

CIRCULAR DATED 11 JULY 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular together with the notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Terratech Group Limited (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 Circular.

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

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.



TERRATECH GROUP LIMITED

(Company Registration No. CT-276295)
(Incorporated in the Cayman Islands on 15 March 2013)

CIRCULAR TO SHAREHOLDERS

in relation to

**THE PROPOSED APPROVAL OF THE SERVICE AGREEMENT
BETWEEN DR WANG XIAONING AND THE COMPANY.**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	29 July 2015 at 11.30 a.m.
Date and time of Extraordinary General Meeting	:	31 July 2015 at 11.30 a.m. (or as soon thereafter following the conclusion of the forthcoming AGM to be held at 10.30 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	31 Changi South Avenue 2 Singapore 486478

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:–

“Articles”	:	The Articles of Association of the Company, as amended from time to time
“AGM”	:	The Annual General Meeting to be held on 31 July 2015, 10.30 a.m. at 31 Changi South Avenue 2, Singapore 486478
“Board”	:	The Board of Directors
“Business”	:	The exploration, development, quarrying, extraction, removal, processing and commercial sale of marble and marble products from the marble quarry in Kelantan, Malaysia owned by the Group
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended or modified from time to time
“Cayman Companies Law”	:	The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Terratech Group Limited
“Commencement Date”	:	The date of admission of the Company to Catalist
“Director(s)”	:	Director(s) of the Company for the time being
“Dr Wang”	:	Dr Wang Xiaoning, the Non-Executive Director and Chairman of the Company
“EGM”	:	Extraordinary general meeting of the Company, notice of which is given on page 9 of this Circular
“Group”	:	The Company and its subsidiaries
“Independent Director”	:	An independent director of the Company
“IPO”	:	The initial public offering of the Company’s Shares on the Catalist
“Memorandum and Articles”	:	The Memorandum and Articles of Association of the Company
“Ordinary Resolution”	:	Ordinary resolution as set out in the notice of EGM which is on page 9 of this Circular

“PRC”	:	The People’s Republic of China
“Service Agreement”	:	The service agreement dated 10 July 2015 and entered into between the Company and Dr Wang
“Proxy Forms”	:	The proxy forms in respect of the EGM as set out in this Circular
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of the Shares
“Shares”	:	Ordinary shares of par value S\$0.01 each in the capital of the Company
“Service Agreement”	:	The service agreement dated 10 July 2015 and entered into between the Company and Dr Wang in respect of certain services to be provided by Dr Wang in addition to his ordinary duties and responsibilities as Non-Executive Director and Chairman of the Board as further elaborated in Section 2 of this Circular
“Singapore Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Takeover Code”	:	The Singapore Code on Take-overs and Mergers
“S\$”	:	Singapore dollars respectively
“%”	:	Per centum or percentage

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Singapore Companies Act.

The term **“subsidiary”** shall have the meaning ascribed to it under Section 5 of the Singapore Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the Act or the Catalist Rules, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

TERRATECH GROUP LIMITED

(Company Registration No. CT-276295)

(Incorporated in the Republic of Singapore on 15 March 2013)

Directors

Dr Wang Xiaoning (Non-Executive Chairman)
Dr Loh Chang Kaan (CEO and Executive Director)
Mdm Zhan Ping (Executive Director)
Aw Eng Hai (Lead Independent Director)
Professor Zhao Jian (Independent Director)
Tay Yew Khem (Independent Director)

Registered Office

The offices of Codan Trust
Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

16 July 2015

To: The Shareholders of Terratech Group Limited

Dear Shareholder,

THE PROPOSED APPROVAL OF THE SERVICE AGREEMENT BETWEEN DR WANG AND THE COMPANY.

1 INTRODUCTION

- 1.1 The Directors propose to convene an EGM to seek Shareholders' approval in relation to the Service Agreement entered into between Dr Wang and the Company.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to, and to seek their approval for the Service Agreement at the EGM to be held on 31 July 2015. This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company or for any other purpose).
- 1.3 The SGX-ST takes no responsibility for the contents of this Circular, including the accuracy or correctness of any statements or opinions made or reports contained in this Circular.

2 THE PROPOSED APPROVAL OF THE SERVICE AGREEMENT BETWEEN DR WANG AND THE COMPANY

2.1 Background

Dr Wang is currently serving as the Non-Executive Chairman of the Company pursuant to the terms of a letter of engagement dated 18 June 2014 which, *inter alia*, does not commit Dr Wang to a fixed period of service and which provides for director's fees payable to him to be such amount(s) as to be recommended by the Remuneration Committee and approved by the Board and Shareholders at each AGM.

