



TT INTERNATIONAL LIMITED

Company Registration Number 198403771D
(Incorporated in Singapore)

ANNOUNCEMENT

RESPONSES TO QUERIES FROM SGX-ST

The Board of Directors (the “**Board**”) of TT International Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 14 August 2023 in relation to the Company’s unaudited financial statements for the the financial year ended 31 March 2023 (“**FY2023**”) released on 30 June 2023. The Company wishes to provide replies as follows:

Query 1

Trade and other receivables

- a. Please provide a further breakdown of the Group's deposits, prepayments and other receivables, by nature and age.

Company’s response

Append below, please find the breakdown of the Group’s deposits, prepayments and other receivables.

Deposits, Prepayments and Other Receivables	S\$’000
Other Debtors	289.54
Advances to Staff	151.90
Deposits	1,155.27
Advance Payments to Suppliers	616.18
Prepaid Operating Expenses	1,055.30
TOTAL	3,268.18

- b. Please explain the reasons why trade receivables and deposits, prepayments and other receivables have decreased significantly from FY22 to FY23, even though revenue only decreased from 33.5m (FY22) to 30.2m (FY23). Was there a change in credit sale policy?

Company’s response:

Trade receivables, deposits, prepayments and other receivable decreased significantly in FY2023 mainly because of liquidation of Big Box Pte Ltd.

Query 2

Trade and other payables

- a. Please explain the reasons behind the decrease in Accrued operating expenses from 115.2m (FY22) to 56.6m (FY23), and whether this was due predominantly to the Group's restructuring efforts to reduce costs or if its a result of the disposal of subsidiaries during the year.

Company's response:

Decrease in accrued operating expenses in FY2023 mainly due to liquidation of Big Box Pte Ltd, as well as the result of disposal of subsidiaries during the year.

- b. Please provide the aging of trade and other payables, and indicate the amount of payables that are past due (if any).

Company's response:

Append below, kindly find the aging of trade and other payables. Other payables includes accrued operating expenses, deposits from customers and other non-trade payables etc.-

Aging Group	Trade and Other Payables S\$'000
0 - 30 days (by due date)	2,892.83
31 - 60 days (by due date)	947.33
61 - 90 days (by due date)	349.04
91 - 120 days (by due date)	87.34
121 - 150 days (by due date)	143.82
151 - 180 days (by due date)	749.38
> 180 days (by due date)	68,174.32
	<u>73,344.06</u>

Aging > 180 days other non-trade payables largely comprised of New Scheme related provisions and accrued interests; certain accrued liabilities for debts owing to certain creditors who had elected not to participate in the New Scheme and had not submitted their proof of debts to the Scheme Manager for adjudication; and certain accrued expenses owing to directors. Under the terms of the New Scheme, these Scheme related debts are deemed permanently, unconditionally and irrevocably waived and/or discharged upon implementation of New Scheme. However, as the New Scheme has yet to be implemented and discharged, management has continued to record those accrued liabilities which had not been adjudicated (for the reason aforesaid) until such time the New Scheme is completed.

- c. Please also confirm whether the Group has received any letters of demand during FY23 from any of its creditors.

Company's response:

The Group did not receive any letters of demand during FY2023 from any of its creditors, save for a claim made by a trade supplier of a subsidiary in the sum of S\$165,382.11 which the subsidiary has since made full payment to the trade supplier and has commenced legal action against the trade supplier for the loss of profit arising from non-fulfilment of deliveries by that supplier.

Query 3

New Scheme of Arrangement

Please provide further details on the status of the implementation of the New Scheme, which would include but is not limited to:

- a. The bases included in the Company's application for an extension of the existing Moratorium and the Long Stop Date for the implementation of the New Scheme on 20 March 2023;
- b. A description of the issues faced by the Company in implementing the New Scheme;
- c. The actions taken by the Company to resolve such issues;
- d. Estimated timeline and key milestones in completing the New Scheme.

Company's response:

Overview

1. The New Scheme is to be funded by the Convertible Loan of S\$48 million granted by the Investor to the Company which shall be repayable in shares to be issued by the Company ("**Conversion Shares**"). The Convertible Loan is subject to satisfaction of, *inter alia*:
 - (a) the following conditions to the utilisation of the Convertible Loan (collectively the "**Utilisation Conditions**", and each an "**Utilisation Condition**"):
 - (i) The Company obtaining all regulatory approvals for the allotment and issuance of the Conversion Shares and the listing of such shares on the SGX-ST;
 - (ii) The Company obtaining shareholders' approval for the Convertible Loan, the issuance of the Conversion Shares and the Conversion Whitewash Waiver; and
 - (iii) The Investor obtaining a waiver from the Securities Industry Council ("**SIC**") to the Investor from any requirement under Rule 14 of the Singapore Take-over Code to make a general offer for the shares or other securities of the Company ("**Conversion Whitewash Waiver**") in connection with the allotment and issuance of the Conversion Shares.
 - (b) a condition subsequent to the utilisation of the Convertible Loan is for the Company to conduct a renounceable rights issue exercise ("**Rights Issue**"). The proceeds of the Rights Issue shall be utilised for the settlement of, *inter alia*, the liabilities owed to Excluded Creditors (as defined in the New Scheme).
2. In relation to the status of the implementation of the New Scheme, the Company refers to its announcements dated 20 March 2023 and 29 March 2023 in relation to the extension of moratorium and long stop date for implementation of the New Scheme.
3. As announced in the Company's announcement dated 20 March 2023, the Company made an application to the Court for, *inter alia*, an extension of the long stop date until 31 December

