



TRITECH GROUP LIMITED

31 Changi South Avenue 2 Trittech Building Singapore 486478

(Company Registration No.: 200809330R)

PROPOSED PARTIAL DISPOSAL OF SHARES OF DIRECT WHOLLY- OWNED SUBSIDIARY TRITECH ENVIRONMENTAL GROUP CO LTD

1. INTRODUCTION

1.1 Sale and Purchase Agreement

The Board of Directors (the "**Board**" or "**Directors**") of Trittech Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 25 July 2019 ("**Agreement Date**"), entered into a sale and purchase agreement ("**SPA**") with Qingdao Ocean Group Finance Holdings Co Ltd (青岛海控集团金融控股有限公司) ("**Qingdao Ocean Group**") and Rongtai Construction Group Co Ltd (荣泰建设集团有限公司) ("**Rongtai Construction**") (collectively the "**Acquirers**"), for the sale of 60% of the issued share capital ("**Disposal Shares**") of Trittech Environmental Group Co Ltd ("**Trittech Environmental**") and its shareholdings in its four directly held wholly-owned China subsidiaries (collectively the "**Target Subsidiaries**") namely, Trittech (Qingdao) Membrane Technologies Co Ltd, Anhui Clean Environment Biotechnology Co Ltd, Trittech Vavie (Qingdao) Health Care Technologies Co Ltd and Beijing Wisetec Technologies Co Ltd (collectively the "**Proposed Disposal**"). The aggregate Acquisition Price (as defined below) is RMB42,227,288.55 (which is approximately equivalent to S\$8,390,562.23).

Trittech Environmental's shareholdings in its two Singapore subsidiaries, being Trittech Water Technologies Pte Ltd and Trittech SysEng (S) Pte Ltd will be held directly by the Company and are not part of the Proposed Disposal.

The Acquirers are independent third parties, and are not related to the Company, Trittech Environmental, Directors and the controlling shareholders of the Company

1.2 Rule 704(17) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules")

Trittech Environmental and the Target Subsidiaries are wholly-owned subsidiaries of the Company.

Upon completion of the SPA, Trittech Environmental and the Target Subsidiaries will cease to be subsidiaries of the Company and will instead become subsidiaries of Qingdao Ocean Group, and be considered associates of the Company.

2. THE ACQUIRERS

2.1 Qingdao Ocean Group

Qingdao Ocean Group is a state-owned holding company owned by Qingdao West Coast New District Ocean Holding Group Co Ltd (青岛西海岸新区海洋控股集团有限公司) ("**Qingdao West Coast Group**"), which is ultimately wholly-owned by West Coast Development Management Committee of Huangdao District of Qingdao Municipal Government. The principal business of Qingdao Ocean Group includes, *inter alia*, asset management, equity investment, venture capital and private equity fund management and consultancy services. Its parent company, Qingdao West Coast Group, was established on 20 November 2018 with a registered capital of RMB5 billion. Its principal business includes capital investment, fund management and asset operation & management. As of June 2019, the total value of the assets of Qingdao West Coast Group is approximately RMB60 billion. Qingdao West Croup has 10 direct wholly-owned subsidiaries including Qingdao Ocean Group.

As a state-owned flagship holding company of the West Coast Development District, Qingdao West Coast Group has the mission of implementing the district governmental ocean development



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strategy, managing state-owned capital, stimulating the vitality of state-owned assets, financing and building up the emerging marine industries and regional tourism.

2.2 Rongtai Construction

Rongtai Construction was established in December 2000 with a registered capital of RMB580 million. It is a reputable company that has won many accolades from governmental agencies over the years and is one of the largest engineering and construction company in Qingdao. Its principal business include general civil engineering, general engineering consultancy, general engineering, procurement and construction service, development and management of commercial properties. Rongtai Construction possesses numerous top-grade licenses in China that allow it to tender and execute large scale governmental and private engineering and construction projects. The shareholders of Rongtai Construction are Xue Peng(薛鹏), Xue Feng(薛峰) and Liu Yuanxiang(刘元香).

2.3 The Acquirers' Plan going forward

Upon completion of the Proposed Disposal, the Acquirers plan to utilize the respective competitive strengths of Qingdao Ocean Group, Rongtai Construction and Trittech Environmental to develop Trittech Environmental into a leading water treatment player in China within the next three to five years.

