

**RESPONSES TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)
ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

The Board of Directors (the “**Board**” or “**Directors**”) of Tritech Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to the queries raised by the Securities Investors Association (Singapore) (“**SIAS**”) with respect to the Company’s annual report for the financial year ended 31 March 2021 (“**FY2021**”).

SIAS Question 1

- (i) **Can the board/management help shareholders understand the group’s business model? In particular, how is the group using its technical expertise and capabilities to capture value for shareholders?**
 - (ii) **Has the board reviewed the performance of management and of the group, especially in the group’s ability to generate shareholders’ value?**
 - (iii) **What is the hurdle rate/targeted profit margin used by management/the board in approving investments or new projects?**
 - (iv) **What is the level of commercial due diligence carried out to better ensure that projects/investments are profitable and that the group achieves a return that is commensurate with the level of risks taken in its business?**
 - (v) **What guidance has the board given to management, especially on the group’s profitability?**
 - (vi) **Would the board consider it opportune to carry out a strategic review of the group’s core strengths and capabilities, management depth, cost structure and the competitive landscape in the core businesses so as to safeguard shareholders’ interest and to refocus and reposition the group for long-term value creation?**
-

Company Responses to SIAS Question 1

- (i) Since inception, Tritech has built an excellent reputation as a specialist engineering group with capabilities to provide full range of one-stop engineering services based on our technical expertise and proprietary technologies. The Group has developed and continue to develop its capabilities in water and environmental protection. The Group’s is a One-Stop Solution Provider for urban development including urban and environmental infrastructure and water and environmental protection.

The Group serves a broad range of industries, such as infrastructure, oil and gas, commercial and high-end residential property developments, water products and wastewater treatment facilities.

Over the years, the Group has established a strong foothold in urban and environmental infrastructure projects for Singapore government statutory boards such as the Jurong Town Corporation, Land Transport Authority, Housing and Development Board and Public Utilities Board.

Going forward, we will put in more efforts to market our technical expertise and proprietary technologies to the industries and the region that we serve. We believe that under the situation where living with the Covid-19 pandemic becomes the new normal, unmanned and contactless technologies such as automation and smart digital technology will be the future of any business. With this in mind, the Group will continue to make enhancements

to IoT (The Internet of Things) and our ADAS (Artificial Intelligence-based Data Analytics System) which is a real time big data collection and analysis software platform to digitalise our urban and environmental infrastructure and water and environmental protection business.

The Group will also continue to integrate such technology into our daily operations by leveraging on the digital products of ADAS, assembling these products in our digital platform architecture, and developing this platform into a self-sustaining ecosystem. Indeed, the Group's TEMS (Tunnelling and Excavation Web-based Monitoring System) which is an advanced programming concept that aids project management, data collection and analysis, and project monitoring, was built on big data analytics and cloud computing technologies. TEMS has already been deployed in various tunnelling and deep excavation projects related to the MRT construction in Singapore.

Tapping on our big data, artificial intelligence, automation and real-time IoT technologies, our business has achieved greater efficiency and productivity, minimise manpower requirements and improvement in profit margins. It will also provide the capability for Trittech to extend our services beyond Singapore with lower risks and less financing constraints.

- (ii) The board has established performance criteria (as detailed in page 42 of the FY2021 Annual Report) and reviewed regularly the performance of management and key management personnel.
- (iii)and(iv) The board/management is prudent in our cost management and risk management and to ensure the investments/projects are profitable to meet the long-term strategy achievement and to safeguard shareholders' interest.
- (v) and(vi) As we look to the future of Trittech's core business segments, we believe that big data and artificial intelligence will become increasingly important for the progress of construction and environment-related industries. Business processes and operations are expected to evolve with greater deployment of technology which will be an enabler for faster and sharper performance.

Indeed, the Group has begun its research and development projects involving key digital technologies as early as 2014. As a result, the Group's engineering business returned to profitability in FY2021. This performance reflected the benefits of the Group's transformation drive to shift its engineering services towards higher technology content. We believe this foundation had placed the Group in a better position to undertake a seamless digital transformation process following the COVID-19 outbreak.

In addition, we continue to actively market and increase the penetration of our proprietary technologies and products in water and environmental protection. The outbreak of COVID-19 in 2020 has spawned a shift in social behaviour towards greater emphasis on personal hygiene and environment cleanliness, spurring the growth of sanitisers and disinfectant products around the world. Leveraging on our entrenched expertise in water and membrane technologies, we believe this underlying trend presents a viable opportunity for the Group to expand our product lines into sanitisers and disinfectants. As such, we have developed and launched our proprietary product, VaVie™ Clean Wash Sanitize ("**CWS**") in September 2020. Currently, the CWS is available in a major supermarket chain. This addition to our existing product lines will not only provide a new revenue stream to the Group, but also extends the penetration of our water technologies beyond municipals and industrial factories to cover retail, commercial and industrial markets.