2023 for the implementation of the New Scheme ("**March 2023 Extension Application**"). The March 2023 Extension Application was filed to allow the Company more time to:

- (a) satisfy the SGX-ST that the Company has sufficient available resources to meet the Group's obligations and to continue as a going concern after the implementation of the New Scheme ("**Going Concern Requirements**");
- (b) obtain the SIC's approval to extend the time to complete the Rights Issue in order to satisfy the conditions to the Conversion Whitewash Waivers; and
- (c) draw down the Convertible Loan and the Additional Loan of S\$25 million from the Investor to the Company for working capital and other operational needs of the Group.

Steps taken by the Company to achieve the Going Concern Requirements

- 4. In respect of the Going Concern Requirements, the SGX-ST had on 6 August 2020 granted an in-principle approval to the lifting of trading suspension of the Company's shares, provided that the Company submits to SGX-ST, *inter alia*, the Group's proforma financial statements which have been reviewed by the Company's auditors to demonstrate that the Group is able to operate as a going concern.
- 5. On 25 December 2020, the Company submitted to the SGX-ST its proforma financial statements prepared on its audited financial statements for the financial year ended 31 March 2020 ("**FY2020 Proforma FS**") and an assurance report from its auditors on the FY2020 Proforma FS ("**FY2020 Assurance Report**"). On 20 and 21 January 2021, SGX-ST sought clarifications from the Company on its FY2020 Proforma FS and FY2020 Assurance Report, including queries in relation to the disclaimer of opinion by its auditor in respect of the Company's audited financial statements for the financial year ended 31 March 2020. The Company's auditors had issued a disclaimer of opinion because it was unable to form a basis for an audit opinion for the audited financial statements for the financial year ended 31 March 2020 due to the uncompleted audits of certain significant subsidiaries of the Company for prior financial years ("**Outstanding Prior Audits**"). On 9 February 2021, the SGX-ST sought further clarifications from the Company on, *inter alia*, how the potential adjustments to both the audited financial statements for the financial year ended 31 March 2020 upon completion of the Outstanding Prior Audits would affect the FY2020 Proforma FS in demonstrating the ability of the Company and the Group to operate as a going concern.
- 6. The Company informed the SGX-ST that the Company's auditors required time at least until 30 June 2021 to complete the Outstanding Prior Audits and the auditors were unable to comment on whether there would be any potential adjustments proposed for the Company's audited financial statements for the financial year ended 31 March 2020 and the FY2020 Proforma FS pending the completion of the audits. However, the completion of the Outstanding Prior Audits was greatly impacted by the rise of the Delta variant COVID-19 cases in Singapore and the resultant restrictions imposed by Singapore and Malaysia.

7. On 19 January 2022 the auditors issued an assurance report opining that the outstanding information required for the auditors to form a basis for an audit opinion on the Outstanding Prior Audits and the audit of the financial statements for the financial year ended 31 March 2021 have been properly compiled in all material respects (“**FY2021 Assurance Report**”). The auditors had also completed the audit of the financial statements for the financial year ended 31 March 2021 and updated the Group’s proforma financial statements for the financial year ended 31 March 2021 based on the completed audits (“**FY2021 Proforma FS**”).
8. On 11 February 2022, the Company submitted the FY2021 Proforma FS and FY2021 Assurance Report to the SGX-ST and informed the SGX-ST that relevant adjustments were made to the financial statements for the financial year ended 31 March 2021, taking into account certain subsequent events that occurred after 31 March 2021. The Company also provided additional assurances to the SGX-ST that the Group will have a positive net asset position as well as a net cash and cash equivalent position, even after taking into account the additional adjustments.
9. On 1 September 2022, the SGX-ST sought further clarifications and requests in relation to the New Scheme. Amongst others, the SGX-ST requested an update to the FY2021 Proforma FS given that the audited financial statements for the financial year ended 31 March 2021 were outdated and the unaudited financial statements for the financial year ended 31 March 2022 (“**FY2022**”) were available at that time.
10. On 17 March 2023, the Company provided an interim response to the further clarifications sought by the SGX-ST on 1 September 2022 and also updated the SGX-ST that due to a shortage in manpower, the Company’s auditors required more time until end-March 2023 to provide SGX-ST with the updated proforma financial statement for FY2022 (“**FY2022 Proforma FS**”) based on the ongoing audit of the financial statements for FY2022 which was due to be completed by end-October 2022 and an assurance report on the FY2022 Proforma FS (“**FY2022 Assurance Report**”).
11. On 27 March 2023, the auditors completed its preparation of the FY2022 Proforma FS and the FY2022 Assurance Report, and the Company submitted the same to SGX-ST on the same day. The Company also informed the SGX-ST that it intended to prepare an update to the FY2022 Proforma FS based on the unaudited financial statements for the financial year ending 31 March 2023 (“**Unaudited FY2023 Proforma FS**”) as it was nearing the end of 31 March 2023 together with an assurance report for the Unaudited FY2023 Proforma FS (“**FY2023 Assurance Report**”) as well as an updated 12-months projections after 31 March 2023 (“**FY2024 Projections**”).
12. The Company’s external auditors, Foo Kon Tan LLP (“**Auditors**”) has finalized the FY2023 Assurance Report and will be issuing the same to the Company. Along with the FY2023 Assurance Report, the Company will also submit to the SGX the Unaudited FY2023 Proforma FS and the FY2024 Projections upon receipt from the Auditors.
13. As at to-date, the Company remains in process of obtaining confirmation on the fulfilment of the Going Concern Requirements.

