TT INTERNATIONAL LIMITED

Company Registration Number 198403771D
(Incorporated in Singapore)

ANNOUNCEMENT

RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE COMPANY'S ANNUAL REPORT FY2020

The Board of Directors ("**Board**") of the Company, along with its subsidiaries, (collectively, the "**Group**") wishes to provide the following response to the queries from the Singapore Exchange Securities Trading Limited ("SGX") on 23 November 2020 in relation to the Company's Annual Report for the financial year ended 31 March 2020.

SGX Query 1

Under Listing Rule 704(6), issuers are required to announce any material adjustments made to its preliminary full-year results made subsequently by auditors. We note that there are material variances in the cash generated from / (used in) operations, net cash generated from / (used in) operating activities, net cash generated from / (used in) financing activities disclosed on page 52 of the Annual Report as compared to the Company's full year unaudited financial results announced on 30 October 2020. Please account for these material variances and explain why the Company has not made the requisite announcement.

Company's Response

The variance of the Annual Report and unaudited financial results is as follows:

Statement of Cash flows (for the Group)

	Announced $'000	Audited $'000	Variance $'000
Cash used in operations	1,558	(2,414)	(3,972)
Net cash (used in)/ generated from operating activities	1,403	(2,569)	(3,972)
Net cash generated from/ (used in) financing activities	(2,393)	1,578	3,971

The variance is mainly due to the interest paid on borrowings. The actual interest paid during the year was $774,000 instead of the $4,767,000 [including accrued interests for Big Box Pte. Ltd. (Receivers and Managers Appointed)] as per announcement.

SGX Query 2

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 2.2 and 2.3 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent, and non-executive directors do not make up a majority of your Board, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response

As defined under Note 7 of the Code of Corporate Governance 2018 (the "Code"): Rule 210(5)(c) of the SGX Listing Rules (Mainboard) / Rule 406(3)(c) of the SGX Listing Rules (Catalist) (which will come into effect on 1 January 2022) requires independent directors to make up at least one-third of the Board. Prior to 1 January 2022, the corresponding Guideline 2.1 in the 2012 Code of Corporate Governance will continue to apply.

As disclosed on Page 18 of the Annual Report 2020, the Board consists of six directors, of which three are non-executive independent directors and three are executive directors. As the Group's Chairman and the Chief Executive Officer (the "CEO") is the same person, in compliance with Provision 2.2 and 2.3 of the Code, the three independent directors make up half of the Board.

The Board had also, under Page 18-20 of the Annual Report 2020, explained in length the justifications and reasoning on how the Company remains consistent with the intent of Principle 2 of the Code, although the Chairman is not independent. Please refer to the explanations in our response under Query 3 below for further elaborations.

In line with the intent of Principle 2 of the Code, the Board has incorporated the following measures to ensure an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company:

(i) The independence of each director is reviewed annually by the NC and the NC adopts the Code's definition of what constitutes an independent director in its review. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationship could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgments.

(ii) Each independent director is also required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

Accordingly, the NC has determined that all the three non-executive directors of the Company are independent. With three of the six directors deemed to be independent, the Board is able to exercise independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its shareholders. No individual or small group of individuals dominates the Board's decision making.

SGX Query 3

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response

The Board had made disclosures consistent with the intent of Principle 2 of the Code, in relation to the board diversity policy and progress made towards implementing the board diversity policy, including objectives. Please refer to the disclosures made under Page 19 and 20 of the Annual Report 2020, where the Board has disclosed that the NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director's contribution in terms of

experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and effectively communicating with the Management in upholding the interest of the non- controlling shareholders are more critical measures in ascertaining a Director's independence than the number of years served on the Board. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

The independent directors have a wide diversity of various background and experiences as senior banker, senior management in a listed company, and a wealth of experience in consumer electronics industry, their respective profiles are reflected on Page 15 of the Annual Report 2020. The Board is of the view that Mr Ng, Mr Koh and Mr Nagasue have demonstrated strong independence character and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management. Taking into consideration of the above and having weighed the need for the Board's refreshment against tenure for relative benefits contributed by the relevant directors, after due and careful rigorous review, the Board has resolved that Mr Ng, Mr Koh and Mr Nagasue continue to be considered independent in their exercise of judgement and objectivity in Board matters, notwithstanding that they have served on the Board for more than nine years from the date of their first appointment.

Accordingly, the Board does not impose a limit on the length of service of the Independent Directors.

Measures and considerations taken by the Board in compliance with Provision 2.4 of the Code:

(i) The Board reviews the size of the Board on an annual basis. The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, considers that a board size of six members as appropriate. Given the current size of the Group's business, the Board believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It also provides sufficient diversity without interfering with efficient decision-making.

(ii) The NC is also of the view that the current Board comprises persons who, as a group, provide core competencies necessary to meet the Group's targets, and considers the present board size of six directors as appropriate for the current scope and nature of the Group's operations. The NC is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its businesses.

