



TT INTERNATIONAL LIMITED

Company Registration Number 198403771D

(Incorporated in Singapore)

ANNOUNCEMENT

ENTRY INTO INVESTMENT TERM SHEET AND TERMINATION OF PROPOSED DISPOSAL, PURCHASER LOAN AND BRIDGING LOAN

*Unless otherwise defined, all capitalised terms shall bear the same meaning as set out in the scheme of arrangement proposed by the Company to its creditors on 31 July 2018 (the “**New Scheme**”), which was approved by its creditors on 20 December 2018 and sanctioned by the High Court of the Republic of Singapore (“**Court**”) on 26 March 2019, and as the same may be amended from time to time.*

1. INTRODUCTION

The Board of Directors (“**Board**”) of the Company, along with its subsidiaries and associated companies (collectively the “**Group**”) refers to:

- (a) the following:
 - (A) its announcement dated 30 July 2018 as well as subsequent announcements in relation to the sales and purchase agreement dated 30 July 2018, as amended and restated on 2 November 2018 between the Company and the Purchaser for the sale of shares in the Company’s various subsidiaries (the “**Proposed Disposal**”);
 - (B) its announcements dated 4 September 2018 and 18 December 2018 in relation to the S\$7,552,254 loan agreement dated 17 December 2018 between the Company and the Purchaser (“**Purchaser Loan**”); and
 - (C) its announcement dated 18 December 2018 in relation to the bridging loan agreement dated 17 December 2018 between the Company and the Purchaser (“**Bridging Loan**”).
- (b) its announcement on 27 March 2019 in relation to the Court’s sanction of the New Scheme, subject to the amendments and conditions imposed by the Court;
- (c) its announcement on 19 April 2019 in relation to the extension of the long stop date for the completion of the Proposed Disposal; and
- (d) its announcement on 26 April 2019 in relation to (i) the Court’s approval of an extension of the existing Moratorium over the Company until 31 July 2019; and (ii) an extension of the Long Stop Date for the implementation of the New Scheme until 31 July 2019.

As stated in the Company’s 27 March 2019 announcement, the Court has approved the New Scheme, subject to a Creditor deemed to be an Excluded Creditor under the New Scheme. The said Creditor had, on the basis that the Company will provide information prescribed by the Court to the said Creditor in relation to payments (if any) by the Company to another Excluded Creditor, provided an undertaking to the Court that it shall not, without the leave of Court or prior consent in writing of the Company, levy any execution proceedings in respect of the fees assessed by the Court to be payable for work done by the said Creditor for the Company, i.e. the sum of S\$1,276,735.40 subject to GST (“**Assessed Amount**”), commence winding up proceedings against the Company or serve a statutory demand upon the Company based upon the Assessed Amount, or commence judicial management proceedings against the Company (the “**Creditor Standstill**”).

2. TERMINATION OF AGREEMENTS RELATING TO THE PROPOSED DISPOSAL, PURCHASER LOAN AND BRIDGING LOAN

The Company had stated in its 27 March 2019 announcement that it would have to assess the impact(s), if any, arising from the amendments to the New Scheme and the Creditor Standstill on the completion of the Proposed Disposal and the New Scheme. In this regard, pursuant to discussions between the Company and the Purchaser, the Company and the Purchaser (in its capacity as Purchaser under the Proposed Disposal and a management services agreement entered into on 28 November 2018 between the Company and the Purchaser ("**Management Services Agreement**"), as well as the Lender under the Purchaser Loan and the Bridging Loan) have agreed to terminate the Proposed Disposal, the Management Services Agreement, the Purchaser Loan and the Bridging Loan, and neither the Company or the Purchaser shall have any claim of any nature whatsoever against each other in connection with the Proposed Disposal, the Management Services Agreement, the Purchaser Loan and the Bridging Loan.

Notwithstanding the foregoing, the Purchaser has agreed to provide alternative funding for the implementation of the New Scheme via a proposed investment through a convertible loan of S\$48 million to be granted to the Company ("**Convertible Loan**").

The Board wishes to announce that the Company and the Purchaser (now known as the "**Investor**") have, on 16 July 2019, entered into a binding term sheet ("**Term Sheet**") to, amongst others, to provide for the proposed investment by the Investor through the Convertible Loan, of which an amount of up to S\$45 million will be used to fund the implementation of the New Scheme, and to terminate the agreements relating to the Proposed Disposal, Purchaser Loan and the Bridging Loan.

