

NEW TOYO INTERNATIONAL HOLDINGS LTD

Company Registration No.: 199601387D

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE IN RESPECT OF THE COMPANY'S UNAUDITED FINANCIAL RESULTS FOR THE FULL YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors of New Toyo International Holdings Ltd (the "Company" and together with its subsidiaries, the "Group") wishes to provide the following information in response to queries received from the Singapore Exchange Limited ("SGX") on 11 March 2022 regarding the Company's unaudited financial results for the full year financial year ended 31 December 2021.

SGX Queries:

- (i) It was disclosed in the unaudited FY2021 Financial Statements that the Group reported a decrease in the "Trade and other receivables" financial statement line item under its non-current assets from S\$647,000 as at 31 December 2020 to S\$342,000 as at 31 December 2021. The Group also reported an increase in the "Trade and other receivables" financial statement line item under its current assets from S\$55,889,000 as at 31 December 2020 to S\$56,889,000 as at 31 December 2021.

At pg 15, the Group provided the following:

13 Trade and other receivables

	Group		Company	
	31-12-21 SGD'000	31-12-20 SGD'000	31-12-21 SGD'000	31-12-20 SGD'000
<u>Non-current</u>				
Amount due from subsidiary				
- trade	-	-	-	452
Trade receivables	162	323	-	-
Other receivables	180	-	-	-
Tax recoverable	-	324	-	-
	<u>342</u>	<u>647</u>	<u>-</u>	<u>452</u>
<u>Current</u>				
Trade receivables	40,766	42,560	-	-
Impairment losses	(547)	(2,430)	-	-
	<u>40,219</u>	<u>40,130</u>	<u>-</u>	<u>-</u>
Deposits	3,531	3,416	-	2,646
Tax recoverable	1,001	724	-	-
Consideration receivables	2,169	2,114	-	-
Deferred expenditure	196	-	-	-
GST/VAT input tax	1,087	878	1	-
Other receivables	408	1,513	-	46
Amount due from subsidiaries, net				
- trade	-	-	369	331
- non-trade	-	-	93	201
Amounts due from joint ventures				
- trade	46	216	46	44
- non-trade	3,342	3,520	121	119
Amounts due from other related corporations*				
- trade	3,250	1,775	-	-
- non-trade	351	346	-	-
Loans to subsidiaries	-	-	9,105	10,759
	<u>55,600</u>	<u>54,632</u>	<u>9,735</u>	<u>14,146</u>
Impairment losses	(666)	-	-	-
	<u>54,934</u>	<u>54,632</u>	<u>9,735</u>	<u>14,146</u>
Prepayments	1,955	1,257	23	24
	<u>56,889</u>	<u>55,889</u>	<u>9,758</u>	<u>14,170</u>
Total trade and other receivables	<u>57,231</u>	<u>56,536</u>	<u>9,758</u>	<u>14,622</u>

* The amounts due from other related corporations also include amounts receivables from entities which are partially-owned by a substantial shareholder.

In this regard, please disclose:

- a. The nature and breakdown of the Group's other receivables under its non-current assets;
 - b. Aging of the Group's trade and other receivables,
 - c. The Group's plans to recover these trade and other receivables under its current and non-current assets; and
 - d. The Board's assessment on the recoverability of these trade and other receivables.
 - e. Please also address whether the trade and other receivables are expected to be collected within the next 12 months, and if no, please state the reasons for the delays or non-payment (where applicable).
- (ii) With reference to pg 15, we note that the Group reported a decrease in impairment losses to its trade receivables under its current assets from S\$2,430,000 as at 31 December 2020, to S\$547,000 as at 31 December 2021.

The Group also reported impairment losses relating to its "Loans to subsidiaries" which amount to S\$666,000 (FY2020: nil) as at 31 December 2021.

