



TRITECH GROUP LIMITED

(Company Registration No.: 200809330R)

PROPOSED DISPOSAL OF 29.0% INTEREST IN TERRATECH GROUP LIMITED

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 has, on 4 January 2016, entered into a sale and purchase agreement (the "**SPA**") with Mr Chew Hoe Soon (the "**Purchaser**"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase a 29.0% shareholding interest in the Company's subsidiary, Terratech Group Limited ("**Terratech**") (the "**Proposed Disposal**"). The Purchaser is the Non-Executive and Non-Independent Chairman of SHS Holdings Ltd. The Purchaser is an independent third party and there is no relationship between the Purchaser, the Company and the Company's Directors or, to the best of the Company's knowledge, the Company's substantial shareholders.

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

Terratech holds 100% shareholding interest in Terratech Resources Pte. Ltd., which in turn holds 100% of CEP Resources Entity Sdn Bhd, 100% of Qingdao Terratech Resources Co. Ltd. and 80% of Shaanxi Hengyu Architectural Interior Engineering Co. Ltd. (collectively, the "**Terratech Group**").

Upon the completion of the Proposed Disposal, each entity in the Terratech Group will cease to be a subsidiary of the Company.

2. INFORMATION ON THE TERRATECH GROUP

Terratech is a producer of premium quality marble blocks and marble slabs. Operating in the mineral resources sector, the Terratech Group has the exclusive rights to explore, develop, quarry, extract, remove and sell marble products at the Kelantan Marble Quarry in Malaysia for a term of 33 years up to 26 January 2044.

The Terratech Group's main products are premium-quality marble blocks and marble slabs which are used in the building and construction industry as materials for cladding or decorative surfaces, as well as for arts and decoration, marble furniture and other marble articles. In addition, the Terratech Group also produces aggregates which are used in construction and as a raw material for the manufacture of calcium carbonate powder. The Terratech Group also has plans to venture into the business of calcium carbonate powder production.

Terratech was listed on the Catalist board of the SGX-ST in July 2014. As at the date hereof, the Company owns 62.92% shareholding interest in Terratech.



TRITECH GROUP LIMITED

(Company Registration No.: 200809330R)

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Proposed Disposal

Pursuant to the terms and subject to the conditions of the SPA, the Company shall sell to the Purchaser and the Purchaser shall purchase 178,362,181 ordinary shares of S\$0.01 each in Terratech (the "**Sale Shares**"), representing a 29.0% shareholding interest in Terratech.

3.2 Consideration

The aggregate consideration for the Proposed Disposal is S\$12,485,352.67, based on a consideration of S\$0.07 for each Sale Share (the "**Consideration**").

The Consideration was arrived at by agreement between the Company and the Purchaser at arm's length, on a "willing-buyer, willing-seller" basis after taking into account the financial position and business prospects of the Terratech Group.

3.3 Payment Schedule

The Consideration shall be payable as follows:

- (a) S\$1,000,000 (the "**Deposit**") payable within five (5) business days from the date of the SPA; and
- (b) the balance of S\$11,485,352.67 payable on the completion date of the Proposed Disposal, being the date falling not more than seven (7) business days after the satisfaction of the conditions precedents as set out in paragraph 3.4 below (the "**Completion Date**").

3.4 Conditions Precedent

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

- (a) the approval of the board of directors of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA, such approval remaining in full force and effect and not being withdrawn or becoming subject to any condition on or before the Completion Date;
- (b) to the extent required by applicable laws and the Catalist Rules, the approval(s) of the SGX-ST and the Sponsor having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA, such approval(s) remaining in full force and effect and not being withdrawn or becoming subject to any condition on or before the Completion Date;
- (c) to the extent required by applicable laws and the Catalist Rules, the approval of the shareholders of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA, such approval remaining in full force and effect and not being withdrawn or becoming subject to any condition on or before the Completion Date;
- (d) the completion of a legal, technical and financial due diligence review by the Purchaser on the Terratech Group, the results of which are satisfactory to the Purchaser in his sole discretion;



TRITECH GROUP LIMITED

(Company Registration No.: 200809330R)

- (e) the Deposit having been paid to the Company within five (5) business days from the date of the SPA;
- (f) all approvals, confirmations, authorisations, registrations, licences, waivers and/or consents (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in respect of or in connection with the transfer of the Sale Shares being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before the Completion Date, and if the same is subject to any condition or restriction, such condition and restriction being reasonably acceptable to the parties and if any such condition is required to be fulfilled on or before the Completion Date, the fulfilment of such condition on or before the Completion Date; and
- (g) none of the parties have received notice of any injunction, order, directive or notification from any governmental body or agency restraining or prohibiting the consummation of the transactions contemplated by or in connection with the SPA.

3.4 Introducer Fee

The Purchaser was introduced to the Company by Ample China International Limited (“**ACIL**”). An introducer fee amounting to 3% of the Consideration, being S\$374,560 (“**Introducer Fee**”), shall be payable by the Company to ACIL, upon completion of the Proposed Disposal. ACIL provides consultancy services and is wholly owned by Mr Lim Choon Hian. ACIL is an independent third party and its shareholder is not related to any of the Directors or controlling shareholders of the Company, and their respective associates.

3.5 Value of the Sale Shares

The pro forma net asset value and the pro forma net tangible asset value of the Sale Shares as recorded in the unaudited consolidated financial statements of the Company for the financial period ended 30 September 2015 (“**2Q2016**”) were approximately S\$3.5 million and S\$2.9 million respectively.

3.6 Gain from the Proposed Disposal

The Company is expected to recognise a net gain from the Proposed Disposal of approximately S\$8.6 million after deducting the pro forma net asset value of the Sale Shares, professional fees, Introducer Fee and associated costs.