3. INFORMATION RELATING TO THE INVESTOR

Shareholders should note that information relating to the Investor in this section and elsewhere in this announcement has been provided by the Investor. 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 Investor is the same as the Purchaser, and is a company incorporated in Victoria, Seychelles, with its registered address at Vistra Corporate Services Centre, Second Floor, Suite 23, 1st Floor Eden Plaza, Eden Island, Mahe, Republic of Seychelles. The Investor'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 Investor is an independent third party.

4. PROPOSED INVESTMENT

4.1. Salient Terms of the Convertible Loan

Pursuant to the Term Sheet, the Company and the Investor have agreed that the grant of the Convertible Loan shall be on, amongst others, the following terms:

Principal amount	S\$48,000,000
Interest	The Convertible Loan shall not bear interest.
Conversion	Subject to the Conversion Shareholders Approval (as defined below) having been obtained and all regulatory approvals for the listing of the Conversion Shares (as defined below), upon resumption of trading of the shares of the Company on the SGX-ST, the Investor may at its option convert the full amount of the drawn down Convertible Loan of up to S\$48 million into shares (" Conversion Shares ") at the conversion price of S\$0.01 per Share (" Conversion

Price") to be issued to the Investor or his nominee ("**Conversion**" and the date of such Conversion, the "**Conversion Date**").

Status of Shares

The Conversion Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares.

Anti-dilution adjustments

Appropriate anti-dilution adjustments on a proportionate basis shall be made to the Conversion Price or the number of Conversion Shares in the event of a subdivision of shares, share consolidation, or other changes to the capital structure of the Company prior to the Conversion Date which shall result in the Conversion Shares constituting a lower percentage of the total share capital of the Company than as anticipated.

4.2. Rationale for Convertible Loan

An amount of up to S\$45 million from the proceeds of the Convertible Loan will be used, as Scheme Funds (as defined in the New Scheme), to irrevocably, permanently, unconditionally, completely and absolutely release and discharge all liabilities due to the Existing Scheme Creditors and Non-Existing Scheme Creditors and other Security Interest (as defined in the New Scheme) granted or created pursuant to the Existing Scheme.

The implementation of the New Scheme would allow the Company to resolve presently unsustainable liabilities and the right-sizing of its balance sheet which will allow the Company to pursue post-restructuring business directions as a going concern.

4.3. Use of proceeds from Convertible Loan

The Company will use the proceeds to be raised from the Convertible Loan in the following manner:

- (a) **first**, an amount of up to S\$45 million will be used as Scheme Funds (as defined in the New Scheme) to discharge the Company's obligations under the New Scheme, including without limitation, the discharge of Existing Scheme Claims (as defined in the New Scheme) and Non-Existing Scheme Claims (as defined in the New Scheme), such payment shall be in accordance with the written instructions to be provided by the New Scheme Manager; and
- (b) **second**, the excess amounts will be used in the following order of priority:
 - (A) an amount of up to S\$3 million will be used 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 Restructuring (as defined in the New Scheme); and
 - (B) working capital and/or any other requirements of the Group.

4.4. Conditions Precedent to Utilisation of the Convertible Loan

The Company may utilise the Convertible Loan upon the following conditions having been fulfilled and/or waived by the Investor:

- (a) the Company amending the New Scheme pursuant to the entry of this Term Sheet as well as obtaining the Court's sanction of the amendments to the New Scheme ("**Amended New Scheme**");
- (b) the Company entering into definitive documentation in relation to the Convertible Loan with the Investor;

- (c) the Company obtaining all regulatory approval(s) for the allotment and issuance of the Conversion Shares and the listing of such shares on the SGX-ST (including but not limited to a listing and quotation notice approval from the SGX-ST) ("**Conversion Regulatory Approval**");
- (d) the Investor obtaining a waiver from the Securities Industry Council from any requirements under the Take-Over Code to make an offer for the shares or other securities of the Company ("**Conversion Whitewash Waiver**") in connection with allotment and issuance of the Conversion Shares, on terms reasonably satisfactory to the Investor, and the compliance with any reasonable conditions attached to such waiver, if so requested by the Investor; and
- (e) the Company obtaining shareholders' approval for the Convertible Loan, the issuance of the Conversion Shares and the Conversion Whitewash Waiver (collectively, the "**Conversion Shareholders Approval**").

