



TERRATECH GROUP LIMITED

(Company Registration No. CT-276295)

(Incorporated in the Cayman Islands on 15 March 2013)

PROPOSED ACQUISITION BY TERRATECH GROUP LIMITED OF THE ENTIRE ISSUED AND PAID-UP CAPITAL OF CAPITAL CITY PROPERTY SDN. BHD. – REVERSE TAKEOVER TRANSACTION

1. INTRODUCTION

- 1.1 The board of directors ("**Board**") of Terratech Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce (this "**Announcement**") that the Company had on 9 June 2016 entered into a conditional sale and purchase agreement ("**SPA**") with each of the Vendors (as defined in Appendix A) (each, a "**Vendor**" and collectively, the "**Vendors**") (the Company and Vendors shall collectively be referred to herein as the "**Parties**"), pursuant to which the Company shall acquire from the Vendors the entire issued and paid-up share capital ("**Sale Shares**") of Capital City Property Sdn. Bhd. (the "**Target Company**") for a consideration to be satisfied in full by the issuance and allotment of new ordinary shares in the capital of the Company ("**Consideration Shares**") at the issue price of 7.00 cents per Consideration Share ("**Issue Price**") (the "**Proposed Acquisition**"). The Issue Price represents a premium of approximately 37.3% over the Company's last traded price per share of 5.10 cents on 7 June 2016, being the last market day prior to the signing of the SPA. The Issue Price ascribes a value of S\$48,000,000 to the Company (including its existing business). Please refer to Paragraph 6 of this Announcement (*Principal Terms of the Proposed Acquisition*) for further details.
- 1.2 Currently, the Vendors are the legal and beneficial owners of the entire issued and paid-up share capital of the Target Company in the relative proportion ("**Relative Proportion**") as set out in Appendix A herein. Please refer to Paragraph 3 of this Announcement (*Information on the Vendors*) for further details of each Vendor.
- 1.3 The Target Company was incorporated in Malaysia on 14 June 2013 and is primarily engaged in the conception, design and execution of integrated property development projects in Malaysia ("**Business**"). The Target Company had, on 26 December 2013 entered into a joint venture agreement ("**Achwell JVA**") with Achwell Property Sdn Bhd ("**Achwell Property**"), pursuant to which the Target Company and Achwell Property agreed to derive economic benefit from the development of an integrated property project on a 40,851.932m² land site in Tampoi, Johor Bahru, Malaysia ("**Project Capital City**") on a joint venture basis in accordance with the terms and conditions of the Achwell JVA. Further details of the Achwell JVA will be included in the Circular (as defined below) to be despatched to the shareholders of the Company (the "**Shareholders**") in due course. Achwell Property is the current registered and beneficial owner of the Land Asset. Please refer to Paragraph 4 of this Announcement (*Information on the Target Company, Achwell Property and Project Capital City*) for further details.
- 1.4 Pursuant to the SPA, the Parties agree that the purchase consideration for the Sale Shares payable by the Company shall be S\$300,000,000 ("**Consideration**"). The Consideration shall be fully satisfied, on Completion (as defined below), by the issuance and allotment of Consideration Shares to (the "**Consideration Shares Issuance**"):

- (i) each of the Vendors or such party or parties as each Vendor may nominate (the “**Nominees**”) as determined in the following manner (rounded down to the nearest Consideration Share):

$$\text{Number of Consideration Shares} = \frac{\text{Consideration} - \text{S\$10,000,000}^{(1)}}{\text{Issue Price}} \times \text{Relative Proportion}$$

Note:

(1) Adjustment for the Adviser Fees (as defined below).

- (ii) Ample China International Limited (“**Ample China**”), an independent party who is advising the Vendors, at the request of the Vendors, as determined in the following manner (rounded down to the nearest Consideration Share) (“**Adviser Shares**”):

$$\text{Number of Consideration Shares} = \frac{\text{S\$10,000,000}}{\text{Issue Price}}$$

The Adviser Shares is computed based on a fee of S\$10,000,000 (“**Adviser Fees**”) to be paid to Ample China upon Completion in consideration of services provided to the Vendors pursuant to a private consultancy agreement (“**Private Consultancy Agreement**”) between the Vendors and Ample China.

- 1.5 In addition to the Private Consultancy Agreement, Ample China has on 9 June 2016 entered into a sale and purchase agreement with the Vendors, pursuant to which the Vendors shall, *inter alia*, sell or procure the sale of 128,571,429 Consideration Shares (“**Investment Shares**”) Ample China for a consideration of S\$5,400,000 subject to Completion (as defined below). The sale of the Investment Shares shall be at a discount of 40.0% to the Issue Price or approximately 4.20 cents per Investment Share.
- 1.6 The Proposed Acquisition constitutes a “Very Substantial Acquisition” or a “Reverse Take-over Transaction” pursuant to Chapter 10 of the Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Rules**”) and will be subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting (“**EGM**”) to be convened at a later date.

