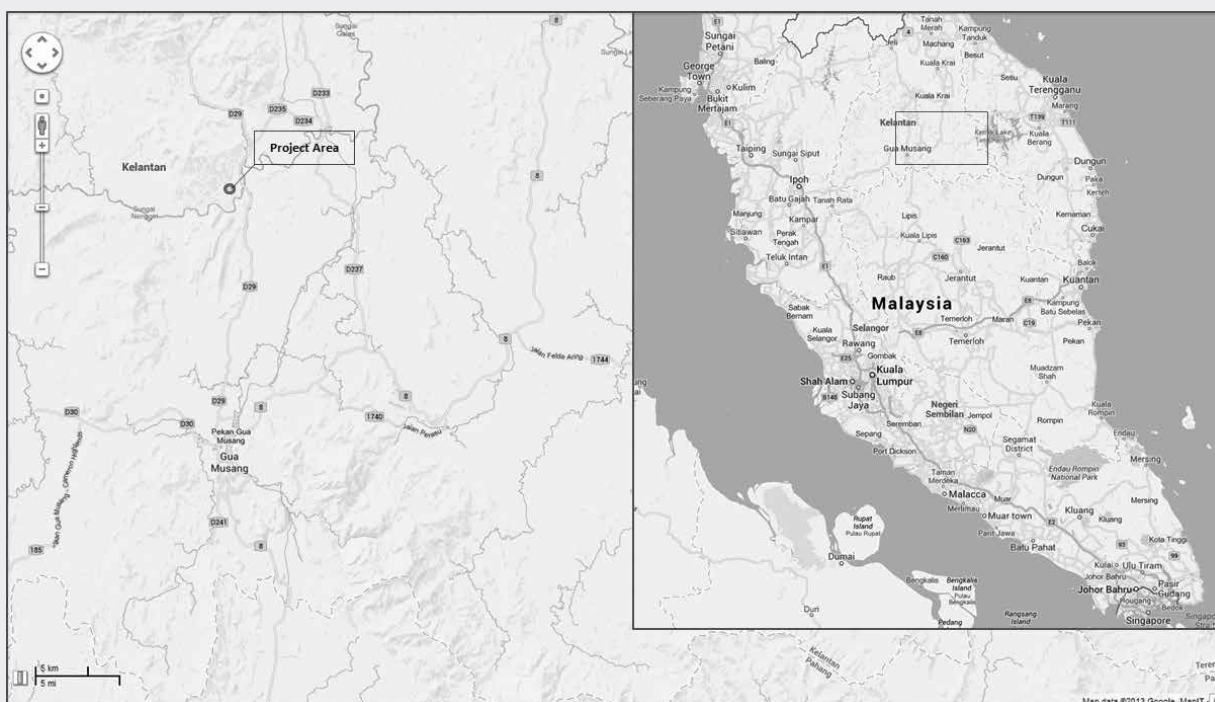


Figure 1-2; Quarry is located in Kelantan State, Peninsular Malaysia

QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015

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 (“QPR2015”) 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 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 2015 (the end of financial year 2014/15 – “FY2015”), excavation rates of up to 15,000m³ per month had been achieved. The facility to process small slabs on site and a crushing and screening plant to produce aggregate have also been completed. The slab processing facility is in production and has a capacity to produce 600m² of slabs per day whilst the aggregate plant will have a capacity of 60,000 tonnes (“t”) per month when in full operation. Powder plants are planned for a 17ha piece of industrial site that has already been acquired (but pending the transfer of legal title to CEP) in Gua Musang.

QUALIFIED PERSON'S REPORT

FOR YEAR TO 31 MARCH 2015

The Board of Directors of the Company engaged Rockhound Limited ("RH") as their independent adviser to prepare a Qualified Person's Report 2015 ("QPR2015") in connection with the Company's Annual Report. RH also prepared QPR2014 for the year to 31 March 2014. 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 QPR2015 and as such no site visits were carried out for QPR2015. 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 the reporting standard adopted for QPR2015 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 QPR2015 is 31 March 2015 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 there has been development at Hill 1 and Hill 2A primarily to create access to future production platforms and normal production activity in Hill 2B. Total excavation has been estimated at 123,470m³.

