TT INTERNATIONAL LIMITED

Company Registration Number 198403771D

(Incorporated in Singapore)

ANNOUNCEMENT

(I) PROPOSED DISPOSAL OF SALE COMPANIES

(II) APPLICATION FOR WAIVER FROM REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL IN RELATION TO PROPOSED DISPOSAL

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*All references to "**Existing Scheme**" shall mean the scheme of arrangement of TT International Limited (the "**Company**") which took effect on 19 April 2010, the terms of which are contained in the scheme of arrangement document dated 9 September 2009, and as varied by the Brief Grounds of Decision of the Honourable Court of Appeal on 13 October 2010, and as the same may be amended from time to time.*

1. INTRODUCTION

1.1. The Board of Directors ("**Board**") of the Company, along with its subsidiaries and associated companies (collectively the "**Group**"), wishes to announce that the Company and Celestial Palace Limited ("**Purchaser**") have, on 30 July 2018, entered into a sale and purchase agreement ("**SPA**") for the sale of shares in the Company's various subsidiaries (the "**Sale Companies**") to the Purchaser (the "**Proposed Disposal**").

1.2. The Proposed Disposal is disclosed in accordance with Rules 1010 to 1014 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Further details on the relative figures are set out in paragraph 3.7 of this announcement.

2. PROPOSED DISPOSAL

2.1. Context of the Proposed Disposal

The Company has entered into the SPA for the Proposed Disposal for the purposes of, among others, funding a new scheme of arrangement contemplated to be proposed by the Company to its creditors ("**New Scheme**"), through the proceeds from the Consideration (as defined below) from the Purchaser for the Proposed Disposal. The Company will make further announcements in relation to the contemplated New Scheme in due course and as and when there are material developments.

2.2. Information on Sale Companies

The Sale Companies comprise of ten (10) subsidiaries of the Group which currently carry out the Group's retail businesses. Three (3) of the Sale Companies carry out the Group's furniture retail businesses, while seven (7) of the Sale Companies carry out the Group's consumer electronics retail businesses.

The relevant Sale Companies and the respective percentages of shareholding to be disposed ("**Sale Shares**") are set out below:-

	Name of Sale Company (Country of Incorporation)	**Shareholding in Sale Company (%)**	**Percentage of shareholding to be disposed (%)**
Furniture Companies	1. Furniture & Furnishings Pte. Ltd. (Singapore)	100% owned by the Company	100
	2. Castilla Design Pte Ltd (Singapore)	100% owned by the Company	100

	3. Novena Furnishing Centre Pte. Ltd. (Singapore)	100% owned by the Company	100
Consumer Electronics Companies	1. Akira Corporation Pte. Ltd. (Singapore)	100% owned by the Company	100
	2. Aki Habara Electric Corporation Pte. Ltd. (Singapore)	100% owned by the Company	100
	3. TTA Holdings Limited (Australia)	85.5% owned by the Company	100
	4. Tainahong Trading Limited (Hong Kong)	100% owned by the Company	100
	5. TT Middle East FZE (UAE)	100% owned by the Company	100
	6. JSA Gulf FZE (UAE)	100% owned by the Company	100
	7. Intracorp (B) Sdn Bhd	100% owned by Nikkei Pacific Investment Pte. Ltd., a wholly owned subsidiary of the Company	100

The shares in the Sale Companies are presently secured to the scheme creditors of the Existing Scheme ("**Existing Scheme Creditors**") under a debenture dated 30 May 2016, which provided for a fixed and floating charge over all assets of the Company, save for its assets or holdings in Big Box Pte. Ltd., a 51% owned subsidiary of the Company ("**Debenture**"), granted pursuant to the terms of the Existing Scheme. DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Singapore Branch is the current security agent under the Debenture ("**Security Agent**"). Please refer to the Company's previous announcement dated 15 April 2016 in relation to the Existing Scheme Creditors' approval to the appointment of the Security Agent under the Debenture.