(iii) The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversees the effective implementation by Management to achieve set objectives. For this to happen, the Board, particularly the independent directors, must be kept well informed of the Group's business and developments. To ensure that the independent directors are well supported by accurate and timely information, they have direct access to Management to communicate effectively. The independent directors also receive board briefings on prospective deals and potential development at an early stage before formal board approval is sought, and from time to time, keep informed of the relevant information on latest market development and trends, and key business initiatives in relation to the Group or the industries in which it operates. To facilitate a more effective check on Management, the Company coordinates informal meeting sessions for independent directors to meet without the presence of the Management, where necessary.

SGX Query 4

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 3 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company's Response

In accordance to Listing Rule 710 and Provision 3.1 of the Code, the Board has explained on Page 20 of the Annual Report 2020 that it is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the CEO and Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Company has adopted the following practices which are consistent with the intent of Principle 3 of the Code:

(i) All major proposals and decisions made by the Executive Chairman who is also the CEO are discussed and reviewed by the AC.

(ii) The Chairman and CEO's performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC.

(iii) Furthermore, as the AC, NC and RC are chaired by the independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

As the independent directors form half of the composition of the Board, the Company believes that there is a clear division of responsibilities between the leadership of the Board and Management, good balance of power and authority within the Board and no individual or small group has unfettered powers of decision making.

SGX Query 5

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration (e.g. the exact remuneration of each individual director and CEO on a named basis (to nearest thousand dollars), the disclosure of key management's remuneration and the upper limit of the highest remuneration band for key management).

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response

In accordance to Listing Rule 710 and Provision 8.1 of the Code, the Board has disclosed on Page 25 and 26 of the Annual Report 2020, the remuneration of directors of the Company and the aggregate remuneration of 5 key management staff (who are not directors or the CEO) amounting to S$0.36 million for FY2020.

The Board is of the view that it is in the best interests of the Company that specific details of the remuneration of each individual director and key management staff be kept confidential. The Board is also of the view that such disclosure will be detrimental to the interests of the Company and its

subsidiaries (the "Group") due to the competitive nature of the industry the Group operates in. The Board believes that the disclosure provided is in the interest of the Company as it would avoid a situation where information provided might be exploited by the competitors while allowing directors and key management staff to maintain some degree of personal confidentiality on remuneration matters.

The Board is of the opinion that non-disclosure of each of the top 5 key management staff's remuneration does not compromise the ability of the Company to be consistent with the intent of Principle 8 of the Code on good corporate governance due to the following reasons:

(i) The RC which has a majority of independent directors conducts reviews of remuneration policies, remuneration packages and contracts of service of such key management staff to ensure that they are fairly and reasonably remunerated.

(ii) The RC is also given access to seek appropriate expert independent advice in the field of executive compensation where required.

Hence, the Board is still able to maintain transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the Code.

SGX Query 6

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.2 of the Code with regards to the disclosure of remuneration (and in particular, whether there are any employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year), and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response

In compliance with Provision 8.2 of the Code, the Board has disclosed on Page 26 of the Annual Report 2020 that other than the Company's executive director, Mr Yap Hock Soon who is a brother-in-law of the Chairman and CEO, there are no other family members that are holding managerial position in the Group. In addition, the Board has also disclosed that the remuneration of Mr Yap Hock Soon for FY2020 is in the band of S$50,000 to S$100,000.

Please refer to the Company's response in Query 5 above, on the practices adopted by the Company that are consistent with the intent of Principle 8 of the Code to ensure transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

SGX Query 7

The Company has disclosed on page 27 of the Annual Report that it engages external internal auditors but there is no work performed by the external internal auditors in FY2020 due to financial difficulties. Please disclose what has been done to review the effectiveness of the Company's system of internal controls and risk management.

Company's Response

While there is no work performed by the external internal auditors in FY2020 due to financial difficulties, the Group has a Corporate Control Team comprising of several staff for the monitoring and review to ensure compliance with the Group's policies, internal controls and risk management. The

reports are then reviewed by the management consistently and appropriate measures are implemented which the AC is kept informed and updated of. The Board is of the opinion that the continuous monitoring and review by staff is sufficient for the current needs of the Group.

The Company intends to engage external internal auditors in FY2022 (after the resumption of the trading of its shares).

SGX Query 8

Provision 11.3 provides that the board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. Please provide the Board's comment in this regard.

Company's Response

In compliance with Provision 11.3 and consistent to the intent of Principle 11 of the Code, the Board would like to disclose that all directors have reasonably endeavoured to attend the general meetings of shareholders to address any queries from shareholders in relation to the financial, operational, compliance and information technology controls, and risk management systems. The Board has also ensured that the external auditors are present during the Annual General Meeting to address any shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Directors' attendance at such meetings held during the financial year is recorded in the Attendance List and Minutes of the Annual General Meeting which are kept in the Minutes Book with the Company's Corporate Secretary.

By Order of the Board

Ho Wei Li
Company Secretary
24 November 2020