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, project feasibility studies, 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. It has no equity in any mining or quarrying project to ensure its independence. 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

FOR YEAR TO 31 MARCH 2015

- **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 Catalist 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. 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.

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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 (25.94hectares)
- Slab Processing Plant
- Storage Area for Blocks, Crushing and Screening Plant
- Three separate Storage Areas for Blocks



Figure 2-1; Quarry Extraction Area

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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 rise 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 (See Figure 2-2) nearly 200m (highest point 275m above MSL) above the Plain. Originally Hills 2B and 3 were respectively 70m and 35m above the Plain.



Figure 2-2; Hill 2A looking to the south from site entrance – note crushing plant in foreground

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 from June 2014. The laying of cables to the remainder of the site under a 2nd phase is scheduled for completion later in 2015. 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. With the renewal application the Company is also required to report on operating performance including Environmental Matters and Health and Safety Issues.

The Company is also obliged to monitor any potential environmental impact and if breaches occur, to rectify them in accordance with the approved Environmental Management Plan. Monitoring is carried out several times annually. The Scheme Approval 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.

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.

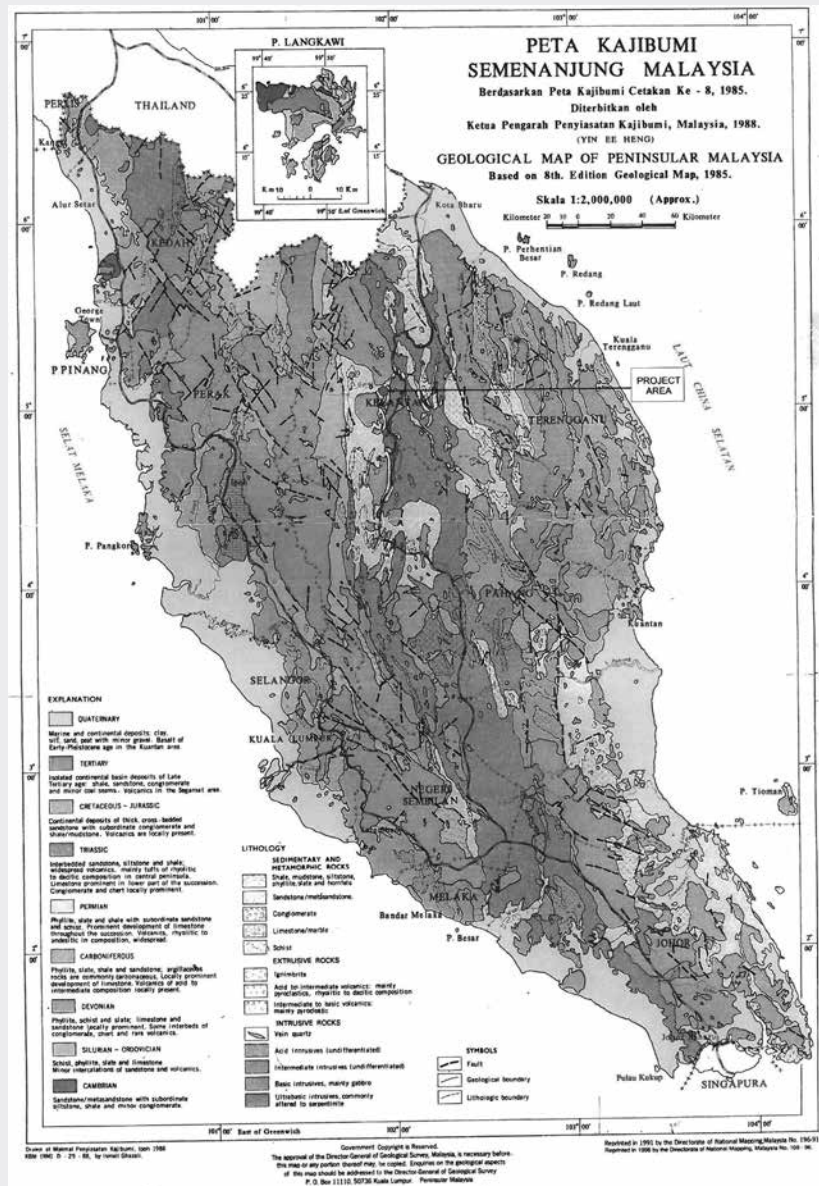
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3.0 GEOLOGICAL BACKGROUND AND GROUND INVESTIGATION

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.