The Company had on 10 July 2015 entered into the Service Agreement with Dr Wang pursuant to which the Company has appointed Dr Wang to provide certain services to the Group as further elaborated in paragraph 2.2 below, subject to and on the terms and conditions of the Service Agreement (the "**Appointment**"). Such services are to be performed by Dr Wang in addition to his ordinary Board duties and responsibilities as Non-Executive Director and Chairman of the Board. The Appointment is subject to

Shareholders' approval to be obtained at the EGM and once approved, shall take effect as from the Commencement Date. Please see Section 2.2 below for salient terms of the Service Agreement.

2.2 Principal terms of the Service Agreement

Term : Subject to Shareholders' approval being obtained at the EGM, the appointment of Dr Wang under the Service Agreement shall be deemed to have commenced from the date of admission of the Company to Catalist (the "**Commencement Date**") for an initial term of three (3) years.

Upon expiration of the initial term, the appointment of Dr Wang may be extended for such further period and on such terms and conditions to be agreed between the parties.

Services : Dr Wang shall provide the following services to the Group in connection with the Appointment:

- (a) planning and advising on the strategic and business planning and development of the Group;
- (b) assisting the Company in sales and marketing and business development strategies for the Group's business, in particular for the PRC market; and
- (c) providing advice, where requested, to the Executive Directors of the Company.

Remuneration : A monthly basic fee of S\$20,000 payable in arrears and a performance bonus (if applicable) of such amount and to be payable in such manner as may be recommended by the Remuneration Committee and approved by the Board in its sole and absolute discretion.

The above remuneration is subject to review by the Remuneration Committee on a yearly basis. In connection with the foregoing, Dr Wang shall abstain from voting in respect of any resolution or decision to be made by the Board of Directors or the Remuneration Committee in relation to the terms and renewal of the Proposed Service Agreement (if applicable).

Subject to applicable laws and listing rules and the approval of Shareholders, the SGX-ST and other regulatory authorities, where necessary, Dr Wang shall be eligible to participate in any other employee scheme or plan implemented by the Company on such terms as may be determined by the Remuneration Committee at its sole and absolute discretion.

The Company shall bear all reasonable expenses incurred by Dr Wang in connection with the Business.

Governing law : Singapore.

2.3 Rationale for the Service Agreement

In the offer document dated 21 July 2014 issued by the Company in connection with the IPO, it was envisaged that Dr Wang would, apart from his ordinary Board duties and responsibilities as Non-Executive Director and Chairman of the Board, be advising the Group on its strategic development and business planning for a period of time after the IPO, due to his intimate knowledge of the Group's business and familiarity with the PRC markets. While it was also noted then that it could be possible for Dr Wang to gradually reduce his involvement in the Group and its business once the strategic direction of our Group is more established and the Group's business becomes more mature, given the challenging conditions being faced by the Group (as further elaborated below), the Directors are of the view that it is in the interest of the Company to secure the services of Dr Wang to further assist the Group during this period, and the entry of the Service Agreement will facilitate such purpose.

As mentioned in the Company's financial results announcement dated 29 May 2015, PRC, being the main target market of the Group, has experienced considerable economic slowdown since the beginning of year 2015. The demand for property developments has deteriorated significantly and the government has also slowed down or delayed the public buildings/infrastructure development or projects. This has, and will continue, to affect the demand for marble related products in PRC, including our Group's marble business for the next 6 to 12 months. In this regard, the Company will explore various options to cushion the impact of such falling demand, including marketing of our products to other countries.

2.4 Shareholders' approval for the Service Agreement

Under the Articles, Shareholders' approval is required for payment of ordinary remuneration to Directors for duties performed in the ordinary course of holding office, but the Board can approve the payment of extra remuneration (whether by way of salary, commission, participation in profits or otherwise) to Directors who perform services which in the opinion of the Board go beyond the ordinary duties of holding office as a Director.

Notwithstanding the foregoing, the Company is seeking Shareholders' approval for the Service Agreement, which will include fees and remuneration proposed to be paid to Dr Wang for his additional services and contributions made to the Group since the Commencement Date, in line with good corporate governance practices.

In the event Shareholders approve the Company's entry into the Service Agreement at the forthcoming EGM, the fees and remuneration due or payable to Dr Wang pursuant to the terms of the Service Agreement will not be included in the fees and remuneration payable to Directors which are to be put up for approval by Shareholders at annual general meetings of the Company, although details of such fees and remuneration of Dr Wang will be disclosed together with all other fees and remuneration payable to him as Director (if any) in the relevant annual reports of the Company.

3 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 9 of this Circular, will be held at 11.30 a.m. on 31 July 2015 (or as soon thereafter following the conclusion of the forthcoming AGM of the Company to be held at 10.30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without modification the ordinary resolution set out in the Notice of EGM.