TRITECH GROUP LIMITED

(Company Registration No.: 200809330R)

4. 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 Catalist Rules in respect of the Proposed Disposal and based on the latest announced unaudited financial statements of the Group for 2Q2016 are as follows:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	3.92% ⁽¹⁾
(b)	The net losses attributable to the assets disposed of, compared with the Group's net losses	9.36% ⁽²⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	14.33% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to a disposal of shares
(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.	Not applicable as the Company is not a mineral, oil and gas company

Notes:

- (1) Based on the unaudited consolidated financial statements of the Company for 2Q2016, the net asset value of the Sale Shares and the net asset value of the Group are approximately S\$3.5 million and S\$89.2 million respectively.
- (2) Based on the unaudited consolidated financial statements of the Company for 2Q2016, the net losses attributed to the Sale Shares and the net losses of the Group are approximately S\$0.44 million and S\$4.7 million respectively.
- (3) The consideration for the Sale Shares is S\$12,485,352.67. The Company's market capitalisation of S\$87,105,225 (based on 791,865,686 Shares in issue and the volume



TRITECH GROUP LIMITED

(Company Registration No.: 200809330R)

weighted average price of S\$0.11 per Share transacted on 31 December 2015, being the market day preceding the signing of the SPA).

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 do not exceed 50%, the Proposed Disposal constitutes a “discloseable transaction” under Chapter 10 of the Catalist Rules and is not conditional upon the approval of Shareholders.

5. RATIONALE FOR THE PROPOSED DISPOSAL

- 5.1 The Proposed Disposal will allow the Company to unlock the value in the Group’s marble resource business, which is consistent with the intent of maximising return to the Shareholders. The Proposed Disposal will also allow the Company to re-strategise its financial and capital resources. Upon completion of the Proposed Disposal, the Company will have more working capital and resources to focus on the expansion of the Group’s other business segments, namely its engineering services business and water-related and environmental business and undertake new investment opportunities that may arise in future.
- 5.2 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.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Disposal taken as a whole are set out below. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 (“FY2015”) and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Disposal.

6.2 Share Capital

The Proposed Disposal has no impact to the Company’s issued share capital.

6.3 Net Tangible Assets (“NTA”)

Assuming that the Proposed Disposal was completed on 31 March 2015 and based on the Group’s audited consolidated financial statements for FY2015, the pro forma financial effects of the Proposed Disposal on the consolidated NTA of the Group are as follows:

	As at 31 March 2015		
	No. of issued share	NTA of the Group (S\$’000)	NTA per share (S\$ cents)
Before the Proposed Disposal	778,962,186	72,237,105	9.27
After completion of the Proposed Disposal	778,962,186	92,267,317	11.84



TRITECH GROUP LIMITED

(Company Registration No.: 200809330R)

6.4 Earnings Per Share (“EPS”)

Assuming that the Proposed Disposal had been completed on 1 April 2014 and based on the Group’s audited consolidated financial statements for FY2015, the pro forma financial effects of the Proposed Disposal on the consolidated EPS of the Group are as follows:

	As at 31 March 2015		
	Weighted average no. of share	Loss after tax of the Group (\$’000)	EPS per share (\$ cents)
Before the Proposed Disposal	775,267,348	(29,177,285)	(3.76)
After completion of the Proposed Disposal	775,267,348	(19,093,904)	(2.46)

6.5 Gearing

The Proposed Disposal will have no material impact on the gearing of the Group.

7. USE OF PROCEEDS

The estimated net proceeds from the Proposed Disposal is S\$12.0 million after taking into consideration the Introducer’s Fee and 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.

8. DIRECTORS’ SERVICE CONTRACTS

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. SUBSEQUENT EVENTS

The Board wishes to further inform its Shareholders that the Company intends to separately divest of its remaining 33.92% shareholding interest in Terratech, of which 31.46% is subject to a moratorium until 29 January 2016, if and when a suitable opportunity arises, and subject to the entry of a definitive agreement for the same (the “**Proposed Further Divestment**”). The Company will make announcement(s) on the Proposed Further Divestment as and when appropriate.

Pursuant to the SPA, the Company will procure the written resignations and/or appointments of the respective directors and/or officers of the various companies in the Terratech Group from (and/or to, as the case may be) office as directors and/or officers of the relevant companies in the Terratech Group, if so nominated by the Purchaser, subject to the relevant review and approval of such appointment(s) by the nominating committee and the board of directors of Terratech (where applicable). As at the date of this Announcement, no nominations have been made by the Purchaser. Any cessation and new appointment of directors and key officers in Terratech will be in accordance to Rule 704 of the Catalist Rules.

Pending any nominations of directors and/or key management by the Purchaser in Terratech, the Board would work together with the current board of directors and management of Terratech to facilitate the continued normal operations of Terratech, including the provision of any necessary on-going financial support to Terratech up to the Completion Date. Upon completion of the Proposed



TRITECH GROUP LIMITED

(Company Registration No.: 200809330R)

Disposal, the Board expects to continue working together with the board of directors and management of Terratech then in place, if so requested by Terratech, to facilitate a smooth transition of the management of Terratech.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 2 Kaki Bukit Place, #07-00, Singapore 416180 for a period of three (3) months from the date of this Announcement.

12. 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 the Proposed Further Divestment (as defined below) 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.

13. FURTHER ANNOUNCEMENTS

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

14. 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 or the Proposed Further Divestment will materialise or proceed to completion, as the completion is subject to, *inter alia*, fulfillment of all the conditions precedent 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.



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(Company Registration No.: 200809330R)

BY ORDER OF THE BOARD

Dr Wang Xiaoning
Managing Director

5 January 2016

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