2. OVERVIEW OF THE PROPOSED ACQUISITION

For the purpose of this Announcement, the Proposed Acquisition (including the Consideration Shares Issuance) together with certain related transactions proposed in conjunction with the Proposed Acquisition further described below, including, *inter alia*, the Proposed Share Consolidation, the Proposed Compliance Placement, and the Proposed Whitewash Resolution shall be collectively referred to as the “**Proposed RTO Transactions**”. Further information on the Proposed RTO Transactions will be provided in a circular to the Shareholders of the Company to be despatched by the Company in due course (the “**Circular**”).

3. INFORMATION ON THE VENDORS

- 3.1 Mr Siow Chien Fu is currently the executive director of the Target Company and is responsible for the execution and monitoring of the strategic and operational goals and plans of the Target Company. Mr Siow Chien Fu graduated with a Bachelor of Architecture Degree from University of Kansas, USA in 1986 and is a member of APAM (*Ahli Pertubuhan Arkitek Malaysia*) (Malaysian Institute of Architects) and the Missouri Board of Professional Architects, USA. Mr Siow Chien Fu has strong experience in the design and development of various property projects in Malaysia and overseas, some of which have won industry awards and accolades. Some of these notable property projects include the Eco Tree Hotel in Hong Kong and Malacca. Under his leadership, Regional Development Consortium Arkitek won the “Top Ten Architects - Malaysia” award in 2011, awarded by BCI Asia.
- 3.2 The remaining Vendors are passive investors and directors of the Target Company. They are not involved in the running of the business of the Target Company.
- 3.3 The Vendors are not related to any of the Company’s existing directors or controlling Shareholders, or their respective associates. As at the date of this Announcement, none of the Vendors hold any Shares of the Company.

4. INFORMATION ON THE TARGET COMPANY, ACHWELL PROPERTY AND PROJECT CAPITAL CITY

- 4.1 The Target Company was incorporated in Malaysia on 14 June 2013 and is primarily engaged in the conception, design and execution of integrated property development projects in Malaysia, such as Project Capital City. A summary of the historical financial information of the Target Company is set out in Appendix B to this Announcement.
- 4.2 Covering a land site of 40,851.932m², Project Capital City is expected to comprise two towers hotel and service suites with a planned total of 945 units and three towers of serviced apartments with a planned total of 690 units, which sit on top of a six-storey thematic entertainment retail mall. When completed, Project Capital City aims to be an iconic integrated development in Johor Bahru, Malaysia, bringing transformative entertainment and retail concepts to the Johor region.
- 4.3 The details of the land asset which Project Capital City is located on (“**Land Asset**”) are as follows:

Title Number	Land Title	Location	Category of Land Use	Area of Land (m ²)
H.S.(D) 547601, PTB 24274	Freehold	Mukim Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor	Building	40,851.932

- 4.4 Achwell Property is a property investment and development company incorporated in Malaysia and is a subsidiary of Gadang Holdings Bhd (“**Gadang**”), a company listed on the Bursa Malaysia.
- 4.5 The Land Asset is located at Tampoi, Johor Bahru, which is approximately 20 minutes’ drive from the Johor Bahru Customs, Immigration, and Quarantine complex (CIQ), and is connected to major highways, such as the Skudai Highway (Lebuhraya Skudai), Pasir Gudang Highway and Tebrau Highway.

5. RATIONALE FOR THE PROPOSED ACQUISITION

- 5.1 In view of the Group's historical financial performance, which is mainly attributable to the Group's reliance on the demand for its marble and marble-related products in the PRC, the Company has been constantly looking to explore new investments, acquisitions, strategic alliance and/or joint ventures to grow and improve the quality of its business operations.
- 5.2 The Board is of the view that the Proposed Acquisition will provide the opportunity for the Company to venture into the growing property development market in Malaysia. Malaysia was recently named as one of the world's most attractive infrastructure investment destinations according to the third edition of the Global Infrastructure Investment Index. The property development market in Malaysia is expected to rebound over the long term in view of, *inter alia*, strong consumer demand, infrastructure improvement and the continued development and government support of economic zones such as Iskandar Malaysia. In particular, there has been news of several high-profile foreign companies such as China's Alibaba, Coca-Cola and Microsoft announcing plans to set up operations in Iskandar Malaysia. This anticipated increase in commercial activities is expected to boost investors' confidence in the growth of the area.
- 5.3 The Board believes that the Target Company, led by Mr Siow Chien Fu, has an experienced management team with in-depth knowledge of the property market in Malaysia and the Target Company is positioned as a transformational developer that adds significant commercial value to projects for its stakeholders and introduces new concepts that will revitalize urban landscapes. The Proposed Acquisition will provide the Company with the exposure to an attractive niche market in the property industry of Malaysia. The Company's existing marble business will also benefit from the current and future projects of the Target Company that will provide many opportunities for the Company to supply its unique high quality marble products.
- 5.4 Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company (collectively with the subsidiaries of the Company, the "**Enlarged Group**") and the Proposed Acquisition will have the potential to significantly increase the market capitalisation of the Company, with the added benefit of allowing the Company to access better analyst coverage and increased investor interest in the ordinary shares of the Company ("**Shares**").

6. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

6.1 Sale and Purchase

Subject to and upon the terms and conditions of the SPA, the Company shall purchase from the Vendors and the Vendors shall, in consideration of the Consideration, as legal and beneficial owners, transfer to the Company, all and not only some of the Sale Shares free from all encumbrances, and with the benefit of all rights, benefits and entitlements attaching thereto with effect from the date of completion of the Proposed Acquisition ("**Completion**").

6.2 Consideration

The Consideration of S\$300,000,000 was arrived at after arm's length negotiations between the Company and the Vendors, and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the Business, management position and the business prospects of the Target Company and on the basis that the Consideration shall be supported by the Appraised Value (as defined below) .

The Consideration shall be fully satisfied by the Consideration Shares Issuance to the Vendors and/or their respective Nominees and Ample China. The Consideration Shares shall be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares.

For the avoidance of doubt, the Proposed Share Consolidation (as defined below) shall take place after the Consideration Shares Issuance.

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Company will appoint a competent and independent valuer(s) to conduct and furnish a valuation report ("**Independent Valuation Report**") on the value of Project Capital City and the Business ("**Appraised Value**").

Further information relating to the independent professional valuer(s) to be appointed, together with the Independent Valuation Report (which will include the basis and date of the Independent Valuation Report), will be included in the Circular to be despatched to Shareholders in due course.

6.3 **Conditions Precedent in relation to the Proposed Acquisition**

Completion is conditional upon, *inter alia*, the conditions precedent set out in the SPA and specified in Appendix C to this Announcement having been satisfied or waived in accordance with the terms of the SPA. The back-stop date for the satisfaction of the conditions precedent set out in the SPA shall be the date falling six (6) months (unless extended by agreement of the Parties) after the date of the SPA.

6.4 **Completion**

Subject to the conditions precedent of the Proposed Acquisition being satisfied or waived (as the case may be), the Proposed Acquisition will be completed on the date falling ten (10) Business Day (as defined in the SPA) after the satisfaction or waiver of certain conditions precedent in the SPA or such other date as the Parties may mutually agree (the "**Completion Date**"), provided that such date shall fall on the same date as the completion of the compliance share placement exercise as described in paragraph 6.7 below.

6.5 **Waiver from Mandatory General Offer**

Subject to and on Completion, the Vendors will have interests in the Company of more than 30.0% of the voting rights in the Company. Pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers (the "**Code**"), the Vendors and persons acting in concert with each of them ("**Concert Parties**") would be required to make a general offer for the remaining Shares not owned or controlled by the Vendors and their respective Concert Parties at the highest price paid or agreed to be paid by any of the Vendors and their respective Concert Parties for the Shares in the preceding six (6) month period.

It is a condition precedent to the Proposed Acquisition that the Securities Industry Council ("**SIC**") grants the Vendors and their respective Concert Parties, and does not revoke or repeal such grant, a waiver of their obligation to make a general offer under Rule 14 of the Code for all the Shares not owned or controlled by them (the "**Whitewash Waiver**") and that independent Shareholders approve at a general meeting of the Company a whitewash resolution for the waiver of their rights to receive such a mandatory general offer from the Vendors and their respective Concert Parties (the "**Proposed Whitewash Resolution**"). Accordingly, the Vendors will be applying to the SIC to seek for the Whitewash Waiver and the Company will be seeking approval of the independent Shareholders for the Proposed Whitewash Resolution at the EGM.

6.6 **Proposed Share Consolidation**

Under Rule 429 of the Catalist Rules, the issue price of each Share is required to be at least S\$0.20 each. Accordingly, in conjunction with the Proposed Acquisition, the Company proposes to undertake a share consolidation exercise based on the ratio of four (4) existing Shares to one (1) new consolidated Share, or such ratio as may be mutually agreed between the Parties, which shall satisfy the requirements of Rule 429 of the Catalist Rules (the **"Proposed Share Consolidation"**) subsequent to the Consideration Shares Issuance (the **"Consolidated Share"**).

