TT INTERNATIONAL LIMITED

Company Registration Number 198403771D

(Incorporated in Singapore)

ANNOUNCEMENT

PROPOSED TRANSFER OF CERTAIN BUSINESSES FROM PT ELECTRONIC SOLUTION INDONESIA AND PROPOSED ACQUISITION OF (I) THE ASSETS OF PT ELOK SURYA INDONESIA; AND (II) THE ASSETS OF PT ELEKTRONIK SUKSES INDONESIA

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1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of TT International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 17 October 2014 and 22 October 2014 in respect of the entering into of the Share Subscription Agreement dated 16 October 2014 (the "**Share Subscription Agreement**") between Omni Capital Pte. Ltd. ("**Omni Capital**") (a wholly-owned subsidiary of the Company) and Standard Chartered Private Equity Limited ("**SCPE**").

1.2 Pursuant to the Share Subscription Agreement, Omni Capital and SCPE shall form a joint venture company, Omni Centre Pte. Ltd. ("**JV Company**"), and SCPE shall invest up to US$50 million in the JV Company for shares of the JV Company representing up to 49% of the total issued and paid-up share capital of the JV Company on a fully diluted basis (the "**Proposed Subscription**").

1.3 Pursuant to the Share Subscription Agreement, the Proposed Subscription is conditional upon, *inter alia*, the transfer of certain suitable business or assets to PT Sumber Electrindo Makmur (**PT Sumber**"), a subsidiary of the JV Company (the "**Transfer**").

1.4 In connection to the Transfer, the Board wishes to announce that PT Sumber has today entered into:

(a) a business transfer agreement (the "**BTA**") with PT Electronic Solution Indonesia ("**PT Solution**"), pursuant to which PT Solution has agreed to transfer to PT Sumber the large-scale retail electronics business carried on by PT Solution in Indonesia (the "**Solution Business**");

(b) an asset transfer agreement (the "**Elok ATA**") with PT Elok Surya Indonesia ("**PT Elok**"), pursuant to which PT Elok has agreed to sell to PT Sumber certain assets of PT Elok ("**Elok Assets**"); and

(c) an asset transfer agreement (the "**Sukses ATA**") with PT Elektronik Sukses Indonesia ("**PT Sukses**"), pursuant to which PT Sukses has agreed to sell to PT Sumber certain assets of PT Sukses ("**Sukses Assets**")

(collectively, the "**Proposed Acquisition**").

2. PARTICULARS OF THE VENDORS, THE SOLUTION BUSINESS, THE ELOK ASSETS AND THE SUKSES ASSETS

The Solution Business

2.1 PT Solution is an Indonesian company established in 2005 and the Company holds a 100% effective interest in PT Solution. The principal business activities of PT Solution are large-scale retail via supermarkets of electrical and electronic products (under the brand name of "Electronic Solution") as well as furniture and furnishing products (under the brand name of "Home Solution").

2.2 Pursuant to the BTA, PT Solution shall transfer to PT Sumber, and PT Sumber shall acquire from PT Solution, the Solution Business that is comprised of, *inter alia*, the following:

(a) the goods owned or agreed to be transferred by PT Solution in relation to the Solution Business;

(b) the vehicles, equipment and other tangible fixed assets owned by PT Solution that have been used in relation to the Solution Business;

(c) the book and other debts receivable by or owed to PT Solution in relation to the lease agreements entered into in connection with stores or warehouses of the Solution Business;

(d) the rights of PT Solution arising under the contracts entered into by PT Solution in relation to the Solution Business (the "**Solution Contracts**"), subject to the terms in the BTA;

(e) all books, records and information relating to the Solution Business, and all information and data relating to sales, customers, suppliers, agents and distributors of the Solution Business;

(f) the cash balances held by PT Solution in relation to the Solution Business;

(g) the book and other debts receivable by or owed to PT Solution in relation to the Solution Business; and

(h) a trade mark as set out in a trade mark transfer agreement to be executed between PT Solution and PT Sumber.

The Elok Assets

2.3 PT Elok is an Indonesian company established in 2006. The company's line of business includes the retail sale of audio visual products, appliances and other consumer electronics.

2.4 Pursuant to the Elok ATA, the Elok Assets to be acquired by PT Sumber are the following assets in respect of PT Elok's stores that are larger than 1,200 sqm:

(a) the consumer electronic goods owned or agreed to be acquired by PT Elok (the "**Elok Stock**");

(b) the vehicles, equipment and other tangible fixed assets owned by PT Elok that have been used in relation to PT Elok's sale and purchase of consumer electronic goods;

(c) the book and other debts receivable by or owed to PT Elok in relation to the lease agreements entered into in connection with the stores of PT Elok;

(d) the rights of PT Elok arising under the contracts entered into by PT Elok in relation to PT Elok's sale and purchase of consumer electronic goods (the "**Elok Contracts**"), subject to the terms in the Elok ATA; and

(e) all books, records and information relating to the Elok Assets.

