

INDEPENDENT AUDITORS' REPORT

Members of the Company
TT International Limited

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of TT International Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 120.

Because of the significance of the matters described in the '*Basis for disclaimer of opinion*' section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly, we do not express an opinion on the accompanying consolidated financial statements of the Group or the balance sheet of the Company.

Basis for disclaimer of opinion

The Company could not provide sufficient information for us to complete the audit of the consolidated financial statements of the Group and the balance sheet of the Company. Further, the Company did not appoint an auditor for the audit of the financial statements of a significant Indonesian subsidiary for the financial year ended 31 March 2018. Accordingly, we were not able to perform and complete our procedures to obtain sufficient and appropriate audit evidence over the financial statements of the Group, the balance sheet of the Company, and the accompanying disclosures for the year then ended. As such, we were not able to determine whether any adjustments might be necessary to the amounts and disclosures shown in the financial statements as at and for the year ended 31 March 2018.

Further, the factors below indicate the existence of material uncertainties which may cast significant doubt about the Company's and Group's ability to continue as a going concern.

- The Group incurred a net loss of \$207,799,000 (2017: \$90,987,000) for the year ended 31 March 2018. As at 31 March 2018, the Group's and the Company's total liabilities have exceeded their total assets by \$347,707,000 (2017: net assets of \$29,103,000) and \$355,942,000 (2017: \$199,597,000), respectively.
- The Company is placed under a Scheme of Arrangement (the "Scheme") sanctioned by the Court of Appeal in Singapore. The Company's ability to continue as a going concern is dependent mainly on the outcome of the Creditor Standstill; the successful implementation of the New Scheme; the completion of the Proposed Disposal and receipt of the Purchaser Loan; the Group's ability to secure financing as and when required; the profitability of future operations of the Group; and the continuing support of banks and other creditors, suppliers and other parties. These matters are explained in more detail in note 2 (and other notes) to these financial statements.

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- A significant subsidiary in Singapore had defaulted on its debt repayment obligation which was due on 31 March 2017. During the year, the termination of the Warehouse Retail Scheme, the subsequent appointment of receivers and managers over assets of the subsidiary and the winding up application by a vendor in relation to this subsidiary has severely affected the businesses of this subsidiary and certain entities within the Group (see notes 15 and 28).
- During the year, a significant subsidiary in Indonesia was in breach of certain financial loan covenants. Subsequent to 31 March 2018, a creditor of the subsidiary had applied to the Commercial Court in Indonesia for a voluntary Suspension of Debt Repayment Obligations ("PKPU") which was granted by the Indonesian Court on 16 August 2018 (see notes 15 and 28).

Notwithstanding the above, management has prepared these financial statements on a going concern basis which may not be appropriate. We are however unable to determine the adjustments that may be necessary as a result of these uncertainties as we have not been able to complete our audit.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditors' report. However, because of the matters described in the 'Basis for disclaimer of opinion' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirement that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matters referred to in the '*Basis for disclaimer of opinion*' section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ronald Tay Ser Teck.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

10 June 2019