6.7 **Proposed Compliance Placement**

Subject to and on Completion, it is envisaged that the Vendors, together with: (i) the directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company or its subsidiary companies; and (ii) associates of the persons described in (i) above, will hold more than 85.0% of the issued and paid-up share capital of the Company.

In that event, the Company will not meet the shareholding spread and distribution requirements set out in the Catalist Rules. Accordingly, in connection with the Proposed Acquisition, the Company is required under the Catalist Rules to place out Shares to satisfy the minimum distribution and shareholding spread requirements of 15.0% of the Company's enlarged share capital to be held by 200 public shareholders on Catalist following Completion (**"Proposed Compliance Placement"**) and the issue price for any new ordinary shares in the Company to be placed out pursuant to the Proposed Compliance Placement shall not be less than S\$0.20. Additionally, it is intended that Trittech Group Limited (**"Trittech"**), the controlling Shareholder of the Company, be permitted to sell part of its Shares provided that such sale is mutually agreed between the placement agent which will be appointed by the Company and Trittech. The Vendors and/or Ample China may also sell their respective Consideration Shares as may be expressly permitted by PrimePartners Corporate Finance Pte. Ltd. (**"PPCF"**), in its capacity as financial adviser to the Company, subject always to compliance with the Catalist Rules, to meet the aforesaid requirement.

6.8 **Moratorium**

Save in connection with the Proposed Compliance Placement, the Vendors shall be subject to a moratorium not to dispose of or transfer or create any encumbrances over: (i) the entire of the Vendors' interests in the Consideration Shares issued pursuant to the SPA (less the Consideration Shares referred to in Paragraph 1.4(ii) and the Investment Shares referred to in Paragraph 1.5 above), for a period of six (6) months commencing from the Completion Date as required under Rules 422(1) and 1015(3)(b) of the Catalist Rules; and (ii) 50.0% of the Vendors' interests in the Consideration Shares issued pursuant to the SPA (less the Consideration Shares referred to in Paragraph 1.4(ii) and the Investment Shares referred to in Paragraph 1.5 above), for a period of 12 months commencing from the Completion Date. For this purpose, the Vendors have agreed to provide an undertaking to the Company that they shall not dispose of, release or transfer or create any encumbrances of such Consideration Shares which are subject to the moratorium and which may be issued to them on Completion.

Ample China shall be subject to a moratorium not to dispose of or transfer or create any encumbrances over the "profit" portion of its Investment Shares, amounting to an aggregate of 51,428,572 Consideration Shares for a period of 12 months commencing from the Completion Date as required under Rules 422(2) and 1015(3)(b) of the Catalist Rules (**"Adviser Moratorium"**). For the avoidance of doubt, the Adviser Shares and the remaining portion of the Investment Shares shall not be subject to the Adviser Moratorium.

6.9 Changes to the Board

It is a condition precedent of the SPA that the Company shall procure the resignation of certain existing directors of the Company and the Vendors shall be entitled to nominate and appoint such number of nominees as the new directors of the Company ("**Directors**"), with effect from Completion. Further information on the board composition and the proposed Directors will be set out in the Circular to be despatched to Shareholders in due course.

6.10 Service Agreements

As at the date of this Announcement, the Company has not entered into any service agreement with any person proposed to be appointed as a Director or executive officer in connection with the Proposed Acquisition. It is envisaged that the Company will, on or prior to Completion, enter into service agreements with such Directors and executive officers of the Target Company and/or the Company as the Company and PPCF may see fit, on terms acceptable to the Parties. The details of such appointments and service agreements (if any) will be set out in the Circular to be despatched to Shareholders in due course.

7. REVERSE TAKE OVER

7.1 Relative Figures under Rule 1006 of the Catalist Rules

For the purposes of Chapter 10 of the Catalist Rules, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

<u>Rule 1006(a):</u> Net asset value of assets to be disposed of, compared with the Group's net asset value	Not applicable to an acquisition.
<u>Rule 1006(b):</u> Net profits attributable to the Target Company as compared with the Group's net profits	Not meaningful ⁽¹⁾
<u>Rule 1006(c):</u> Aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	867.4% ⁽²⁾
<u>Rule 1006(d):</u> The number of Consideration Shares to be issued by the Company as Consideration for the Proposed Acquisition, as compared with the number of equity securities of the Company previously in issue	697.0% ⁽³⁾
<u>Rule 1006(e):</u> The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable to an acquisition.

Notes:

(1) Not meaningful as the Group was in a net loss position for the financial year ended 31 March 2016.

- (2) Based on (i) the Consideration of S\$300,000,000; and (ii) the market capitalisation of the Company of approximately S\$34,587,225, determined by multiplying 683,542,003 existing Shares in issue by the weighted average price of S\$0.0506 of such Shares transacted on 7 June 2016, being the last traded day immediately preceding the date of the SPA.
- (3) Based on the Consideration Shares Issuance, 4,285,714,286 Consideration Shares and 683,542,003 existing Shares. For the avoidance of doubt, the Proposed Share Consolidation shall take place after the Consideration Share Issuance.

