Securities Investors Association (Singapore)
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Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: TT International Limited

Stock code: T09

Meeting details:
Date: 17 December 2021
Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. On 5 October 2021, the company announced that it had, on 1 October 2021, made an application to the court for an extension of the existing moratorium, which was set to expire on 31 October 2021, to 31 March 2022. It had also requested to extend the long stop date until 31 March 2022 for the implementation of the new scheme.

It was the ninth extension application of the company.

The company is undergoing a restructuring via a scheme of arrangement that started in July 2018. Details of the scheme of arrangement can be found on pages 3 to 7 of the annual report.

On 1 November, the court granted the extension to allow the company to have more time to satisfy the going concern requirements; to obtain the SIC's approval to extend the time to complete the rights issue in order to satisfy the conditions to the whitewash waivers; and to draw down the convertible loan and the additional loan from the investor.

The company has highlighted that the successful restructuring of the group depends primarily on the completion of the convertible loan and the successful implementation of the new scheme.

(i) **Can the board/management help shareholders understand the reasons for the delays in the restructuring?**

(ii) **In particular, what are the outstanding milestones/requirements to satisfy the going concern requirements and how is the group addressing that?**

(iii) **In addition, what are the conditions required for SIC's approval?**

(iv) **Please also provide an update on the financial situation of the proposed investor, i.e. Celestial Palace Limited, given that the investor was identified prior to the COVID-19 pandemic. How confident is the board/management that the investor is willing and able to commit to completing the $48 million convertible loan and the provision of $25 million in addition (working capital) loan?**

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Q2. As shown on page 2 (Financial highlights), the net liabilities per share has increased from (2.31) cents in FY2017 to (26.45) cents in FY2020 (restated) and to (30.66) cents for the financial year ended 31 March 2021.

Financial Positions

	FY2021 $'000	Restated FY2020 $'000	Restated FY2019 $'000	FY2018 $'000	FY2017 $'000
Property, Plant and Equipment	**15,467**	184,993	194,574	223,213	563,915
Right-of-use assets	**13,773**	16,770	20,839	–	–
Investment Properties	**3,769**	5,694	7,407	8,287	8,913
Intangible Assets	**9,161**	9,219	9,277	9,335	33,805
Other Financial Assets	**–**	–	–	471	1,431
Current Assets	**25,180**	21,338	28,469	80,836	119,995
Current Liabilities	**(372,760)**	(466,227)	(453,232)	(508,356)	(507,286)
Net Current Assets	**(347,580)**	(444,889)	(424,763)	(427,520)	(387,291)
Non-Current Liabilities	**(195,126)**	(195,349)	(171,716)	(161,493)	(191,670)
Non-Controlling Interest	**179,052**	146,286	135,780	115,757	(53,315)
	(321,484)	(277,276)	(228,602)	(231,950)	(24,212)
Represented By					
Shares Capital	**175,622**	175,622	175,622	175,622	175,622
Reserves	**(497,106)**	(452,898)	(404,224)	(407,572)	(199,834)
	(321,484)	(277,276)	(228,602)	(231,950)	(24,212)
Net Liabilities Per Share (cents)	**(30.66)**	(26.45)	(21.81)	(22.12)	(2.31)

(Source: company annual report; emphasis added)

Despite the ongoing restructuring and the large losses, the executive directors (and also controlling shareholders) received $500,000 to $1,000,000 in remuneration, with nearly 20% in bonuses for FY2021.

The remuneration of the directors of the Company for the year ended 31 March 2021 is as follows:

Name	Band	Fees (%)	Salary (%)	Bonus (%)	Others** (%)
Sng Sze Hiang	S$500,000 to S$1,000,000	–	79.9	19.1	1.0
Tong Jia Pi Julia	S$500,000 to S$1,000,000	–	80.4	19.6	–
Raymond Koh Bock Swi	Below S$250,000	100	–	–	–
Ng Leok Cheng	Below S$250,000	100	–	–	–
Yo Nagasue	Below S$250,000	100	–	–	–
Yap Hock Soon	Below S$250,000	–	100.0	–	–

** Other benefits refer to the benefits-in-kind such as car, club membership, insurance, etc. make available to the benefits of the directors, as appropriate.

