TT INTERNATIONAL LIMITED

Company Registration Number 198403771D

(Incorporated in Singapore)

ANNOUNCEMENT

RESPONSE TO SGX-ST QUERY ON THE ANNUAL REPORT 2017

The Board of Directors (the "Board") of TT International Limited (the "Company" and together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 18 July 2017 in relation to the Company's Annual Report for the financial year ended 31 March 2017 ("Annual Report 2017"). The Company wishes to provide further information as follows:

Question 1

Please provide the Board's confirmation as to whether:-

(i) the Group can continue as a going concern and the basis for such opinion; and

(ii) sufficient information has been disclosed by the Company to enable trading to continue in an orderly manner

Response

The Company is being restructured under the Scheme of Arrangement (the 'Scheme') sanctioned by the Court of Appeal in Singapore on 13 October 2010. The effective date of the Scheme is 19 April 2010.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations (both short term and long term) as and when they fall due is dependent on:-

a) the successful implementation of the Scheme
b) the profitability of future operations of the Company and its subsidiaries
c) the controlling shareholders and key management personnel of the Company remaining substantially unchanged
d) the ability to secure financing support as and when required; and
e) the continuing support of bank and other creditors, suppliers and other parties.

The Group has been in discussions with arrangers and financial institutions for a refinancing secured by Big Box property owned by Big Box Pte Ltd ("BBPL") – Company's 51% owned subsidiary – to meet the payment liabilities of the Company and BBPL ("Refinancing Exercise"), including S$70 million Settlement Sum required to discharge the Scheme, and repayment of the existing mortgage loan, amongst others.
The refinancing of the Big Box property is subject to agreement by all shareholders of BBPL.

Subject to the successful completion of the restructuring of the Big Box operations and balance sheet, including the refinancing of Big Box property and discharge of the Scheme, the Board is of the view that the Group will be able to meet its short-term obligations as and when they fall due despite the negative working capital position as the Company continues exploring various possibilities to secure the necessary funding to provide the Group with additional working capital.

The Board is of the view that the Company has ensured that all material information is disclosed on a timely basis via SGX-Net, especially information pertaining to the Scheme, the Group's business developments and financial performance which would enable shareholders to make informed decisions in respect of their investment and thereby allow trading to continue in an orderly manner.

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Question 2

Please provide an update on the developments regarding the aforesaid loan facilities, including (i) the state of any negotiations between the Group and its principal bankers or trustee; and (ii) the Group's future direction, or any other material development that may have a significant impact on the issuer's financial position.

Response

(i) the state of any negotiations between the Group and its principal bankers or trustee

(1) The Group had, on 30 March 2017, obtained a Letter of Offer from VMS Group for a Bridge Loan to be secured by the Big Box Property ("Bridge Loan"). The conditions precedents for the drawdown of the Bridge Loan includes, amongst others : (i) Scheme Creditors of the Company agrees to terminate the Scheme upon receipt of the S$ 70m Settlement Sum; (ii) consent for the mortgage (of the Big Box Property in favour of the Bridge Lender) from relevant authority; and (iii) the repayment by BBPL of the existing term loan due for repayment on 31 March 2017 ("Existing Mortgage Loan").

The Company had, on 18 April 2017, obtained the approval from its Scheme Creditors for the S$ 70m Settlement Sum.

While the lender had granted BBPL extension of 1 year to 31 March 2018 for the Existing Mortgage Loan, however the documentation for the extension was not completed as the Company had informed the lenders of the Existing Mortgage Loan its intention to discharge the mortgage in April 2017 (in line with the scheduled drawdown of Bridge Loan)

Till present, the Company has still not obtained the consent of mortgage from the relevant authority. As such, the Bridging Loan could not be materialised for the timely repayment of the Mortgage Loan. This resulted a default at the time of finalisation of the audited financial statement for the year ended 31 March 2017.

The Company has regularly updated the Lenders and the Security Agent on the progress of the refinancing.

(2) In respect of an overseas subsidiary which had 3 secured bank loans with a total amount of S$17,242,000 as at 31 March 2017, the subsidiary is not in compliance with certain loan financial covenants due to technical breach which the subsidiary has sought for waiver with the banks.

(ii) the Group's future direction or any other material development that may have a significant impact on the issuer's financial position

As announced on SGX-Net on 18 April 2017, Scheme Creditors of the Company had granted their approval to the termination of the Scheme upon receipt of the Settlement Sum of S$70 million. The source of funding is by way of Bridge Loan.

However, the Bridging Loan did not go through as, till present date, the Company has yet to receive approval from the relevant authority to the proposed mortgage security in favour of the Bridge Lender.

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While pending the authority's response, the Company has continuously engaged with various potential lenders and investors ("Potential Lender") for its fund raising exercise. In the last week of June 2017, the Company had commenced discussions and negotiations for the refinancing with potential lenders ("Refinancing Package")

Successful completion of the Refinancing Package with the potential lender(s) is subject to:-

(1) Approval of the Potential Lender's Investment Committee and due diligence satisfactory to the Potential Lender,

(2) Scheme Creditors' approval to extend the due date for payment of the Settlement Sum for a further 3 months from 19 April 2017,

(3) BBPL's 49% minority shareholders to accept the Refinancing Package, and

(4) Approval from the relevant authority on the mortgage in favour of the Potential Lender

By Order of the Board

Koh Sock Tin
Company Secretary
21 July 2017