7.2 Shareholding Effects

For illustrative purposes only, it is envisaged that upon Completion and completion of the Proposed Share Consolidation but before the Proposed Compliance Placement, the shareholding structure of the Company will be as follows:

Shareholder	Before the Proposed Acquisition, Proposed Share Consolidation and Proposed Compliance Placement		After the Proposed Acquisition but before the Proposed Share Consolidation and Proposed Compliance Placement		After the Proposed Acquisition and Proposed Share Consolidation but before the Proposed Compliance Placement	
	Shares	(%)	Shares	(%)	Shares	(%)
Vendors	-	-	4,014,285,716	80.79	1,003,571,429	80.79
Tritech Group Limited	388,508,000	56.84	388,508,000	7.82	97,127,000	7.82
Luminor Capital Pte Ltd	61,625,730	9.02	61,625,730	1.24	15,406,433	1.24
Ample China	-	-	271,428,569	5.46	67,857,142	5.46
Other Shareholders	228,250,373	33.39	228,250,373	4.59	57,062,593	4.59
PrimePartners Corporate Finance Pte. Ltd.	5,157,900	0.75	5,157,900	0.10	1,289,475	0.10
TOTAL	683,542,003	100.00	4,969,256,288	100.00	1,257,314,072	100.00

As the relative figures under Rule 1006(c) and 1006(d) of the Catalist Rules exceed 100.0%, and given that the Vendors will hold approximately 80.79% of the Share Capital of the Company immediately upon the completion of the Proposed Acquisition but before the Proposed Compliance Placement, a change in control of the Target Company will arise as a result, and the Proposed Acquisition would constitute a “Very Substantial Acquisition” or “Reverse Takeover” transaction pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Proposed RTO Transactions are subject to, *inter alia*, the approval of the Shareholders and the SGX-ST.

8. FINANCIAL EFFECTS

Please refer to Appendix D of this Announcement for certain financial effects of the Proposed Acquisition.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (other than in his capacity as Director or Shareholder) nor (as far as the Directors are aware) controlling Shareholders of the Company has any interest, direct or

indirect, in the Proposed RTO Transactions, save for their respective interests in the Shares of the Company.

10. FINANCIAL ADVISER

The Company has appointed PPCF as its financial adviser and full sponsor in respect of the Proposed RTO Transactions.

11. INDEPENDENT FINANCIAL ADVISER

The Company will appoint an independent financial adviser to the independent Directors of the Company for the purposes of the Proposed Whitewash Resolution. The advice of the independent financial adviser will be set out in the Circular to be despatched to Shareholders in due course.

12. RESPONSIBILITY STATEMENT

- 12.1 The Directors collectively and individually accept full responsibility (save in respect of the Vendors, the Target Company, Project Capital City and the Land Asset) for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed RTO Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.
- 12.2 The Vendors each accept full responsibility for the accuracy of the information given in this Announcement in respect of itself, the Target Company, Project Capital City and the Land Asset and confirm after making all reasonable enquiries that, to the best of its knowledge and belief, this Announcement constitutes full and true disclosure of all material facts in respect of itself, the Target Company, Project Capital City and the Land Asset and it is not aware of any facts the omission of which would make any statement in this Announcement in respect of itself, the Target Company, Project Capital City and the Land Asset misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

13. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

- 13.1 The Circular containing further information on, *inter alia*, the Proposed RTO Transactions and enclosing the notice of the EGM to seek approval of Shareholders of the Company for the Proposed RTO Transactions (in particular, the Proposed Share Consolidation, the Proposed Compliance Placement, the grant of a general mandate for the issue of new consolidated shares and the Proposed Whitewash Resolution) will be despatched by the Company to the Shareholders in due course.

- 13.2 A copy of the SPA and Achwell JVA will be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

14. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that, although the SPA has been entered into, completion of the Proposed Acquisition is subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this Announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr Loh Chang Kaan
Chief Executive Officer

9 June 2016

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 announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

APPENDIX A

RELATIVE PROPORTION OF THE VENDORS

NO.	NAME OF VENDOR	OWNERSHIP IN THE TARGET COMPANY (%)
1.	Siow Chien Fu	50.0
2.	Tan June Teng Colin	25.0
3.	Tan Ping Huang Edwin	25.0

APPENDIX B

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

The Target Company was incorporated as a private limited company limited by shares on 14 June 2013 in Malaysia and the historical financial summary of the Target Company is based on the audited financial statements of the Target Company for the financial years ended 30 June 2014 and 2015 that were prepared in accordance with Private Entities Reporting Standards.