(Source: company annual report; emphasis added)

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From FY2018 to FY2021, since the group started its restructuring, the two executive directors have each received remuneration of $500,000 to $1,000,000 with bonuses ranging from 19.1% to 19.6% each year.

From Note 32 (page 134 – Related parties), it can be seen that short-term employee benefits for directors and key management personnel amounted to $1.848 million in FY2021 and $1.987 million in FY2020. On page 24, it was disclosed that the aggregate remuneration of 5 key management staff (who are not directors or the CEO) amounted to $0.36 million for FY2021 (FY2020: $0.36 million) although it is not clear if the total amount of $0.36 million is included in the $1.848 million disclosed under Note 32.

(i) **Please disclose the remuneration of the executive directors as required by the 2018 Code of Corporate Governance.**

(ii) **Given that the group is in severe financial distress and undergoing a major restructuring, can the remuneration committee (RC) help shareholders understand the basis of the bonus given to the executive directors?**

(iii) **Did the RC review the remuneration amounts and structure? Has the RC carried out any benchmarking for the remuneration of the executive directors? What were the performance indicators and how were these measured?**

(iv) **Given that the RC has stated that it determines the remuneration of executive directors based on the performance of the group and the individual, can the RC help shareholders understand if the current remuneration practices achieve "pay-for-performance"?**

(v) **Can the RC elaborate further and explain how the current remuneration practices are appropriate and proportionate to the sustained performance and value creation of the company (Principle 7 of the 2018 Code of Corporate Governance)?**

In addition, at the annual general meeting scheduled to be held on 17 December 2021, the company is seeking shareholders' approval for directors' fees of $120,000 (FY2020: $120,000). In Note 32 (page 134 – Related parties), it was disclosed that directors' fee amounted to $163,000 in FY2021 and $175,000 in FY2020.

(vi) **Can the board help shareholders reconcile the differences in the figures?**

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Q3. The board consists of six directors, of which three are non-executive independent directors and three are executive directors. On page 16, in the corporate governance report, the company has stated the following:

> *As the group's chairman and the chief executive officer (the "CEO") is the same person, in compliance with the guidelines of the Code, the three independent directors make up half of the board.*

Provisions (not guidelines) 2.2 and 2.3 of the 2018 Code of Corporate Governance states the following:

Provision 2.2	Independent directors make up a majority of the board where the chairman is not independent.
Provision 2.3	Non-executive directors make up a majority of the board.

(i) **Can the board help shareholders understand why it had stated that it is in compliance with the guidelines of the Code since it has three independent directors that make up half of the board?**

(ii) **Specifically, can the board help shareholders understand if it has met Provision 2.2 and Provision 2.3 of the 2018 CG Code? If not, what are the underlying reasons for the deviations? What were the deliberations by the board, if any, on meeting Provisions 2.2 and 2.3?**

In addition, all three independent directors were appointed between May 2000 and October 2002. All three independent directors are seeking their continued appointment as independent director via a two-tier vote by shareholders at the AGM to be held on 17 December 2021.

(iii) **Can the nominating committee help shareholders understand the deliberations it had on the progressive renewal of the board (Principle 4 of the 2018 CG Code)?**

(iv) **With the proposed re-election of all 3 long-tenured non-executive directors, will the progressive renewal of the board be significantly delayed?**

(v) **Can the three directors who are seeking their continued appointment as independent directors help shareholders understand their contributions to the group? How effective are the directors at enhancing long-term shareholder value and value creation?**

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In addition, the independent auditors have issued a disclaimer of opinion on the financial statements. The bases for disclaimer of opinion include "insufficient information to complete the audit of the consolidated financial statements of the group and the statement of financial position of the company" (page 46 of the annual report). The auditors added that management was unable to provide sufficient information for them to complete the audit of the consolidated financial statements of the group and the statement of financial position of the company.

All three long-tenured non-executive directors form the three-member audit committee.

(vi) **Can the directors, as AC chairman/members, help shareholders understand their role in the audit? What information did the auditors request for and how did the AC facilitate the audit? Given that management did not provide the requested information to the independent auditors, did the directors discharge their duties as AC chairman/members?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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