SIAS Question 2

- (i) What is the Group's cost of capital?
- (ii) Can management help shareholders understand the reasons for the high interest rates for Term loans I and II which bear interests at 11% and 8.31% respectively in FY2020? In addition, the Group has also taken up loans from a shareholder with interest rate of 5.32% to 10% (Note 22 – Loans from shareholders; page 125). \$2,820,600 of the loan from a shareholder was denominated in New Zealand Dollar as at 31 March 2021.
- (iii) Can the board identify the shareholder(s) who had provided the Group with the loans? Are the loans considered interested person transactions?
- (iv) Given the actual/projected returns from the Group's operations, would loans of up to 10% from a shareholder and up to 11% for its term loans lead to value destruction for minority shareholders?
- (v) In addition, can management clarify if the Group has significant operations/transactions denominated in New Zealand dollars? What is the reason to take a loan from a shareholder that is denominated in NZD?

The Group has facilities of \$5.14 million and has used up \$5.01 million as at 31 March 2021.

- (vi) Does the Group have sufficient working capital to tide it over this challenging period?

Company Responses to SIAS Question 2

The Group had difficulty in obtaining loans with lower interest rates from financial institution in FY2020 and had to resort to other alternative sources of terms loan with higher interest rate. The Group will always explore alternative financing options when available to reduce its interest expense.

Depending on the projects, the Group's cost of capital is generally lower than the return on capital. The loans obtained from a shareholder of which one of the loans is denominated in New Zealand dollars ("**NZD**"), are not interested person transactions. The NZD loan was provided to the company in NZD, and the Group therefore recorded it in NZD. Other than this loan, the Group has no operation and transaction in New Zealand.

The Group have sufficient bank facilities to fund its daily operation, we will be able to complete our current ongoing projects as scheduled and are able to generate sufficient cash to meet its obligation as and when they fall due and with the various government support schemes, we believe we are in a good position to tide over the challenging period.

SIAS Question 3

- (i) Can the directors help shareholders understand their effectiveness as directors in the past 12-13 years in enhancing long term shareholders value?
- (ii) What were the contributions by the directors in providing guidance to management in relation to strategic planning and the development of the business of the Group which led to value creation?
- (iii) Can the NC confirm that the NC's recommendation for the re-elections of the retiring directors were determined by a subset of the NC that comprised of the managing director, the non-independent non-executive director and an independent director, i.e. by a majority of non-independent directors (2/3)?
- (iv) Has the board/NC evaluated the effectiveness of the NC in discharging its responsibilities?
- (v) What are the plans for the progressive renewal of the board (Principle 4 of the Code of Corporate Governance 2018)?
- (vi) As the independent chairman, would Professor Yong Kwet Yew be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?

Company Responses to SIAS Question 3

- (i) The Board notes that both Prof. Yong Kwet Yew ("**Prof Yong**") and Mr Aw Eng Hai ("**Mr Aw**") have contributed significantly throughout their terms in the Company in the discussion on matters including the business strategies, financial reporting, corporate governance and risk management of the Group, provided impartial advice and insights, and sought clarifications and amplification of matters from time to time as they deemed necessary.
- (ii) The Board of Directors are entrusted to lead and oversee the Group on regular basis, with the fundamental principle to act in the best interests of the Group. In addition to its statutory duties, the Board's principal functions are to, inter alia:
 - provide entrepreneurial leadership, set out overall long-term strategic plans and objectives for the Group, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
 - establish a framework of prudent and effective internal controls and risk management strategies which enables risk to be assessed and managed, including safeguarding of shareholders' interest and the Group's assets;
 - review the performance of Management and key management personnel;
 - ensure good corporate governance practices to protect the interests of shareholders;
 - identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
 - set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
 - consider sustainability issues such as environmental and social factors, as part of the Company's strategic formulation;
 - oversee, through the NC, inter alia, the appointment, re-election and resignation of Directors and the Management;
 - oversee, through the AC, inter alia, appointment and review of external auditors;
 - oversee, through the RC, inter alia, the design and operation of an appropriate remuneration framework;
 - chart broad policies and strategies of the Company.
- (iii) The NC's recommendations were made by the remaining members who were not interested in the nomination for the re-election. The interested directors in the NC have abstained from their respective recommendations.

- (iv) The NC has evaluated the effectiveness of the performance of the Board and the Board Committees as a whole annually and on the proper functioning of the various Board Committees and include a separate or specific assessment of the performance or contributions of individual Directors.

In FY2021, in relation to the rigorous assessment that was done by the Directors, the Directors have on a whole assessed the performance of the Board and Board committees to be good and there were no particular issues or concerns that were highlighted. On this basis, the Board has met its performance objectives.

- (v) To meet the changing challenges in the industry which the Group operates in as well as the need for progressive renewal of the Board, the Board regularly reviews the Board composition, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies to ensure that the Board dynamics remain optimal. The NC and the Board have been actively looking at renewal of the Board, including bringing on board an additional independent director to strengthen the independent element of the Board.
- (vii) The Board is of the view that setting the tenure of independent directors does not necessarily signify “higher governance standards” for every company and at times may not even be in the best interests of a company. This is especially so in the context of the Company as it is in a specialised industry and the incumbent independent directors (Prof Yong and Mr Aw), with their accumulated knowledge of the industry and operating environment the Company is in over the years, have been contributing constructively in various areas as described above. In this regard, the Board is also of the opinion that the safeguard provided for in Catalist Rule 406(3)(d)(iii) is sufficiently robust and pragmatic in addressing the continued independence of long-serving independent directors.

BY ORDER OF THE BOARD

Dr Wang Xiaoning
Managing Director
29 July 2021

*This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.