Income Statement

(RM'000)	<u>Audited</u> Financial year ended 30 June 2014	<u>Audited</u> Financial year ended 30 June 2015
Revenue	6,082	32,888
Profit from operations	151	12,237
Profit before tax	145	12,229
Income tax expenses	192	3,000
Profit/(loss) after tax	(47)	9,229

Balance Sheet

(RM'000)	<u>Audited</u> as at 30 June 2014	<u>Audited</u> as at 30 June 2015
Current assets	51,202	113,294
Non-current assets	22,899	49,733
Total assets	74,101	163,027
Current liabilities	69,618	148,649
Non-current liabilities	430	196
Total liabilities	70,048	148,845
Shareholders' equity	4,053	14,182

PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A summary of the unaudited combined pro forma financial information of the Enlarged Group for the financial year ended 30 June 2015 has been prepared for illustrative purposes only and is based on the audited consolidated financial results of the Group for the financial year ended 31 March 2015 and the audited financial statements of the Target Company for the financial year ended 30 June 2015, without any adjustment to align the financial year end of the Group with that of the Target Company.

The audited financial statements of the Target Company for the financial year ended 30 June 2015 has been prepared in accordance with the Private Entities Reporting Standards. For the purpose of preparing the unaudited pro forma financial information of the Enlarged Group, no re-alignment of the accounting standards has been performed.

The unaudited pro forma financial summary below is presented in Singapore Dollar while the audited financial information of the Target Company for the financial year ended 30 June 2015 was prepared in Malaysian Ringgit. The exchange rate used in for such conversion in the unaudited pro forma financial summary below was RM1 : S\$0.3570 as at 30 June 2015 (Source: <http://www.oanda.com/currency/converter/>).

For illustrative purposes only, the pro forma financial information of the Enlarged Group is computed based on, *inter alia*, the following assumptions:

- (i) the pro forma income statement is computed assuming that the Proposed Acquisition was completed on 1 July 2014;
- (ii) the pro forma balance sheet is computed assuming that the Proposed Acquisition was completed on 30 June 2015;
- (iii) the application of acquisition method to effect the Proposed Acquisition;
- (iv) that the difference between the deemed consideration for the Proposed Acquisition and the fair values of net assets of the Group, if any, have not been considered and will be determined on the date of Completion when the Vendors have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption;
- (v) costs and expenses in connection with the Proposed RTO Acquisitions are disregarded for the purposes of preparing the pro forma financial information; and
- (vi) has not been adjusted for the impact of any other transactions or events other than the Proposed Acquisition.

Pro Forma Income Statement

(S\$'000)	<u>Unaudited</u> Financial year ended 30 June 2015
Revenue	16,155
Gross profit	5,601
Loss before tax	(7,956)
Income tax expenses	(1,071)
Loss for the year	(9,027)

Pro Forma Balance Sheet

(S\$'000)	<u>Unaudited</u> As at 30 June 2015
Current assets	49,748
Non-current assets	24,386
<u>Total assets</u>	74,134
Current liabilities	55,572
Non-current liabilities	254
<u>Total liabilities</u>	55,826
Shareholders' equity	18,308

APPENDIX C

CONDITION PRECEDENTS IN RELATION TO THE PROPOSED ACQUISITION

Unless otherwise defined, terms referred to in this Appendix C shall have the meaning ascribed to them in the SPA.

Completion shall be conditional upon the following being fulfilled on or before the Back-Stop Date:

- (a) completion of a business, legal and financial due diligence exercise by the Company on the Vendors and the Target Company which shall include, without limitation:
 - (i) the review of the business and operations of the Target Company including management meetings and site visits;
 - (ii) the review of the Target Company's historical financial figures; and
 - (iii) the review of any and all documents relating to legal and taxation matters of the Target Company, Project Capital City and the Land Asset,the results of such exercise being satisfactory to the Company and the financial adviser appointed by the Company, in their sole and absolute discretion;
- (b) to the extent that the Vendors and their concert parties are obliged to make a mandatory offer under Rule 14 of the Code arising from the allotment and issue of the Consideration Shares pursuant to the terms and conditions of this Agreement, the SIC having granted the Vendors and their concert parties a waiver from such obligation, and such waiver not being revoked, repealed or amended as of the Completion Date, and such waiver being subject to:
 - (i) any conditions that the SIC may impose, such conditions being acceptable to the Vendors and the Company (to the extent that any condition imposed relates to matters to be fulfilled or complied with by the Company), and to the extent that any such conditions are required to be fulfilled on or before the Completion Date, they are so fulfilled; and
 - (ii) the Whitewash Resolution having been passed by the Company's Shareholders (who are independent of the Vendors) at an extraordinary general meeting, to be convened by the Company;
- (c) the SGX-ST having granted a listing and quotation notice for the listing and quotation of the Consideration Shares and the Placement Shares, if any;
- (d) the Company having received the requisite approvals from its Shareholders, at an extraordinary general meeting to be convened by the Company, for amongst others, the:
 - (i) Acquisition;
 - (ii) Whitewash Resolution;
 - (iii) removal of existing directors of the Company and appointment of new directors as may be directed by the Vendors;