The Sukses Assets

2.5 PT Sukses is an Indonesian company established in 2008. The company's line of business includes the retail sale of audio visual products, appliances and other consumer electronics.

2.6 Pursuant to the Sukses ATA, the Sukses Assets to be acquired by PT Sumber are the following assets in respect of PT Sukses' stores that are larger than 1,200 sqm:

(a) the consumer electronic goods owned or agreed to be acquired by PT Sukses (the "**Sukses Stock**");

(b) the vehicles, equipment and other tangible fixed assets owned by PT Sukses that have been used in relation to PT Sukses' sale and purchase of consumer electronic goods;

(c) the book and other debts receivable by or owed to PT Sukses in relation to the lease agreements entered into in connection with the stores of PT Sukses;

(d) the rights of PT Sukses arising under the contracts entered into by PT Sukses in relation to PT Sukses' sale and purchase of consumer electronic goods (the "**Sukses Contracts**"), subject to the terms in the Sukses ATA; and

(e) all books, records and information relating to the Sukses Assets.

3. CONSIDERATION

The Solution Business

3.1 The Solution Business to be transferred by PT Solution to PT Sumber is valued at approximately Rp71,500,000,000 as at 30 September 2014 based on the valuation report (the "**Valuation Report**") from KJPP Budi, Edy, Saptono & Rekan, an independent property and business appraiser appointed by PT Solution, for which PT Sumber will pay to PT Solution a cash amount equal to Rp71,500,000,000 (approximately S$7,579,000), being the aforesaid valuation of the Solution Business (the "**Solution Business Value**"). The Solution Business Value was arrived at based on valuation set out in the the Valuation Report mutually accepted by both SCPE and PT Solution.

Unless indicated otherwise, the indicative Rp-to-S$ exchange rate used for the purposes of this Announcement is Rp9,434 : S$1.

3.2 On the date of completion of the sale and purchase of the Solution Business ("**Solution Closing**"), PT Sumber shall pay the Solution Business Value by way of cash to a designated bank account of PT Solution.

The Elok Assets

3.3 The consideration to be paid by PT Sumber to PT Elok for the Elok Assets shall be the sum of Rp113,600,000,000 (approximately S$12,041,600) (the "**Elok Consideration**") and the Elok Stock Price[1], minus the Elok Payables[2].

The Elok Consideration was arrived at on a willing seller-willing buyer basis after taking into consideration the underlying historic performance of the stores associated with the Elok Assets being acquired.

3.4 Upon completion of the sale and purchase of the Elok Assets ("**Elok Closing**"), PT Sumber shall pay to PT Elok an amount equal to the Elok Consideration minus the Elok Payables.

On the date falling no later than 10 business days of PT Sumber's receipt of the internal audit report on the Elok Stock from PT Elok (following which PT Elok and PT Sumber shall agree on the Elok Stock Price), PT Sumber shall pay to PT Elok the agreed Elok Stock Price.

The Sukses Assets

3.5 The consideration to be paid by PT Sumber to PT Sukses for the Sukses Assets shall be the sum of Rp296,300,000,000 (approximately S$31,407,800) (the "**Sukses Consideration**") and the Sukses Stock Price[3], minus the Sukses Payables[4].

The Sukses Consideration was arrived at on a willing seller-willing buyer basis after taking into consideration the underlying historic performance of the stores associated with the Sukses Assets being acquired.

3.6 Upon completion of the sale and purchase of the Sukses Assets ("**Sukses Closing**"), PT Sumber shall pay to PT Sukses an amount equal to the Sukses Consideration minus the Sukses Payables**.**

On the date falling no later than 10 business days of PT Sumber's receipt of the internal audit report on the Sukses Stock from PT Sukses (following which PT Sukses and PT Sumber shall agree on the Sukses Stock Price), PT Sumber shall pay to PT Sukses the agreed Sukses Stock Price.

4 Conditions Precedent

The Solution Business

4.1 The transfer of the Solution Business is conditional upon the following conditions having been fulfilled (or waived):

(a) all the novation agreements in relation to the transfer of the leases of the premises listed in the BTA by PT Solution to PT Sumber having been entered into by PT Solution, PT Sumber and the relevant lessor, in a form satisfactory to PT Sumber;

[1] "**Elok Stock Price**" means the amount equal to the book value of the Elok Stock at Elok Closing, to be agreed between PT Sumber and PT Elok as soon as practicable after Elok Closing.