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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 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 with less than 3% other constituents comprising mainly calcite (CaCO_3) with some dolomite (CaMgCO_3).

Sandstones and other rock types appear also to be present but outside the line of the Hills or at depths which 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.

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4.0 QUARRY OPERATION AT THE KELANTAN MARBLE QUARRY IN FY2015

The amount of extraction at Kelantan Marble Quarry for FY2015 (*ie to 31 March 2015*) as reproduced from Company records is summarized in the following table.

Table 4-1; Excavation Details over Year to 31 March 2015

Month	Hill 1 (m ³)	Hill 2A (m ³)	Hill 2B (m ³)	Total Excavation (m ³)	Block Rate (%)
Financial Year 2015					
April 14	2500	3000	3000	8500	51.66
May	3000	3500	3000	9500	47.33
June	3000	3500	3000	9500	45.33
July	3000	3000	5000	11000	60.00
August	3000	3500	2800	9300	67.85
September	3000	3500	6200	12700	53.22
October	3000	3500	7900	14400	42.53
November	3000	3500	9200	15700	33.18
December	5000	3500	3500	12000	30.17
January 15	4200	—	—	4200	47.62
February	3070	—	—	3070	42.35
March	10600	1500	1500	13600	44.85
Total				123,470	46.34

The focus of excavation has been in the development of access to Hills 1 and 2A (see photos which form Figures 4.1 and 4.2) with Hill 2B providing the location for Block production (Figure 4.3). The total material excavated for FY2015 was 123,470m³. Blocks are stored in designated areas between the Extraction area and the main highway to Gua Musang.



Figure 4-1; Creating access at Hill 1

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Figure 4-2; Opening up production face in Hill 2A



Figure 4-3; Production platform in Hill 2B

Due to this pre-stripping operation being close to the original ground surface, the block rates for FY2015 were significantly lower than the 70% estimated in QPR2014. The monthly rates range 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 2014

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 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 2014

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 2014**

	Mineral Type	Gross Volume Attributable to License (million m³)	Net Volume Attributable to Company (million m³)
Reserves			
Proved	White Marble	10.53	10.53
Probable		0.49	0.49
Total		11.02	11.02
Resources			
Measured	White Marble	18.63	18.63
Indicated		0.90	0.90
Inferred		0.76	0.76
Total		20.29	20.29

Although the production in FY2015 had a lower block rate, it was due to pre-stripping operation to develop Hill 1 and Hill 2A. 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 QPR2014 are summarized in Table 5-3.

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6.0 MARBLE RESOURCES AND RESERVE AS OF 31 MARCH 2015

In Section 4 Table 4.4 presented the excavation on Hills 1,2A and 2B over the last 12 months. In total 123,470m³ of excavation has taken place in the Year to 31 March 2015. This represents 0.61% of the Total Resources present at the end of the previous year. 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 2015 is shown in the Table below;

**Table 6-1; Summary of Statements of Reserves and Resources at Kelantan Marble Quarry
at 31 March 2015 (million m³)**

	Mineral Type	Gross Volume Attributable to License (million m ³)	Net Volume Attributable to Company (million m ³)	Change from previous update (%)
Reserves				
Proved	White Marble	10.47	10.47	-0.54
Probable		0.49	0.49	-
Total		10.96	10.96	-0.52
Resources				
Measured	White Marble	18.51	18.51	-0.66
Indicated		0.90	0.90	-
Inferred		0.76	0.76	-
Total		20.17	20.17	-0.61

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 2015.

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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, where the demand for premium high-quality marble is increasing. 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 intends 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;

- Sept 14 – Marmomacc 2014 Stone Fair held in Verona, Italy; this is one of the oldest and most popular fairs for the stone industry worldwide
- Nov 14 – The 15th China Shuitou (Nanan) International Stone Fair
- Mar 15 – The 15th China Xiamen International Stone Fair, an internationally renowned industry event attended by many stone industry participants

There was a positive response to the Company products from industry participants attending these fairs. In addition to these three fairs the Company has already registered to attend the following two fairs;

- April 15 – The Coverings 2015; a major stone fairs held in Orlando, USA
- May 15 – The Middle East Stone Fair held in Dubai

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 our 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. The intention is also to sell aggregates to other markets such as Indonesia and India in due course.