2.3. **Information on Purchaser**

Shareholders should note that information relating to the Purchaser in this section and elsewhere in this announcement has been provided by the Purchaser. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

The Purchaser is a company incorporated in Victoria, Seychelles, with its registered address at Vistra Corporate Services Centre, Suite 23, 1st Floor Eden Plaza, Eden Island, Mahe, Republic of Seychelles. The Purchaser's business includes investment and investment holding activities in Southeast Asia, with a focus on investments in consumer electronics products, furniture as well as mid to high-end luxury goods. The Purchaser is an independent third party.

2.4. **Consideration for assets being acquired pursuant to the Proposed Disposal**

(a) The Purchaser has offered an aggregate consideration of S$48 million ("**Consideration**") for the Proposed Disposal. The Consideration was mutually arrived after arms' length negotiations between the Company and the Purchaser on a willing seller and willing buyer basis after taking into consideration the net asset value of the Sale Companies as well as the future business prospect and growth potential of the Sale Companies.

(b) Within twenty-one (21) business days from the execution of the SPA (or such other time as may be agreed between the Company and the Purchaser), the Purchaser shall, amongst others, pay to the stakeholder designated by both parties (the "**Stakeholder**"), an amount equal to the Consideration by wire transfer in immediately available funds. The Parties agree that the Stakeholder shall hold the Consideration in escrow and shall only release the Consideration to the Company in accordance with the terms of the SPA on completion of the Proposed Disposal.

2.5. **Conditions Precedent to Completion of the Proposed Disposal**.

The completion of the Proposed Disposal (the "**Completion**") is subject to, amongst others, the following conditions precedent:

(a) the New Scheme becoming effective;

(b) the full and irrevocable release and discharge of any guarantee or indemnity and any security interest from any person (including, without limitation, the directors of the Company) as security or undertaking for any indebtedness or any liability of the Company to the Existing Scheme Creditors before the Ascertainment Date (as defined in the Existing Scheme), other than the Debenture;

(c) the full and irrevocable release and discharge pursuant to the New Scheme of all security interests created by the Company with respect to claims in connection with the Existing Scheme and/or arising from the termination of the Existing Scheme (the "**Existing Scheme Claims**"), including the Debenture;

(d) the payment by the Purchaser to the respective lenders for the full and irrevocable release and discharge of certain existing facilities granted to specific Sale Companies, and evidence of the discharge of such facilities, including the full and irrevocable release and discharge of all guarantees and indemnities and all security interests in relation to such facilities (including, without limitation, all guarantees, indemnities and security interests provided by Sng Sze Hiang and/or Tong Jia Pi Julia, each a director of the Company)

(e) the approval and/or waiver of the SGX-ST, Australian Securities Exchange and/or any other applicable stock exchange in respect of the transactions contemplated by the SPA having been obtained (including but without limitation, the approval and/or waiver of the SGX-ST in relation to the obtaining of shareholder approvals under Chapter 10 of the Listing Manual), if necessary;

(f) the passing of any required board and shareholder resolutions approving the transactions contemplated by the SPA;

(g) the entry into a management services agreement for the Company to provide management services in respect of the Sale Companies after the Proposed Disposal on terms to be agreed between the Company and the Purchaser; and

(h) the provision of a working capital facility of S$15 million (or such other amount agreed between the Company and the Purchaser) to be provided by the Purchaser to the Sale Companies for working capital purposes, less the amount paid or incurred by the Purchaser to the relevant lender in facilitating the release and discharge of a facility granted to one of the Sale Companies and all guarantees and indemnities and all security interests in relation thereto.

The conditions precedent to the Proposed Disposal will need to be fulfilled as soon as reasonably practicable or in any event, by 30 November 2018, or such other date agreed between the Company and the Purchaser (the "**Long Stop Date**").