[2] "**Elok Payables**" means any debts owed or payable at Elok Closing by PT Elok to PT Sumber or to PT Solution.

[3] "**Sukses Stock Price**" means the amount equal to the book value of the Sukses Stock at Sukses Closing, to be agreed between PT Sumber and PT Sukses as soon as practicable after Sukses Closing.

[4] "**Sukses Payables**" means any debts owed or payable at Sukses Closing by PT Sukses to PT Sumber or to PT Solution.

(b) the third party consents for (i) the assignment or transfer of the Solution Contracts listed in the BTA to PT Sumber and (ii) the entry into new contracts between PT Sumber and the third parties in substitution for, and on the same terms, as the Solution Contracts listed in the BTA, having been obtained on terms reasonably acceptable to PT Sumber;

(c) receipt of executed employment contracts between PT Sumber and the senior executives of PT Solution as set out in the BTA;

(d) the completion of the process for the transfer of certain employees of PT Solution to PT Sumber to the reasonable satisfaction of PT Sumber;

(e) the Indonesian banks as set out in the BTA (the "**Banks**") having approved: (i) PT Sumber's loan applications in respect of the new facilities to be entered into between PT Sumber and the Banks; and (ii) the transactions contemplated under the BTA, in each case, in a form satisfactory to PT Sumber;

(f) PT Solution having procured that the domain names electronicsolution.com, es-store.com and electronicsolution.co.id are registered in the name of PT Sumber;

(g) PT Solution having procured the assignment by an Indonesian web development company to PT Solution in respect of all intellectual property rights created by or on behalf of such company pursuant to a web development contract with PT Solution; and

(h) PT Sumber having obtained an in-principle licence issued by the Indonesia Investing Coordinating Board (BKPM) in respect of large-scale retail via supermarkets.

The Elok Assets

4.2 The sale and purchase of the Elok Assets is conditional upon the following conditions having been fulfilled (or waived):

(a) all the novation agreements in relation to the transfer of the leases of the premises listed in the Elok ATA by PT Elok to PT Sumber having been entered into by PT Elok, PT Sumber and the relevant lessor, in a form satisfactory to PT Sumber; and

(b) the third party consents for (i) the assignment or transfer of the Elok Contracts listed in the Elok ATA to PT Sumber and (ii) the entry into new contracts between PT Sumber and the third parties in substitution for, and on the same terms, as the Elok Contracts listed in the Elok ATA, having been obtained on terms reasonably acceptable to PT Sumber.

The Sukses Assets

4.3 The sale and purchase of the Sukses Assets is conditional upon the following conditions having been fulfilled (or waived):

(a) all the novation agreements in relation to the transfer of the leases of the premises listed in the Sukses ATA by PT Sukses to PT Sumber having been entered into by PT Sukses, PT Sumber and the relevant lessor, in a form satisfactory to PT Sumber;

(b) the third party consents for (i) the assignment or transfer of the Sukses Contracts listed in the Sukses ATA to PT Sumber and (ii) the entry into new contracts between PT Sumber and the third parties in substitution for, and on the same terms, as the Sukses Contracts listed in the Sukses ATA, having been obtained on terms reasonably acceptable to PT Sumber; and

(c) the transfer to PT Sumber of all rights of PT Sukses under an ecommerce website development agreement between PT Sukses and an Indonesian company.

5 RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is as follow:

(a) PT Solution is the Group's primary subsidiary for its retail presence in Indonesia and it has grown to become one of the leading electronic retail chains in Indonesia. In order to maintain this position PT Solution must continue to expand its retail presence in this rapidly growing and developing market. The Scheme of Arrangement of the Company has resulted in constraints being placed on the Company's ability to fund PT Solution's expansion, leaving PT Solution reliant on its own internally generated cashflow. As a result, PT Solution has been unable to grow as rapidly as the Company would like. Instead, PT Elok and PT Sukses have been the primary drivers behind the growth of the Electronic Solution brand in Indonesia. This has led to the current unbalanced structure where PT Solution owns far fewer stores than PT Elok and PT Sukses do.

(b) In order for PT Solution to continue to compete effectively in the increasingly competitive Indonesian consumer electronics retail market, the Company believes it is important for PT Solution to strike a balance between the number of third-party owned Electronic Solution stores and its own stores. The capital injection provided by SCPE under the Proposed Subscription will allow the Company to take direct control of all of the Electronic Solution stores in Indonesia that are larger than 1,200 sqm in size.