In this regard, please disclose the following information:

- a. How these impairment losses were determined, and the rationale for the (1) decrease in impairment losses to its trade receivables under its current assets; and (2) increase in impairment losses to its loans to subsidiaries.
- b. Please disclose the identities of the subsidiaries in question, and whether they are still in operation.
- c. The Board's opinion on the reasonableness of the methodologies used to determine these impairment losses.

Company's response:

- (i)(a). The Group's other receivables under its non-current assets mainly relates to a tax recoverable amount pertaining to a subsidiary in Indonesia and in the process of recovering the amount from the Directorate General of Taxation (Indonesia).
- (i)(b). The following table provides information about the aging of the trade and other receivables (exclude prepayments) and its impairment loss:

Group – Trade receivables with external parties	Gross carrying Impairment loss	
	amount	allowance
	\$'000	\$'000
2021		
Current (not past due)	33,642	–
Past due 0 – 30 days	4,114	–
Past due 31 – 180 days	2,042	–
More than 180 days	1,130	(547)
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	40,928	(547)
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Group – Other receivables, amounts due from joint ventures and other related corporations	Gross carrying amount	
	amount	Impairment loss allowance
	\$'000	\$'000
2021		
Current (not past due)	13,478	(666)
Past due 0 – 30 days	731	–
Past due 31 – 180 days	908	–
More than 180 days	444	–
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	15,561	(666)
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Total trade and other receivables	56,489	(1,213)

- (i)(c). Most of the trade receivables are due from customers that are multinational corporations, listed companies, long term customers or state-owned enterprises, which are creditworthy and financially capable to pay its debts.

The Group's other receivables (excluding prepayments) includes amounts due from related parties, consideration receivables, tax recoverable and deposits. These other receivables are mainly due from the local government authorities, reputable and credible suppliers or business partners, whom the Group has been working with.

The Group continues to work closely with these customers and companies as well as to resolve the issue with customers (if any). The Group does not foresee any significant difficulties in collection to recover these trade and other receivables under its current and non-current assets.

- (i)(d). The Board has considered the profiles of the major customers, and noted from management that most of the trade receivables are due from customers that are multinational corporations, listed companies, long term customers or state-owned enterprises, which are creditworthy and financially capable to pay its debts and other receivables are mainly due from the local government authorities, reputable and credible suppliers or business partners, whom the Group has been working with.

Hence, the Board expects that there is no recoverability issue on the trade and other receivables.

- (i)(e). Management has considered and assessed the nature and credit exposure of the trade and other receivables (excluding prepayments). On the advice of the management, the Board expects the trade and other receivables to be collected within the next 12 months.

- (ii)(a). The Group determines the impairment losses in accordance to the Group's accounting policy under 2.15 *Impairment of financial assets* in page 57 of Annual Report 2020.

The decrease in impairment losses to its trade receivables under its current assets is mainly due to the debt written off from a debtor, which the impairment loss was made in prior years.

The increase in impairment loss of S\$666,000 (FY2020: nil) is related to the Group's joint venture partner, Dong Nai Food Industrial Corporation Vietnam ("DOFICO"), recognised in FY2021 under "Consideration receivables" as part of the other receivables, this amount is not relating to its "Loans to subsidiaries". This is partial impairment made in FY2021 for the consideration receivables due from the Group's joint venture partner, DOFICO. This is as a result of the disposal of 50% of our joint venture, Toyo (Viet)-Dofico Print Packaging Company Ltd ("TVDP") to DOFICO in 2015.

- (ii)(b). The identity is the Group's joint venture partner, Dong Nai Food Industrial Corporation Vietnam ("DOFICO") is a state-owned company and is still in operation.
- (ii)(c). The Group's accounting policy in relation to impairment of trade and other receivables is drawn up in accordance with Singapore Financial Reporting Standards International. The Board is of the view that the methodologies used to determine the impairment losses are reasonable.

By Order of the Board
Lee Wei Hsiung
Company Secretary
16 March 2022