

7 July 2021

To: The Non-Interested Directors of New Toyo International Holdings Ltd in relation to the proposed IPT Mandate (as defined herein)

Ms. Angela Heng Chor Kiang  
Mr. Wan Tai Foong  
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff  
Mr. Phua Tin How

Dear Sirs

## THE PROPOSED ADOPTION OF A GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

*Unless otherwise defined herein, all terms defined in the circular dated 7 July 2021 to the shareholders of New Toyo International Holdings Ltd (the “Circular”) in relation to the proposed adoption of the IPT Mandate shall have the same meanings in this letter.*

### 1. INTRODUCTION

New Toyo International Holdings Ltd (the “Company”) wishes to seek the approval of the shareholders (the “Shareholders”) for the proposed adoption of a new Shareholders’ general mandate for interested person transactions (the “IPT Mandate”) between the Company, its subsidiaries and associated companies (if any) (collectively, the “Group” or each a “Group Entity”) and its interested persons, namely, (i) New Toyo Pulppy (Vietnam) Co., Ltd. (“NTPVN”) and (ii) New Toyo Pulppy (Hong Kong) Ltd (“NTPHK”) (collectively, the “Pulppy Group” or the “Interested Persons”, or each an “Interested Person”).

As at the Latest Practicable Date, NTPVN is a wholly-owned subsidiary of NTPHK. NTPHK’s share capital comprises 5,000,000 issued shares of which 4,999,999 shares are held by Greeting Tomt Limited (“GTL”) and the remaining 1 share by Mr. Yen Wen Hwa. GTL is an investment holding company incorporated in Hong Kong. As at the Latest Practicable Date, GTL is held equally by Mr. Yen Wen Hwa and his two children, Mr. Gary Yen (“Gary”) and Mrs. Evelyn Lee An Thien (“Evelyn”), i.e. each holds one-third of GTL. Mr. Yen Wen Hwa and Gary are also directors of GTL and NTPHK. Mr. Yen Wen Hwa is the Executive Chairman and Controlling Shareholder of the Company. As Mr. Yen Wen Hwa and his immediate family (i.e. Gary and Evelyn) together have an interest of more than 30% in NTPVN and NTPHK, the entities in the Pulppy Group are Associates of Mr. Yen Wen Hwa and are deemed to be interested persons for the purpose of Chapter 9 of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). Accordingly, transactions entered into between an entity in the Group and NTPVN or NTPHK will be regarded as interested person transactions and will be subject to Chapter 9 of the Listing Manual.

The proposed IPT Mandate will apply to the interested person transactions with the Pulppy Group that relate to (a) the sale of virgin pulp by a Group Entity to an Interested Person; (b) the sale of jumbo reels by a Group Entity to an Interested Person; and (c) the purchase of finished goods by a Group Entity from an Interested Person (collectively, the “Interested Person Transactions”).

The adoption of the proposed IPT Mandate is conditional upon the approval by the Shareholders who are considered independent for the purpose of the proposed adoption of the IPT Mandate (the “Independent Shareholders”) of the ordinary resolution relating to the proposed IPT Mandate at an extraordinary general meeting of the Company to be convened.

In accordance with Chapter 9 of the Listing Manual, the Company has appointed SAC Capital Private Limited as the independent financial adviser (the “**IFA**”) to express an opinion on whether the guidelines or review procedures of the Company for determining transaction prices of the Interested Person Transactions, if strictly applied and adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This letter, which sets out our evaluation and opinion in respect of the guidelines and review procedures under the proposed IPT Mandate, has been prepared in accordance with Rule 920(1)(b)(v) of the Listing Manual for inclusion in the Circular and for the use and benefit of the directors of the Company (the “**Directors**”) who are deemed to be independent for the purpose of making a recommendation on the proposed IPT Mandate (the “**Non-Interested Directors**”) in connection with and for the purpose of their consideration of the proposed IPT Mandate and their recommendation(s) to minority Shareholders arising thereof. The Non-Interested Directors in relation to the proposed IPT Mandate are Ms. Angela Heng Chor Kiang, Mr. Wan Tai Foong, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff and Mr. Phua Tin How.

## 2. **TERMS OF REFERENCE**

We have been appointed as the IFA to the Non-Interested Directors to express an opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the guidelines and review procedures of the Company for determining the transaction prices of the Interested Person Transactions are sufficient to ensure that the Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspects of the negotiations entered into by the Company in relation to the Interested Person Transactions contemplated under the proposed IPT Mandate nor were we involved in the deliberations leading up to the decision of the Directors to adopt the proposed IPT Mandate. Accordingly, we do not, by this letter, warrant the merits of the proposed IPT Mandate other than to express an opinion on whether the guidelines and review of the Company for determining the transactions prices of the Interested Person Transactions are sufficient to ensure that the Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. We have also not conducted a comprehensive independent review of the business, operations or financial condition of the Group or any of the Interested Persons.

