**Issuer:** Tritech Group Limited

**Security:** Tritech Group Limited

**Meeting details:**

Date: 26 Jul 2016

Time: 2:30 PM

Venue: 31 Changi South Avenue 2, Singapore 486478

**Questions on strategy, financials and operations**

1. **With the restructuring completed, can management further elaborate on how it plans to get the group back to profitability?**

Specifically:

- The Engineering business is by far the largest segment, accounting for two-thirds of the group's revenue. Despite the group's expertise as demonstrated by its ability to win contracts, the segment has been loss making for the past 3 years. **What are the key factors affecting the profitability and how can the group overcome these challenges? What is the pricing strategy for tenders? In addition, can management talk about the prospects of "underground space development"? Can this be a key driver for the group in the near future? What is the potential of the newly acquired GeoSoft?**

- In the water-related and environment segment, the segmental assets amounted to $71m in 2015 and now stand at $60 million. In 2016, revenue was $16.0 million and there was a loss of $8.9 million. This was an increase from a loss of $4.7 million in 2015. In the Chairman's Statement (page 5 of the annual report), this segment was described as a "*unique platform to provide a total solution*". Larger companies have sunk huge amounts of R&D and investment into membrane and water treatment technologies. **Can the board help shareholders understand how "unique" is Tritech in this highly competitive and capital-intensive business? How soon can shareholders expect the water-related and environment segment to break even? Will the group need to make substantial investment or capital expenditure in the near future?**

Overall, the financial position of the group has weakened. The group has lost $45.9 million in the last two financial years. Cash and cash equivalent at the end of the financial year was $5.3 million (page 58). This is after receiving shareholders' loans amounting to $6.7 million. There is also a $10 million convertible loan bearing interests at 10% per annum that will mature in 28 October 2017. With a conversion price of $0.21, it may be likely that the company will have to repay the loan in cash. It is critical that the business units deliver good results or the group may find itself in a distressed situation.

2. On the RTO of Terratech (the group's 56.6% owned subsidiary) – **Can the board explain the investment merits of the proposed transaction since it had given Tritech's undertaking to vote in favor of the transaction?** At the purchase consolidation of $300 million for the target company, this is highly dilutive (Terratech's NTA to decrease from 1.38c to 0.28c). It has been reported that the gross development value of the project is RM1.8 billion or about S$600 million. The target has 50% of the economic benefit from the development. **Can the board explain how it evaluated the proposal and what are the risks identified? What are the earning prospects of the target?** If the proposed transaction goes through, the group will end up with just 7.82% of Terratech. **What are the board's plans going forward as Tritech would cease to have influence or control over Terratech? Is the board actively considering divesting this non-core minority stake? If so, why did the board not structure it together as a condition during the negotiation when the group still has the leverage?**

**Questions on governance and management**

3. On 9 Jun 2016, when Terratech, announced that it had entered into a conditional sale and purchase agreement with the shareholders of Capital City Property Sdn Bhd ("Capital City") to acquire the entire issued and paid-up share capital of Capital City for $300,000,000, Tritech, as the **controlling shareholder** of Terratech, had given its undertaking to vote in favor in relation to the RTO.

Under Rule 703 of the Catalist Rules, Rule 703(1) states that: An issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which:

(a) is necessary to avoid the establishment of a false market in the issuer's securities; or
(b) would be likely to materially affect the price or value of its securities.

Furthermore, the proposed transaction, if it goes through, will result in Terratech ceasing to be a subsidiary of the group.

**Can the board explain why there were no announcements made with respect to the proposed transaction of a major subsidiary? Would this be required under the Catalist listing rules?**

Separately, it is also noted that Tritech, as a substantial shareholder of Terratech Group Limited, had failed to give notification in a timely manner in respect of the "Change in the percentage level of interest while still remaining a Substantial Shareholder/Unitholder". The notification was only made on 24 Jun 2016, more than 2 months after the change.

**Can the directors assure the shareholders that they are familiar with and are aware of the relevant listing rules and the Acts so that they can discharge their duties as directors of a listed company?**
**Can the sponsor explain its role in the lapses and how they are equipped to advise the company?**