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, Qingdao and Xiamen 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.

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The successful acquisition of Hengyu will 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.

In addition to the acquisition of Hengyu and as previously announced in Jan 2015, the Company is also in the process of negotiating to acquire a group of companies in Yixing China (collectively the "Meilian Changchi companies"). Such an acquisition, if it materializes, will enable the Company to extend its business into the marble tiles market, using the Group's smaller blocks as the raw material, and with a focus on the US market.

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 Department of Environmental 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. 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 until June 2015 and to date the environmental performance has met the requirements of the EIA. The Company has already applied for renewal of its Permit and is waiting for a formal renewal letter from JMG. RH has not reviewed the report accompanying the renewal application.

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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.

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.

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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.
- **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 recognized 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.

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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 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.

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.

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 business. It is a mutually beneficial relationship as the local community also provides knowledge of local practices, customs and the environment.

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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 owned by Terratech Group Limited. 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 each year the Quarry Permit has to be reapplied.
- In the 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 2015 an estimated 123,470m³ of rock has been extracted. Much of the block production has taken place in Hill 2B. There has also been limited production of blocks from Hills 1 and 2A but here excavation has mostly been associated with the development of access to platforms scheduled for production starting in the year to March 2016.
- The excavation in the year to 31 March 2015 has represented about 0.61% 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 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.

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FOR YEAR TO 31 MARCH 2015

9.1 Recommendation

It is recommended that the annual resource statement effective 31 March 2015 is reported in the Company Annual Report to shareholders in tabular form as shown below:

	Mineral Type	Gross Volume Attributable to License (million m³)	Net Volume Attributable to Company (million m³)	Change from previous update (%)
Reserves				
Proved	White Marble	10.47	10.47	-0.54
Probable		0.49	0.49	–
Total		10.96	10.96	-0.52
Resources				
Measured	White Marble	18.51	18.51	-0.66
Indicated		0.90	0.90	–
Inferred		0.76	0.76	–
Total		20.17	20.17	-0.61

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 2014 QPR.

STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2015

SHARE CAPITAL

Issued and Fully Paid-up Ordinary Share Capital	:	\$6,150,420
Class of Ordinary Shares	:	Ordinary Shares
Number of Ordinary Shares	:	615,042,003
Voting Rights	:	1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	4	0.92	3,000	0.00
1,001 – 10,000	104	24.02	679,319	0.11
10,001 – 1,000,000	294	67.90	32,444,472	5.28
1,000,001 AND ABOVE	31	7.16	581,915,212	94.61
TOTAL	433	100.00	615,042,003	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TRITECH GROUP LIMITED	386,948,000	62.92
2	LUMINOR PACIFIC FUND 1 LTD.	61,625,730	10.02
3	VSTL INVESTMENT LTD	18,450,750	3.00
4	LIM & TAN SECURITIES PTE LTD	15,359,000	2.50
5	UOB KAY HIAN PRIVATE LIMITED	12,191,977	1.98
6	TAN ONG HUAT	9,570,726	1.56
7	KWAN CHEE SENG	9,480,882	1.54
8	HONG LEONG FINANCE NOMINEES PTE LTD	8,598,000	1.40
9	OCBC SECURITIES PRIVATE LIMITED	6,961,000	1.13
10	NG AIK HONG	5,406,850	0.88
11	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	5,157,900	0.84
12	PHUA LAY PHENG	5,005,000	0.81
13	ZENG LIREN	4,990,000	0.81
14	RHB SECURITIES SINGAPORE PTE. LTD.	4,015,000	0.65
15	CHEN BIQING	2,875,000	0.47
16	ANG POON BENG	2,578,097	0.42
17	NG CHEE KEONG	2,150,000	0.35
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,969,000	0.32
19	LIM KOK HWA	1,860,000	0.30
20	TAN XINGKUAN (CHEN XINGKUAN)	1,761,400	0.29
TOTAL		566,954,312	92.19

STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2015

SUBSTANTIAL SHAREHOLDERS

NO.	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	%	DEEMED INTEREST	%
1	Tritech Group Limited	386,948,000	62.92	–	–
2	Tritech International Holdings Pte Ltd ⁽¹⁾	–	–	386,948,000	62.92
3	Dr Wang Xiaoning ⁽²⁾	–	–	386,948,000	62.92

Notes:

- (1) Tritech International Holdings Pte Ltd is deemed to be interested in 386,948,000 shares held by Tritech Group Limited by virtue of its 39.62% shareholding in Tritech Group Limited.
- (2) Dr Wang Xiaoning is deemed to be interested in 386,948,000 shares held by Tritech Group Limited by virtue of its 30.2% shareholdings in Tritech International Holdings Pte Ltd.