4.5. Conditions Subsequent to Utilisation of Convertible Loan

- (a) The Company shall conduct a fundraising exercise through a renounceable rights issue exercise ("**Rights Issue**") at an issue price of S\$0.010 per Share ("**Rights Shares**") on the following salient terms:
 - (A) Rights Shares: 1 Rights Shares for every 3 ordinary shares of the Company.
 - (B) Issue Price: S\$0.01.
 - (C) Status of Shares: The Rights Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing shares.
 - (D) If required, the current major shareholders of the Company, Sng Sze Hiang, and Tong Jia Pi Julia ("**Major Shareholders**") obtaining a waiver from the Securities Industry Council from any requirements under the Take-Over Code to make an offer for the shares or other securities of the Company ("**Rights Issue Whitewash Waiver**") in connection with allotment and issuance of the Rights Shares, on terms reasonably satisfactory to the Major Shareholders, and the compliance with any reasonable conditions attached to such waiver, if so requested the Major Shareholders.
 - (E) The proceeds from the Rights Issue shall be used in the following manner:
 - (I) **first**, the costs and expenses arising or in connection with the Rights Issue;
 - (II) **second**, for the settlement of liabilities owed to Excluded Creditors (as defined in the New Scheme); and
 - (III) **third**, any excess amounts will be used for working capital and/or other requirements of the Group.
- (b) The Company undertakes to the Investor to issue the Rights Shares no later than 3 months after the Conversion Regulatory Approval, Conversion Whitewash Waiver and Conversion Shareholders Approval are obtained, or such other later date as may be agreed between the Company and the Investor.
- (c) The Major Shareholders undertakes to fully subscribe for their entitlement of such number of the Rights Shares, and any unsubscribed Rights Shares (of other shareholders of the Company who do not exercise their entitlement(s) to subscribe for the Rights Shares).

5. FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED IN THE TERM SHEET

It is not possible to determine precisely the financial effects the transactions contemplated in the Term Sheet would have on the Company until, *inter alia*, the Convertible Loan has been fully drawn and/or converted into Conversion Shares, as applicable.

However, solely for the purposes of illustration, the Company has set out the financial effects of the Convertible Loan on the Company's share capital and Group's earnings per share and net assets value per share, based on the latest consolidated financial results for the financial year ended 31 March 2018 ("FY2018") and on the following bases and assumptions (assuming transaction costs are negligible):

- (a) the full draw down of the Convertible Loan and implementation of the New Scheme;
- (b) the full conversion of the Convertible Loan into 4,800,000,000 Conversion Shares;
- (c) the Major Shareholders subscribing in full to their pro rata Rights Issue entitlements; and
- (d) the rest of the existing shareholders subscribing in full to their pro-rata Rights Issue entitlements,

(collectively, the "**Corporate Actions**").

Share Capital	FY2018	After the Corporate Actions
Issued and paid-up share capital (S\$)	175,622,000	227,116,332
Total number of issued shares-end of year	1,048,391,917	6,197,855,889
Earnings per share	FY2018	After the Corporate Actions
Profit/(Loss) attributable to owners of the Company	(120,538,000)	80,707,000
Number of issued shares	1,048,391, 917	6,197,855,889
Profit/(Loss) per share (S\$ cents)	(11.50)	1.30
Net asset value ("NAV") per share	FY2018	After the Corporate Actions
NAV (S\$)	(231,950,000)	20,790,000
Number of issued shares	1,048,391, 917	6,197,855,889
NAV per share (S\$ cents)	(0.22)	0.34

6. CHANGES TO SHAREHOLDINGS

Subject to paragraph 5 above including without limitation the assumptions for, *inter alia*, the full conversion set out therein, for the purposes of illustration, the changes in the shareholding of the Company is set out below:

Shareholders	Current Shareholding		After the Corporate Actions	
	Number of shares	%	Number of shares	% ¹
Major Shareholders	384,955,631	36.71	513,274,174	8.28
Investor	0	0	4,800,000,000	77.45
Other shareholders	663,436,286	63.29	884,581,715	14.27

Notes:

1. Percentage computed based on an enlarged issued share capital of 6,197,855,889 shares.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company and their respective associates have any interest, direct or indirect, in the Convertible Loan, other than through their respective shareholdings (if any) in the Company. [

8. APPROVAL FOR THE TRANSACTIONS CONTEMPLATED IN THE TERM SHEET

The Company shall convene an extraordinary general meeting (“EGM”) to seek specific shareholders’ approval for a) the Convertible Loan; b) the issuance of Conversion Shares at a discount pursuant to Rule 811(3); and c) the Whitewash Waiver.

The corresponding Circular containing the notice of the EGM shall be dispatched to shareholders in due course.

9. TERM SHEET AVAILABLE FOR INSPECTION

A copy of the Term Sheet is available for inspection at the registered office of the Company at 49 Sungei Kadut Avenue, Singapore #03-01, Singapore 729673, during normal business hours for a period of three (3) months from the date of this announcement.

10. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement) have collectively and individually reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. CAUTIONARY STATEMENT

The Company will make further announcements in relation to the Term Sheet and/or the Convertible Loan as and when there are material developments.

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

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 Convertible Loan, 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
17 July 2019