- (iv) change of name of the Company, subject to the approval of any applicable Governmental Body;
 - (v) issue and allotment of the Consideration Shares at the Issue Price;
 - (vi) issue and allotment of the Placement Shares, if any;
 - (vii) adoption of general mandate for issue and allotment of new Shares;
 - (viii) adoption of general mandate for ongoing interested persons transactions (if any);
 - (ix) change of financial year end from 31 March to 30 June;
 - (x) Share Consolidation; and
 - (xi) all transactions contemplated under this Agreement.
- (e) the Company having received the requisite approvals from its board of directors, for amongst others, the matters set out in paragraph (d) above (to the extent applicable);
- (f) undertakings by Trittech Group Limited:
- (i) not to dispose of its shareholding in the Company below 51% until the earlier of:
 - (1) the Conditions Precedent not being fulfilled on or before the Back-Stop Date; or
 - (2) termination of this Agreement; or
 - (3) conclusion of the extraordinary general meeting in respect of the Acquisition; and
 - (ii) to vote, subject to fulfillment of paragraph (b), at the extraordinary general meeting to be convened in respect of the Acquisition, in favor of, *inter alia*, the matters referred to paragraph (d) above.
- (g) save as disclosed in this Agreement and the Disclosure Letter, all Vendor Warranties provided by the Vendors under this Agreement being complied with, true, accurate and correct in all material respects as at the Completion Date;
- (h) save as disclosed in this Agreement, all Company Warranties provided by the Company under this Agreement being complied with, true, accurate and correct in all material respects as at the Completion Date;
- (i) all necessary approvals and consents as may be necessary from and registration with any third party, governmental or regulatory body or relevant competent authority having jurisdiction over the transactions contemplated herein or to the entry into and completion of this Agreement by the Parties, being in full force and effect and not having been withdrawn, suspended, amended or revoked as at the Completion Date, and if such approvals or consents or registrations are granted or obtained subject to any conditions, such conditions being reasonably acceptable to the Company and the Vendors (as the case may be);
- (j) the Company being satisfied in its reasonable discretion that the business of the Target Company has been carried on in a satisfactory manner and in its usual course, and all material approvals and consents (including any governmental, regulatory and/or corporate

approvals and consents) required for the business of the Target Company has been obtained, and are and shall as at the Completion Date, remain valid and effective and not withdrawn or amended;

- (k) the execution and performance of this Agreement by the Parties hereto not being materially prohibited, restricted, curtailed, hindered, impaired or otherwise materially adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority;
- (l) the delivery of the Disclosure Letter by the Vendors to the Company on the date of execution of this Agreement and such other supplemental letters being delivered by the Vendors to the Company: (i) no later than thirty (30) Business Days from the date of this Agreement (if any); and (ii) on the date the Vendors' verification meeting is held for the purposes of having the Vendors verify the contents of the circular to the Shareholders in respect of, *inter alia*, the Acquisition, prior to the despatch of such circular by the Company to its Shareholders and/or lodgement on SGXNET, and the Disclosure Letter and such other supplemental letters being in a form and substance satisfactory and acceptable to the Company at the Company's reasonable discretion;
- (m) there being no investigations by any Governmental Body and competent authorities or adverse proceedings pending or threatened against the Target Company or the Parties, that might reasonably be expected to materially impair or prevent the completion of the Acquisition and the matters contemplated herein (including the resultant change in Shareholders, directors and management of the Target Company) or cause a material adverse change in the business operations, affairs, conditions (financial or otherwise) or prospects of the Target Company from the date of this Agreement up to and including Completion Date;
- (n) there being no notice of acquisition or exercise of any right by any Governmental Body or party which will or may prejudice or adversely affect the usage of the Land Asset by the Target Company or which will or may subject the Target Company to any onerous charge or liabilities in relation to the Land Asset or any part of it, or of any intended acquisition or exercise of any right in relation to the Land Asset or any part of it by the relevant Governmental Body or party;
- (o) independent valuer(s) to be appointed by the Company at the cost of the Company and whose valuation of the Target Company's business and/or properties is satisfactory to the Company and the financial adviser appointed by the Company in their reasonable discretion as at Completion;
- (p) delivery by each of the Vendors (if applicable) to the Company of (i) written approval from Bank Negara Malaysia in respect of the issuance of the such number of Consideration Shares to each of the relevant Vendors (if applicable) and if such approvals, consents or registrations are granted or obtained subject to any conditions, such conditions being reasonably acceptable to the Company and each of the relevant Vendors (if applicable); or (ii) a legal opinion issued by the legal counsel of the relevant Vendors (if applicable) (that has been approved by the Company) in the form acceptable to the Company in its sole and absolute discretion confirming that no such Bank Negara Malaysia approval is required;
- (q) where the terms of any contracts entered into by or in relation to the Target Company (including but not limited to Achwell JVA) contain any restrictions or prohibition on the change in control of the shareholdings, management or ownership of the Target Company or include any right to terminate exercisable prior to or as a result of any matter contemplated by this Agreement, delivery by the Vendors to the Company of a written confirmation in a form and on terms (if any) satisfactory to the Company, of the waiver of such restriction or prohibition in