For the purpose of arriving at our opinion in respect of the proposed IPT Mandate, we have considered the guidelines and review procedures of the Company for determining transaction prices for the Interested Person Transactions, but have not evaluated, and have not been requested to comment on, the strategic, legal, financial or commercial merits and/or risks of the adoption of the proposed IPT Mandate, or the future growth prospects or earnings potential of the Group after the adoption of the proposed IPT Mandate. Such evaluation or comment, if any, is and remains the sole responsibility of the Directors.

In the course of our evaluation of the guidelines and review procedures for determining the transaction prices of the Interested Person Transactions under the proposed IPT Mandate, we have held discussions with the Directors and management of the Company (the “**Management**”) and have relied on the information and representations, whether written or verbal, provided to us by the Directors and/or the Management, including information contained in the Circular. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified such information or representations and accordingly cannot and do not warrant or accept any responsibility for the accuracy, completeness or adequacy of such information, facts or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts. We have, however, made reasonable enquiries and exercised our judgement (as we deemed necessary)

in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the proposed IPT Mandate has been disclosed in the Circular, (b) such information is true and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We would like to highlight that, save as disclosed, all information relating to the Group and the proposed IPT Mandate that we have relied upon in arriving at our opinion has been obtained from the Circular, publicly available information, the Directors and/or from the Management. We have not held any discussions with the directors and/or the management of the Pulppy Group and we have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group at any time or as at 6 July 2021 (the "**Latest Practicable Date**").

Our opinion, as set out in this letter, is based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder or specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional advisers. Shareholders should further take note of any announcements which may be released by the Company after the Latest Practicable Date which are relevant to the proposed IPT Mandate and other related corporate actions.

**Our opinion in relation to the proposed IPT Mandate should be considered in the context of the entirety of this letter and the Circular.**

Our opinion and the IFA Letter have been prepared pursuant to Rule 920(1)(b)(v) and Rule 921(4)(a) of the Listing Manual, as well as for the use and benefit of the Non-Interested Directors in connection with and for the purpose of their consideration of the proposed IPT Mandate and for the inclusion in the Circular. The recommendation to be made by the Non-Interested Directors to the Independent Shareholders shall remain the sole responsibility of the Non-Interested Directors.

The Company has separately been advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we accept no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

### **3. THE PROPOSED IPT MANDATE**

#### **3.1 Rationale for the proposed IPT Mandate and benefits to the Group**

The rationale for the proposed IPT Mandate and benefits to the Group are set out in Section 2.5 of the Circular and are set out in italics below. Shareholders are advised to read the information carefully.

*“The Interested Person Transactions are in line with the Company’s plans to enhance value for Shareholders by broadening and stabilising revenue streams to include the sale of raw materials such as virgin pulp, and non-tobacco products, such as tissue paper.*

*The transactions with the Pulppy Group, as customer of the Group, would provide additional revenue to the Group and further expand its existing customer base. Further, notwithstanding its cessation of production of tissue paper in September 2019 in the PRC, the Group continues to maintain its relations with suppliers and customers there which, in conjunction with business intelligence developed in the subsequent years, may generate more business opportunities for the Group. It is envisaged that in its ordinary course of business, transactions between the Group and the Pulppy Group are likely to occur from time to time, for the Group to continue fulfilling its contracts of tissue paper products to the end customers.*

*The transactions with the Interested Persons set out in Section 2.4 of this Circular are to be entered into by the Group in the ordinary course of business. These are recurring transactions which are likely to occur with some degree of frequency and may arise at any time, and from time to time.*

*In view of the time-sensitive nature of commercial transactions, the IPT Mandate will facilitate the Interested Person Transactions, provided the same are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.*

*The IPT Mandate will eliminate the need for the Company to convene specific general meetings seeking Shareholders’ prior approval for the Group’s entry into the Interested Person Transactions. This will enable the Group to pursue business opportunities with the Pulppy Group in an efficient manner and look to the Pulppy Group for prompt assistance when such need arises. The IPT Mandate will also eliminate expenses associated with the convening of specific general meetings and allow manpower resources and time (for preparing specific general meetings) to be channelled towards attaining other business goals.”*

#### **3.2 Classes of Interested Persons for the purposes of the proposed IPT Mandate**

The information on the classes of Interested Persons under the proposed IPT Mandate are set out in Section 2.3 of the Circular and are set out in italics below. Shareholders are advised to read the information carefully.