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration

- 3.1.1 The Company and the Acquirers had mutually agreed to the appointment of Qingdao Ziping Assets Valuation Pte Ltd (青岛子平资产评估事务所) ("**Independent Valuer**") to conduct a comprehensive valuation of the net asset value (NAV) of Trittech Environmental and its four subsidiaries as at 31 March 2019 ("**Baseline Date**"). Such valuation process was completed on 05 July 2019, and the NAV valuation result is RMB71,262,147.59 ("**Valuation at Baseline Date**"). The book value of Trittech Environmental and its Target Subsidiaries based on the latest audited financial statements of the Group for the financial year ended 31 March 2019 is RMB76,320,073.14 ("**Audited NAV**"). The difference between the Valuation at Baseline Date and the Audited NAV is RMB5,057,925.55.
- 3.1.2 Under the terms of the SPA, the Company and the Acquirers have agreed that the NAV valuation shall be reduced by the sum of RMB883,333.33 as this amount relates to the accrued interest for the loans from four lenders from the Baseline Date to the Agreement Date. Following the completion of the Proposed Disposal, Trittech Environmental will bear the payment of the loan and such accrued interest. Therefore, the NAV valuation is reduced to RMB70,378,814.26 as at the Agreement Date ("**Valuation at Agreement Date**").
- 3.1.3 Qingdao Ocean Group has agreed to acquire 40% of the total issued share capital of Trittech Environmental and pay the Company a cash consideration ("**QOG Consideration**") of RMB28,151,525.70, which represents 40% of the Valuation at Agreement Date.
- 3.1.4 Rongtai Construction has agreed to acquire 20% of the total issued share capital of Trittech Environmental and pay the Company a cash consideration ("**RC Consideration**") of RMB14,075,762.85, which represents 20% of the Valuation at Agreement Date.
- 3.1.5 The aggregate of the above QOG Consideration and RC Consideration is RMB42,227,288.55 (the "**Acquisition Price**").



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3.1.6 The Acquisition Price and the manner of payment of the QOG Consideration and RC Consideration was arrived at by agreement between the Company and the Acquirers on a "willing-buyer, willing-seller" basis, after negotiations at arm's length, and after taking into account, *inter alia*, the valuation as determined by the Independent Valuer, the financial position of Trittech Environmental and information as detailed in paragraphs 3.1.1 to 3.1.5.

3.2 Payment of Consideration

3.2.1 Pursuant to the terms of the SPA, the payment of the Acquisition Price shall be made in 2 tranches as defined below:

- (a) The Acquirers shall pay 30% of the Acquisition Price within 10 working days from the Agreement Date, of which Qingdao Ocean Group shall pay RMB8,445,457.71 and Rongtai Construction shall pay RMB4,222,728.86.
- (b) The share transfer and registration of new shareholders shall be completed on or before 31 July 2019 ("**Completion Date**"). The Acquirers shall pay the balance 70% of the Acquisition Price within 10 working days from the Completion Date, of which Qingdao Ocean Group shall pay RMB19,706,067.99 and Rongtai Construction shall pay RMB9,853,033.99.

3.2.2 It is agreed that the payments of the Acquisition Price shall be adjusted under the following conditions:

- (a) If Trittech Environmental has any liabilities other than those disclosed during the NAV evaluation conducted by the Independent Valuer, the amount of undisclosed liabilities and incurred interests shall be deducted from the payments to the Company;
- (b) If the Company disclosed incorrect and/or untrue information to the Acquirers, the loss incurred to Trittech Environmental shall be deducted from the payments to the Company;
- (c) If Trittech Environmental issues after the Baseline Date any dividends to the original shareholders, make payments for salaries, bonus, allowance and other benefits to the employees without complying with the relevant governmental regulations and/or the prior agreements, the same amounts shall be deducted from the payments to the Company;
- (d) If any legal cases, civil disputes and noncompliance penalty emerge after the Baseline Date but being caused before the Baseline Date, the loss shall be deducted from the payments to the Company;
- (e) If the Acquirers have to pay for any taxes in accordance to the governmental laws and regulations on behalf of the Company, the tax amount shall be deducted from the payments to the Company.

3.3 Conditions Precedent

The Proposed Disposal is subject to, *inter alia*, the following conditions precedent having been satisfied or waived:

- (a) Both the Company and Acquirers obtaining all relevant necessary consents and approvals in accordance with the respective company constitution;
- (b) Both the Company and Acquirers approve and adopt the new constitution of Trittech Environmental;



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- (c) Both the Company and Acquirers cooperate closely on a best efforts basis to achieve the abovementioned conditions (a) and (b) within three (3) working days after the Agreement Date;
- (d) The Company and/or any of the Acquirers, each respectively has the right to waive in writing one or several of the above conditions precedent such that such amended conditions precedent may be achieved in the soonest.