relation to any such change arising from the any of the matters or transactions under this Agreement or of any such right to terminate; and

- (r) delivery by Vendors to the Company a written approval from Achwell Property indicating:
 - (i) no objection towards the change in control of the shareholdings, management or ownership of the Target Company;
 - (ii) the Target Company is not in default of any terms and conditions in the Achwell JVA;
and
 - (iii) the Achwell JVA is valid and subsisting.

APPENDIX D

FINANCIAL EFFECTS

Bases and assumptions

The pro forma financial effects of the Proposed Acquisition are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following Completion. The pro forma financial effects of the Proposed Acquisition on the share capital, earnings, net tangible assets (“NTA”) and gearing of the Group have been prepared based on the unaudited consolidated financial results of the Group for the financial year ended 31 March 2016 and the audited financial statements of the Target Company for the financial year ended 30 June 2015, without any adjustment to align the financial year end of the Group with that of the Target Company.

The audited financial statements of the Target Company for the financial year ended 30 June 2015 has been prepared in accordance with the Private Entities Reporting Standards. For the purpose of illustrating the financial effects, no re-alignment of the accounting standards has been performed.

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects of the Proposed Acquisition are computed based on, *inter alia*, the following assumptions:

- (i) the financial effects on the Group’s NTA and gearing are computed assuming that the Proposed Acquisition was completed on 31 March 2016;
- (ii) the financial effects on the Group’s earnings/(loss) per Share are computed assuming that the Proposed Acquisition was completed on 1 April 2015;
- (iii) the financial effects do not take into account any transactions completed by the Group subsequent to 31 March 2016;
- (iv) the application of acquisition method to effect the Proposed Acquisition;
- (v) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Group, if any, have not been considered and will be determined on the date of Completion when the Vendors have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption;
- (vi) costs and expenses in connection with the Proposed RTO Acquisitions are disregarded for the purposes of calculating the financial effects;
- (vii) for illustrative purposes, the Proposed Share Consolidation is assumed to be a ratio of four (4) existing Shares to one (1) new consolidated Share;
- (viii) the analysis does not take into account the financial effects of the Proposed Compliance Placement;
- (ix) has not been adjusted for the impact of any other transactions or events other than the Proposed Acquisition; and
- (x) the financial effects do not take into account the financial effects of the non-controlling interests in the Group.

Share Capital

(S\$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
Issued and paid-up share capital as at 31 March 2016	6,150	6,150
Effects of Proposed Acquisition	-	8,814
Enlarged issued and paid-up share capital	6,150	14,964
Number of Shares in issue as at 31 March 2016 ('000)	615,042	615,042
Issuance of Consideration Shares ('000)	-	4,285,714
Adjusted Number of Shares before the Proposed Share Consolidation ('000)	683,542	4,900,756
Number of Consolidated Shares in issue after the Proposed Share Consolidation ('000)	153,761	1,225,189

NTA

(S\$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
NTA as at 31 March 2016	8,492	8,492
Effects of Proposed Acquisition	-	5,063
Enlarged NTA	11,686	13,555
NTA per Share (cents)	1.38	0.28
NTA per Consolidated Share (cents)	5.52	1.11

Earnings

(S\$'000)	Before the Proposed Acquisition	After the Proposed Acquisition
Loss after income tax	(3,621)	(3,621)
Effects of Proposed Acquisition	-	3,294
Enlarged earning/(loss) after income tax	(3,621)	(327)
Earnings/(Loss) per Share (cents)	(0.59)	(0.01)
Earnings/(Loss) per Consolidated Share (cents)	(2.35)	(0.03)

Gearing

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Debt (S\$'000)	3,380	45,701
Total Capital (S\$'000)	13,912	59,997
Gearing Ratio ⁽¹⁾	0.24	0.76

Note:

- (1) Gearing is determined based on net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalent. Total capital is calculated as equity plus net debt.