Based on the information available to the Company as at 18 June 2015, approximately 37.08% of the ordinary issued shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 1st Annual General Meeting of the Company will be held at 31 Changi South Avenue 2, Singapore 486478 on Friday, 31 July 2015 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

- | | |
|---|---------------------|
| 1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 March 2015 together with the Auditors' Report thereon. | Resolution 1 |
| 2. To approve the payment of Directors' fees of S\$117,264 for the financial year ended 31 March 2015. | Resolution 2 |
| 3. To re-elect Mr. Aw Eng Hai retiring pursuant to Article 85(6) of the Articles of Association of the Company. (See Explanatory Notes) | Resolution 3 |
| 4. To re-elect Professor Zhao Jian retiring pursuant to Article 85(6) of the Articles of Association of the Company. (See Explanatory Notes) | Resolution 4 |
| 5. To re-elect Mdm. Zhan Ping retiring pursuant to Article 85(6) of the Articles of Association of the Company. (See Explanatory Notes) | Resolution 5 |
| 6. To re-elect Mr. Tay Yew Khem retiring pursuant to Article 85(6) of the Articles of Association of the Company. (See Explanatory Notes) | Resolution 6 |
| 7. To re-appoint Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

- | | |
|---|---------------------|
| 8. General Authority to Allot and Issue Shares | Resolution 8 |
|---|---------------------|

That, pursuant to Article 12(1) the Articles of Association of the Company and Rule 806(2) of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Rules of Catalyst"), 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 Companies Act, 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)**

9. 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, 16 July 2015

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the forthcoming Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or under the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 2 Kaki Bukit Place, #07-00 Tritech Building, Singapore 416180 not less than forty-eight (48) hours before the time for holding the forthcoming Annual General Meeting of the Company.

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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) 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 or service providers), 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 or service providers) 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\$117,264 does not include the remuneration proposed to be paid to Dr Wang Xiaoning for his services rendered for the period up to 31 March 2015, which is covered under the Service Agreement dated 10 July 2015 entered into between the Company and Dr Wang Xiaoning and which is subject to Shareholders' approval to be obtained at the extraordinary general meeting of the Company to be held after the annual general meeting.

Resolution 3

Mr. Aw Eng Hai will, upon re-appointment as a Director of the Company, remain as Lead Independent Director, Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee. Mr. Aw Eng Hai is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Rules of Catalyst.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 4

Professor Zhao Jian will, upon re-appointment as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee. Professor Zhao Jian is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Rules of Catalyst.

Resolution 5

Mdm. Zhan Ping will, upon re-appointment as a Director of the Company, remain as an Executive Director and Chief Executive Officer (China).

Resolution 6

Mr. Tay Yew Khem will, upon re-appointment as a Director of the Company, remain as an Independent Director, and a member of the Audit Committee, Remuneration Committee and Nominating Committee. Mr. Tay Yew Khem is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Rules of Catalyst.

Explanatory Note on Special Business to be transacted:**Resolution 8**

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Wang Xiaoning (Jeffrey Wang) *Non-Executive Chairman*
Dr Loh Chang Kaan *Chief Executive Officer and Executive Director*
Ms 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*
Mr Aw Eng Hai
Mr Tay Yew Khem
Dr Wang Xiaoning (Jeffrey Wang)

COMPANY SECRETARY

Lee Pih Peng, MBA, LLB

REGISTERED OFFICE

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Eunos Techpark
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Fax: (65) 6848 2568

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

ERNST & YOUNG
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
Partner-in-charge: Ada Lam
(Appointed since the financial year ended 31 March 2015)

PRINCIPAL BANKER

DBS Bank
12 Marina Boulevard
Marina Bay Financial Centre
Tower 3
Singapore 018982

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318



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