(c) At present, PT Solution owns and operates 18 Electronic Solution stores, and manages a further 41 stores owned by PT Elok and PT Sukses. Immediately after the Proposed Acquisition, PT Sumber will own 39 stores. The Company expects that with a larger retail footprint, stronger financial position and with additional resources to facilitate expansion, PT Sumber will contribute substantially more to the Group than what PT Solution as a smaller company will be able to contribute in its current form. In this regard, the Scheme Creditors will not be prejudiced by SCPE's investment and instead both the Scheme Creditors and the Company's shareholders will benefit from the Proposed Acquisition.

The payment for the Proposed Acquisition will be funded from the investment proceeds received from SCPE upon completion of the Proposed Subscription and the internal funds of the Company.

6 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 As at 31 March 2014:

(a) the book value and net tangible asset value of the Solution Business was Rp99,190 million (approximately S$11.0 million);

(b) the book value and net tangible asset value of the Elok Assets was Rp13,335 million (approximately S$1.5 million); and

(c) the book value and net tangible asset value of the Sukses Assets was Rp54,418 million (approximately S$6.0 million).

6.2 As at 31 March 2014:

(a) the net profits attributable to the Solution Business was Rp15,332 million (approximately S$1.7 million);

(b) the net profits attributable to the Elok Assets was Rp14,124 million (approximately S$1.6 million); and

(c) the net profits attributable to the Sukses Assets was Rp75,448 million (approximately S$8.4 million).

6.3 Based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2014 ("**FY2014**"), the financial effects of the Proposed Acquisition would be as follows:

(a) the net tangible assets per share of the Company as at 31 March 2014 would increase from 1.47 Singapore cents to 2.39 Singapore cents, assuming that the Proposed Acquisition had been completed on 31 March 2014; and

(b) the loss per share of the Company for FY2014 would decrease from 3.24 Singapore cents to 2.03 Singapore cents, assuming that the Proposed Acquisition had been completed on 1 April 2013.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the unaudited consolidated financial statements of the Group for the nine (9) months ended 31 December 2014, the relative figures computed in respect of the Proposed Acquisition on the bases set out in Rule 1006 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are as follows:

(a) Rule 1006(a) – not applicable to an acquisition of assets;

(b) Rule 1006(b) – the aggregate net profits attributable to the Solution Business, the Elok Assets and the Sukses Assets of Rp53,306 million (approximately S$5.7 million) as at 31 December 2014 represents approximately 18.8%[5] of the Group's net loss of S$30.0 million as at 31 December 2014;

(c) Rule 1006(c) – the aggregate consideration for the Proposed Acquisition of Rp481,400,000,000 (approximately S$51.0 million)[6] represents approximately 33.7% of the Company's market capitalisation of approximately S$151.6 million[7] as at 13 February 2015, being the market day immediately preceding the date of the BTA, the Elok ATA and the Sukses ATA; and

(d) Rule 1006(d) – not applicable as no shares will be issued by the Company pursuant to the Proposed Acquisition.

[5] The Group has recorded a net loss of S$30.0 million as at 31 December 2014. As such, the relative figure computed under Rule 1006(b) of the Listing Manual is in the negative and not meaningful.

[6] Please note that this sum is based on the aggregate of the Solution Business Value, the Elok Consideration and the Sukses Consideration. The sum is subject to further adjustment as it has not taken into account (i) the addition of the Elok Stock Price and the Sukses Stock Price and (ii) the deduction of the Elok Payables and the Sukses Payables. The amount of the Elok Stock Price, the Sukses Stock Price, the Elok Payables and the Sukses Payables can only be ascertained after the Elok Closing and the Sukses Closing.

[7] Calculated based on the weighted average price of S$0.15098 per share and 1,004,126,542 issued shares.

Based on the relative figure computed under Rule 1006(c) of the Listing Manual, the Proposed Acquisition constitutes a major transaction for the purposes of Chapter 10 of the Listing Manual and requires the approval of the Company's shareholders. Accordingly, a circular in relation to the Proposed Acquisition, together with a notice of the extraordinary general meeting to be convened, will be despatched to the shareholders of the Company in due course.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Sng Sze Hiang, the Chairman and Chief Executive Officer of the Company, who is also a director and controlling shareholder of the Company, is the president director of PT Solution. Ms Tong Jia Pi Julia, who is an executive director and controlling shareholder of the Company, is the commissioner of PT Solution.

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition. No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition or any other transaction contemplated in relation to the Proposed Acquisition.

9. DOCUMENTS FOR INSPECTION

A copy of the Valuation Report, the BTA, the Elok ATA and the Sukses ATA may be inspected during the Company's usual business hours (from 9.00 a.m. to 5.00 p.m.) on any business day for a period of three (3) months from the date of this Announcement at the registered office of the Company at No. 1 Venture Avenue #07-07 Big Box Singapore 608521.

By Order of the Board

Koh Sock Tin
Company Secretary

16 February 2015