If the conditions precedent have not been fulfilled (or waived by mutual agreement between the Company and the Purchaser) and/or if the sale and purchase of the Sale Shares is not completed on or before the Long Stop Date, the SPA will automatically terminate and neither party shall have any claim of any nature whatsoever against the other party under the SPA (save in respect of any rights and liabilities of the parties which have accrued prior to termination of the SPA).

2.6. **Completion Date**

The completion date for the Proposed Disposal is the date that all the conditions precedent under the SPA have been fulfilled or waived by mutual agreement between the Company and the Purchaser, or such other date as may be agreed in writing between the parties. Upon receiving the relevant completion deliverables, the Company and the Purchaser will issue joint instructions to the Stakeholder to pay the Consideration to the Company on completion of the Proposed Disposal.

2.7. **Use of proceeds from Proposed Disposal**

The Company will apply the Consideration received from the Purchaser in the following manner:

(a) **First,** the amount of up to S$45 million will be set aside from the Consideration and used to discharge the Company's obligations under the New Scheme, including without limitation, the discharge of the Existing Scheme Claims and non-Existing Scheme Claims to be provided for in the New Scheme;

(b) **Second,** an amount of up to S$3 million will be set aside from the Consideration for the settlement of any success fee, legal fees, advisor fees and/or other expenses incurred by the Company in relation to or in connection with the sale of the shares in the Sale Companies and/or the Company's restructuring, as well as the fees of the Stakeholder;

(c) **Third,** any excess Consideration will be used for the Company's working capital, operating expenses and/or any other requirements of the Company.

3. FINANCIAL INFORMATION

3.1. **Net Asset Value**

Based on the latest announced unaudited consolidated financial statements of the Group as at 31 December 2017, the aggregate net asset value represented by the Sale Companies was S$73.6 million. The net asset value of the Sale Companies included an aggregate of S$41.3 million due and payable by the Company to certain Sale Companies and which is contemplated to be subject to the New Scheme.

3.2. **Excess of Consideration over Net Asset Value of the Sale Companies**

The Consideration represents a deficit of S$25.6 million over the aggregate net asset value of the Sale Companies as at 31 December 2017 of S$73.6 million. Excluding the aggregate of S$41.3 million due and payable by the Company to certain Sale Companies, the Consideration would represent an excess of S$15.7 million over the adjusted net asset value of the Sale Companies of approximately S$32.3 million.

The actual excess or deficit of the proceeds over the book value can only be finalised after the Completion.

3.3. **Net Loss attributable to the Sale Companies, and Loss on Proposed Disposal**

Based on the latest audited financial statements of the Group, the net loss attributable to the Sale Companies is S$2 million. The net loss before tax attributable to the Sale Companies for the 9 months ended 31 December 2017 ("**9M2017**") was approximately S$0.1 million, comprising depreciation, taxes and maintenance.

Assuming the Proposed Disposal had been completed on 31 December 2017, the Group would recognize a loss on disposal of approximately S$25.6 million at the Group level based on the net asset value represented by the shares of the Sale Companies as at 31 December 2017.

The actual gain or loss on the Proposed Disposal can only be finalised after the Completion.

3.4. **Financial effects of the Proposed Disposal**

The SGX-ST has granted the Company an extension of time until 14 November 2018 to announce the financial results for its most recently completed financial year ended 31 March

2018. Please refer to the Company's previous announcement dated 23 May 2018 in relation to the same.

Accordingly, and for illustrative purposes only, the financial effects of the Proposed Disposal as set out below are prepared based on latest announced full year audited and consolidated financial statements of the Group, this being for the financial year ended 31 March 2017 ("**FY 2017**") and is subject to the following key assumptions:

(a) the effect of the Proposed Disposal on the Group's consolidated net tangible assets ("**NTA**") per ordinary share in the capital of the Company ("**Share**") is based on the assumption that the Proposed Disposal had been effected at the end of FY 2017.