4 ACTION TO BE TAKEN BY SHAREHOLDERS

Under the Cayman Companies Law, only a person who agrees to become a shareholder of a Cayman Islands Company and whose name is entered in the register of members of such a Cayman Islands company is considered a member with rights to attend and vote at general meetings of such company.

Accordingly, under the laws of the Cayman Islands, a Depositor holding Shares through CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the EGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Articles.

Pursuant to Article 77 of the Company's Articles, unless CDP specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of the CDP as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the CDP to the Company as the CDP's proxies to vote on behalf of the CDP at a general meeting of the Company. Notwithstanding any other provisions in the Articles, the appointment of proxies by virtue of Article 77 shall not require an instrument of proxy or the lodgment of any instrument of proxy.

Accordingly, Depositors (other than Depositors which are corporations) whose names are listed in the Depository Register as at 48 hours before the time of the EGM may attend and vote as CDP's proxies at the EGM without having to complete or return any form of proxy. A Depositor which is a corporation and who wishes to attend and vote at the EGM must complete and return the attached Depositor Proxy Form, for the nomination of person(s) to attend and vote at the EGM on its behalf as CDP's proxy, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time fixed for the EGM.

If an individual Depositor is unable to attend the EGM personally and wish to appoint nominee(s) to attend the meeting and vote on his behalf, he must complete, sign and return the attached Depositor Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the EGM.

The completion and return of the Depositor Proxy Form by a Depositor (who is an individual) will not prevent him from attending and voting in person at the EGM as a proxy of CDP if he subsequently wishes to do so, and in which event the Depositor Proxy Form submitted bearing his name shall be deemed to be revoked.

Tritech Group Limited, the major shareholder of the Company, will be voting in favour of the ordinary resolution to approve the Service Agreement as determined by its board of directors (Dr Wang having abstained from the deliberations of the board of directors of in this respect).

5 DIRECTORS' RECOMMENDATION

Dr Wang shall abstain from making any recommendation to Shareholders in respect of the proposed approval for the Service Agreement. He shall also not accept nomination as proxy or otherwise vote at the EGM in respect of the ordinary resolution to approve the Service Agreement unless Shareholders appointing him as proxy give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for the ordinary resolution on the approval of the Service Agreement.

Having considered the rationale of the Service Agreement, Dr Loh Chang Kaan, Mdm Zhan Ping, Mr Aw Eng Hai, Prof. Zhao Jian and Mr Tay Yew Khem, being Directors who are not interested in the Proposed Service Agreement, are of the opinion that the Proposed Service Agreement is in the best interests of the Company and the Shareholders and recommend that the Shareholders vote in favour of the ordinary resolution in relation to the Proposed Service Agreement at the EGM. The Remuneration Committee of the Company (excluding Dr Wang who abstained from making any recommendation) has recommended to the Board of the Company the approval of the Service Agreement which was duly accepted by the Board in the manner as aforesaid.

6 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are accurate and fair in all material aspects as at the date of this Circular and that there are no other material facts the omission of which would make any statement in this Circular misleading. Where information contained in the Circular has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately extracted and reflected in this Circular.

7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at the registered office of the Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 from the date of this Circular up to the date of the EGM:

- (a) the Memorandum and Articles; and
- (b) the Service Agreement.

Yours faithfully
For and on behalf of the Board of Directors of
TERRATECH GROUP LIMITED

16 July 2015

TERRATECH GROUP LIMITED

(Company Registration Number: CT-276295)
(Incorporated in the Cayman Islands on 15 March 2013)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Terratech Group Limited (the “**Company**”) will be held at 31 Changi South Avenue 2, Singapore 486478 on 31 July 2015 at 11.30 a.m. (or as soon thereafter following the conclusion of the forthcoming AGM to be held at 10.30 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolution:

AS AN ORDINARY RESOLUTION

THE PROPOSED APPROVAL OF THE SERVICE AGREEMENT BETWEEN DR WANG AND THE COMPANY

That the Service Agreement dated 10 July 2015 and entered into between Dr Wang and the Company, and the appointment of Dr Wang to provide the services as contemplated under the Service Agreement on the terms and conditions of the Service Agreement (including the Commencement Date term of such agreement and the fees and remuneration payable to Dr Wang as provided thereunder), be and is hereby ratified, confirmed and approved.

BY ORDER OF THE BOARD

Lee Pih Peng
Company Secretary

Singapore
16 July 2015

Notes:

1. A Member (other than CDP) entitled to attend and vote at the special general meeting of the Company (the “Meeting”) and who holds two or more Shares is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Depositor holding Shares through the CDP and whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Meeting may do so as CDP’s proxy. Such Depositor (who is not an individual) should complete the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company’s Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 no later than forty-eight (48) hours before the time of the Meeting.

Personal Data Privacy:

By submitting an instrument appointment a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary 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.