Steps taken by the Company to complete the Rights Issue

14. In respect of the status of obtaining the SIC's approval to extend the time to complete the Rights Issue in order to satisfy the conditions to the Conversion Whitewash Waivers, the Company had, on 20 February 2020, obtained the Conversion Whitewash Waiver from the SIC which is subject to, inter alia, the following conditions ("**Whitewash Waiver Conditions**"):
 - (a) shareholders' approval for the Conversion Whitewash Waiver being obtained within 3 months of the grant of the Conversion Whitewash Waiver;
 - (b) completion of the acquisition of the Conversion Shares upon conversion of the Convertible Loan within 5 years from the date of issue of the Convertible Loan; and
 - (c) completion of the acquisition of the shares to be allotted and issued pursuant to the Rights Issue by the major shareholders of the Company to be completed within 3 months from the shareholders' approval of the Conversion Whitewash Waiver.
15. On 2 February 2021, the Company submitted an application to the SIC to seek an extension of time from 4 February 2021 to 30 June 2021 to satisfy the Whitewash Waiver Conditions. As the Company remains in process of satisfying the Going Concern Requirements, the Company will re-submit an application to SIC to seek a further extension of time to satisfy the Whitewash Waiver Conditions in order to complete the Rights Issue after the Company obtains confirmation from the SGX-ST that it has fulfilled the Going Concern Requirements.

Steps taken by the Company to draw down on the Convertible Loan and Additional Loan

16. In respect of the draw down of the Convertible Loan and the Additional Loan, the Investor required the Company to obtain all necessary approvals from the relevant authorities before disbursement of the Additional Loan and Convertible Loan, and that the disbursement of the Additional Loan and Convertible Loan will be disbursed 30 business days after receipt of the utilisation request.
17. On 4 November 2020, the Company obtained the shareholders' approval for the Convertible Loan, the issuance of the Conversion Shares and the Conversion Whitewash Waiver.
18. On 5 January 2021, the Company obtained SGX-ST's waiver from seeking shareholders' approval for the grant of the call option to the Investor to purchase the shares in certain companies owned by the Company ("**Call Option**") as security for the Additional Loan.
19. On 17 March 2023, the Company has already provided its response to the clarifications sought by the SGX-ST on 1 September 2022 and the Company has submitted the FY2022 Proforma FS and FY2022 Assurance Report to the SGX-ST. On 6 September 2023, the Company will submit the Unaudited FY2023 Proforma FS, the FY2023 Assurance Report and the FY2024 Projections to the SGX-ST.

20. Upon receipt of the confirmation from the SGX-ST on the fulfilment of the Going Concern Requirements, and the extension of time from the SIC to satisfy the Whitewash Waiver Conditions or the grant of the Conversion Whitewash Waiver, the Company can thereafter commence the process of the Rights Issue and submit the utilization request for the drawdown of the Convertible Loan to implement the New Scheme.
21. The entire process of the Rights Issue will take approximately 1.5 months to complete. To complete the Rights Issue, the Company will have to first ensure that its shares have resumed trading on the SGX-ST which will require the Company to fulfill the Going Concern Requirements.
22. Subject to the progress on which the Company obtains from the regulatory authorities on the confirmation on the fulfilment of the Going Concern Requirements and the extension of time to satisfy the Whitewash Waiver Conditions, the Company sets out the key milestones and estimated timeline for the implementation of the New Scheme:

Description of Key Milestone	Estimated Timeline
The Company to demonstrate the Going Concern Requirements	By 06 September 2023
SGX to provide confirmation that the Company has satisfied the Going Concern Requirements	By 21 Sept 2023
The Company to obtain extension of time from the SIC to fulfil the conditions of the Whitewash Waiver	By 7 Dec 2023
Drawdown of the Additional Loan and Convertible Loan / Implementation Date	By 28 December 2023
Payment of Scheme Payments	By 31 December 2023

By Order of the Board

Julia Tong
 Executive Director
 5 September 2023