(b) the effect of the Proposed Disposal on the Group's consolidated earnings per Share ("**EPS**") is based on the assumption that the Proposed Disposal had been effected at the beginning of FY 2017.

3.4.1. NTA

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$'000)	(58,017)	(150,803)
Number of Shares ('000)	1,048,392	1,048,392
NTA per Share (cents)	(5.53)	(14.38)

3.4.2. EPS

	Before the Proposed Disposal	**After the Proposed Disposal**
Profit attributable to owners of the Company (S$'000)	(52,533)	(78,191)
Weighted average number of Shares – Basic ('000)	1,048,392	1,048,392
EPS (cents) – Basic	(5.01)	(7.46)

3.5. **Interests of directors and controlling shareholders**

As part of the Proposed Disposal, the Company and the Purchaser have agreed for the Company to provide management services in respect of the Sale Companies after the Proposed Disposal. To this extent, the Company will be entering into a separate management agreement with the Purchaser to provide such management services. Accordingly, the Company's management, including but not limited to current Executive Director and Chief Executive Officer,

Mr Sng Sze Hiang ("**Management**"), may be assigned by the Company to provide management services to the Purchaser in respect of the Sale Companies. Such Management will, however, remain employees of the Company and will not receive remuneration directly from the Purchaser.

Save as disclosed above and in paragraph 2.5(d), and their respective shareholdings in the Company, none of the directors or controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal.

3.6. **Details of any service contracts of the directors proposed to be appointed to the issuer**

Not Applicable.

3.7. **Relative figures**

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006		
(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value	(56.9%)[1]
(b)	The net profits [2] attributable to the assets acquired or disposed of, compared with the Group's net profits	0.2%[3]
(c)	The aggregate value of consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	326.5%[4]
(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[5]
(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	Not Applicable[6]

Notes:-

(1) Based on the Company's unaudited consolidated financial statements for 9M2017, the net asset value of the Sale Companies as at 31 December 2017 was approximately S$32.3 million (excluding the S$41.3 million due and payable by the Company to certain Sale Companies) and the net liability value of the Group as at 31 December 2017 was approximately S$56.8 million.

(2) Means profit or loss before income tax, minority interests and extraordinary items.

(3) The Group incurred a loss for 9M2017 of S$48.9 million and loss before tax attributable to the Sale Companies for 9M2017 was approximately S$0.1 million, comprising depreciation, taxes and maintenance.

(4) The Company's market capitalisation of approximately S$14.7 million is determined by multiplying the issued share capital of the Company of 1,048,391,947 ordinary shares with the volume weighted average price of such shares last transacted on 3 August 2017 (before voluntary suspension of the trading of the Company's shares on 4 August 2017) of S$0.014 per share.

(5) The Proposed Disposal is not an acquisition.

(6) The Company is not a mineral, oil and gas company.

As the relative figures computed on the basis set out in Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a 'Major Transaction' under Chapter 10 of the Listing Manual, which requires the approval of shareholders of the Company at a general meeting to be convened. The Company will be applying to the SGX-ST for a waiver from the requirement to convene a general meeting of the shareholders' of the Company to seek shareholders' approval in relation to the Proposed Disposal.

4. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at Venture Avenue, #07-07 Big Box, Singapore 608521, during normal business hours for a period of three (3) months from the date of this announcement.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements in relation to the Proposed Disposal as and when there are material developments.

6. TRADING CAUTION

There is no certainty or assurance as at the date of this announcement that the SPA will be completed, or other conditions precedent will be satisfied, or that no changes will be made to the terms of the SPA.

Trading in the Company's shares on the SGX-ST has been voluntarily suspended by the Company on 4 August 2017.

Pending completion of the SPA, shareholders and potential investors should exercise caution when dealing in the shares of the Company.

People who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

BY ORDER OF THE BOARD

Koh Sock Tin
Company Secretary
30 July 2018