(collectively "**Conditions Precedent**")

3.4 Other Salient Terms

In addition, pursuant to the SPA:-

- (a) The Company shall commence to make the share transfer transaction as per the agreed percentage to the Acquirers upon the satisfaction of the Conditions Precedent specified in Section 3.3.
- (b) After the Agreement Date, the Company shall continue to execute the operation as usual in accordance with the original scope of works, duties and responsibilities and ensure the following:
 - i. Not to issue dividends, bonus, sale or pledge of shares to any third parties without the consent from the Acquirers;
 - ii. Notify the Acquirers on time of any incidents with material adverse impacts on the execution of this Agreement;
 - iii. Not to make any corporate guarantees, financial loans and investments without the consent from the Acquirers; not to make new borrowings from banks or any third parties without the consent from the Acquirers;
 - iv. Notify the Acquirers on time of any changes and amendments of the existing contractual agreements; not to sign new contractual agreements with any third parties without the consent from the Acquirers; not to do any transactions unfavorable to the business operation and financials.
 - v. Not to do any transaction resulting in the reduction of the asset values;
 - vi. Not to purchase any assets from third parties without the consent from the Acquirers;
 - vii. Not to make any IPT transactions;
 - viii. Notify the Acquirers on time of any changes of employment of staff; maintain the stability of the existing employees; not to terminate technical and management personnel; not to modify the existing employment agreements;
 - ix. Trittech Environmental and/or the Target Subsidiaries shall not incur any losses are abnormal or out of the ordinary course of business from the Agreement Date;
 - x. Not to disclose any trade secrets of Trittech Environmental and the Target Subsidiaries to any third parties; and
 - xi. Shall not do any such acts or enter into any such transactions which are not in the interests of Trittech Environmental and the Target Subsidiaries.



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- (c) Should there be any matters which are not disclosed by the Company or if such prior disclosure is untrue or there is a breach of the warranties provided by the Company in connection with Trittech Environmental and/or the Target Subsidiaries which leads to either a materially adverse effect or a negative effect on the net asset value of Trittech Environmental and/or the Target Subsidiaries to which the Acquirers incurs losses, the Acquirers shall have the right to terminate the SPA and the Company shall be liable to pay a penalty equivalent to 20% of the Acquisition Price and the Company shall be liable to pay such excess of liquidated damages incurred by the respective Acquirers.
- (d) If the SPA is terminated due to the fault of the Company, the Company shall refund the payments received so far from the Acquirers plus interest (equivalent to the prevailing bank interest) within 10 days upon receiving the notification from the Acquirers.
- (e) If the Acquirers cause delay in the payments of the Acquisition Price, the Acquirers shall compensate the Company at 0.03% per day of the outstanding amount of such payment. However, the accumulated compensation shall be limited to 10% of the outstanding amount.

4. NEW CONSTITUTION OF TRITECH ENVIRONMENTAL AFTER COMPLETION

4.1 After the signing of the SPA, the Company and the Acquirers will resolve to adopt a new constitution for Trittech Environmental ("**New Constitution**"). It is contemplated that the New Constitution shall provide for the following:

- (a) The company name, address and scope of business remain the same as before, except for the addition of the Acquirers being new corporate shareholders;
- (b) Trittech Environmental after the Completion will be a sino-foreign joint venture corporation limited in accordance with the China Corporation Laws instead of a wholly owned foreign entity;
- (c) The new board of directors of Trittech Environmental will be formed by five members ("**New Board**") with an appointment term of three years. Qingdao Ocean Group and the Company shall each be entitled to 2 members to the New Board and Rongtai Construction will be entitled to appoint a single member to the New Board. Further, the chairman and deputy chairman of the New Board shall be appointed by way of vote by the New Board.

5. INFORMATION ON TRITECH ENVIRONMENTAL

5.1 Business

Trittech Environmental is a company registered in Qingdao of China, principally engaged in the provision of water treatment and environmental protection services, broadly divided into four categories namely (i) manufacturing and supply of municipal and industrial wastewater treatment membrane products, (ii) provision of one-stop product-technology-design-build-operation-maintenance services for water treatment and seawater desalination plants, (iii) manufacturing and supply of water-related health care products such as bottled alkaline drinking water and dispensers, alkaline cleaning water & equipment, and (iv) provision of real-time water quality and environmental monitoring services.

5.2 Financial Information

RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalyst Rules in respect of the Proposed Disposal and based on the latest audited financial statements of the Group for the financial year ended 31 March 2019 (“FY2019”) are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	34.64 ⁽¹⁾
(b)	The net losses attributable to the assets acquired or disposed of, compared with the group's net losses.	6.38 ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	29.50 ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as the transaction is a disposal.
(e)	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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

- (1) Based on the audited consolidated financial statements for FY2019, the net asset value of Tritech Environmental under the Proposed Disposal, calculated based on 60% equity interest, is approximately S\$9,245,501. The net asset value of the Group as at 31 March 2019 is S\$26,688,174.
- (2) Based on the audited consolidated financial statements for FY2019, the net losses attributable to Tritech Environmental, calculated based on 60% equity interest, is S\$1,744,713 and the net losses of the Group is S\$27,327,201.
- (3) Based on the consideration of approximately S\$8,390,562.23 (RMB42,227,288.55) and the market capitalisation of approximately S\$28,440,518.70 as at 24 July 2019. The market capitalisation was computed based on its existing share capital of 944,867,731 issued shares (excluding treasury shares) and the volume weighted average price of S\$0.0301 per share on 24 July 2019 (being the last market day on which the Company's shares were traded preceding the date of the SPA).

Based on the Acquisition Price of S\$8,390,562.23 (RMB42,227,288.55) at exchange rate of RMB1 to S\$0.1987 on 25 July 2019, the loss on disposal and deficit over book value of the Disposal Shares is approximately S\$854,939.00.



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As the relative figures computed on the bases set out in Rule 1006(a), (b) and (c) of the Catalist Rules above exceed 5% but not exceed 50%, the Proposed Disposal constitutes a "disclosable transaction" under Chapter 10 of the Catalist Rules and is not conditional upon the approval of Shareholders.

6. RATIONALE FOR THE PROPOSED DISPOSAL

- 6.1 The Board believes that the Acquirers will greatly help Trittech Environmental in its development. Upon completion of the Proposed Disposal, Trittech Environmental will become a subsidiary of Qingdao Ocean Group and become part of a state-owned enterprise. This will allow Trittech Environmental to be eligible to tender for certain governmental projects that are reserved for state-owned enterprises. These projects are usually strategic and large-scale with reasonable profit margins. Further, as part of a state-owned enterprise, Trittech Environmental will have more ready access to financing options from lenders and other sources as well as financial support from Qingdao Ocean Group. Together with assistance in market development from Rongtai Construction, this will allow Trittech Environmental to secure more working capital and speed up its business development and become a leading water treatment company in China. As a remaining 40% shareholder in Trittech Environmental, such development is expected to bring significant economic value to the Company.
- 6.2 Upon completion of the Proposed Disposal, Trittech Water Technologies Pte Ltd and Trittech SysEng Pte Ltd, being wholly-owned subsidiaries of Trittech Environmental prior to the completion of the Proposed Disposal, shall become directly held wholly-owned subsidiaries of the Company. This will allow the Company to focus on being a supplier of membrane-related products and a provider of water-quality monitoring services in Singapore and the regional markets which is less capital intensive.
- 6.3 The proceeds from the Proposed Disposal represent an unlocking of the investment that the Company had put into the water and environmental business and will improve the financial position of the Group.
- 6.4 Accordingly, the Board believes that the Proposed Disposal is in the best interests of the Company, having regard to the terms of the Proposed Disposal.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, the financial effects of the Proposed Disposal on the Group are set out below ("**Financial Effects**"). The Financial Effects do not necessarily reflect the exact future financial position and performance of the Group immediately after completion of the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Disposal. In accordance with Rule 1010(8) of the Listing Manual, the Financial Effects have been calculated using the audited consolidated financial statements of the Group for the financial year ended 31 March 2019.



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Net Tangible Assets ("NTA")

Assuming that the Proposed Disposal was completed on 31 March 2019 and based on the Group's audited consolidated financial statements for FY2019, the pro forma financial effects of the Proposed Disposal on the consolidated NTA of the Group are as follows:

	As at 31 March 2019		
	No. of issued shares	NTA of the Group (S\$'000)	NTA per share (S\$ cents)
Before the Proposal Disposal	907,971,182	22,974,008	2.53
After completion of the Proposed Disposal	907,971,182	22,743,322	2.51

Earnings Per Share ("EPS")

Assuming that the Proposed Disposal had been completed on 1 April 2018 and based on the Group's audited consolidated financial statements for FY2019, the pro forma financial effects of the Proposed Disposal on the consolidated EPS of the Group are as follows:

	FY2019		
	Weighted average no. of share	Loss after tax of the Group (S\$'000)	EPS per share (S\$ cents)
Before the Proposal Disposal	907,971,182	(27,327,201)	(3.01)
After completion of the Proposed Disposal	907,971,182	(25,582,488)	(2.82)

8. USE OF PROCEEDS

The estimated net proceeds from the Proposed Disposal is approximately RMB42 million (which is approximately equivalent to S\$8.39 million) after taking into consideration professional fees ("**Net Proceeds**"). The Company intends to utilize the Net Proceeds for general working capital purposes as well as other business and/or other investment opportunities as and when they arise.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

To the knowledge of the Company, none of the Company's directors or substantial shareholders or their associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and the valuation report of the Independent Valuer will be available for inspection during the normal business hours at the Company's registered office at 31 Changi South Ave 2, Singapore 486478 for a period of three (3) months from the date of this announcement.



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11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility 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 Disposal 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. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Disposal as appropriate or when there are further material developments on the same.

13. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will proceed to completion, as the completion is subject to, *inter alia*, the fulfillment of all the Conditions Precedents in the SPA. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

BY ORDER OF THE BOARD

Dr Wang Xiaoning
Managing Director

26 July 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

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