*“The proposed IPT Mandate will apply to Interested Person Transactions (as described in Section 2.4 below) between any entity in the Group and the Pulppy Group (each an “Interested Person”).*

*NTPVN is a company incorporated in Vietnam, which owns and operates a tissue paper mill located in Vietnam. NTPVN presently carries on the business of producing and selling jumbo reels and finished goods.*

*NTPHK is a company incorporated in Hong Kong. NTPHK presently carries on the business of marketing and selling jumbo reels and finished goods produced by NTPVN.*

*As at the Latest Practicable Date, NTPVN is a wholly-owned subsidiary of NTPHK. NTPHK’s share capital comprises 5,000,000 issued shares of which 4,999,999 shares are held by*

*Greeting Tomt Limited (“GTL”) and the remaining 1 share by Mr Yen Wen Hwa. GTL is an investment holding company incorporated in Hong Kong. As at the Latest Practicable Date, GTL is held equally by Mr Yen Wen Hwa and his two children, Mr Gary Yen (“Gary”) and Mrs Evelyn Lee An Thien (“Evelyn”), i.e. each holds one-third of GTL. Mr Yen Wen Hwa and Gary are also directors of GTL and NTPHK. Mr Yen Wen Hwa is the Executive Chairman and Controlling Shareholder of the Company. As Mr Yen Wen Hwa and his immediate family (ie. Gary and Evelyn) together has an interest of more than 30% in NTPVN and NTPHK (together, the “Pulppy Group”), the entities in the Pulppy Group are Associates of Mr Yen Wen Hwa and are deemed to be interested persons for the purpose of Chapter 9 of the Listing Manual. Accordingly, transactions entered into between an entity in the Group and NTPVN or NTPHK will be regarded as interested person transactions and will be subject to Chapter 9 of the Listing Manual.”*

### **3.3 Categories of Interested Person Transactions under the proposed IPT Mandate**

The categories of Interested Person Transactions under the proposed IPT Mandate are set out in Section 2.4 of the Circular and are set out in italics below. Shareholders are advised to read the information carefully.

*“The following are the types of transactions to be carried out by the Group in its ordinary course of business with the Interested Persons pursuant to the proposed IPT Mandate (“Interested Person Transactions”). To-date, the Group has carried out the Interested Person Transactions including those disclosed under the sub-heading “Previous Transactions with the Pulppy Group in FY2020 and from 1 January 2021 to 30 June 2021” in this Section 2.4.*

(a) *Sale of virgin pulp by a Group Entity to an Interested Person*

*The Pulppy Group intends to continue purchasing virgin pulp from the Group to make jumbo reels. The Group will continue tapping into its supply network to source for virgin pulp and supplying it to the Pulppy Group.*

(b) *Sale of jumbo reels by a Group Entity to an Interested Person*

*As its production capacity for jumbo reels is limited, the Pulppy Group intends to continue purchasing jumbo reels from the Group. The Group will continue tapping into its supply network to source for jumbo reels and supplying them to the Pulppy Group.*

(c) *Purchase of Finished Goods by a Group Entity from an Interested Person*

*The Group intends to continue purchasing Finished Goods from the Pulppy Group and selling them to third parties.”*

### **3.4 Guidelines and review procedures under the proposed IPT Mandate**

The guidelines and review procedures for the Interested Person Transactions are set out in Sections 2.7 and 2.8 of the Circular and are set out in italics below. Shareholders are advised to read the information carefully.

*“The guiding principle is that all Interested Person Transactions shall be conducted in accordance with the Group’s usual business practices and pricing policies, consistent with the usual profit margins or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Person compared to those extended to or received from unrelated third parties and/or are in accordance with published or prevailing rates/prices or applicable industry norms after taking into account all pertinent factors such as, but not limited to the purchase price, order quantity, product quality, standard of services, reliability,*

experience and expertise, customer requirements, product specifications, delivery schedule, track record, potential for future repeat business, contract duration, credit term, discounts and rebates and fluctuations in foreign exchange rates. The Company will use its reasonable endeavours to make comparisons with at least two other comparable quotes from unrelated third parties, wherever possible for the same or substantially similar type of transactions.

The following guidelines and review procedures (“Guidelines and Review Procedures”) will be implemented by the Group to ensure that all Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders:

#### 2.7.1 Review Procedures

Before entering into any Interested Person Transaction, the Group will follow the review procedures set out below:

##### (a) Sale of virgin pulp or jumbo reels by a Group Entity to an Interested Person

- (i) with regard to the sale of virgin pulp or jumbo reels by a Group Entity to an Interested Person, the price and other terms in respect of completed transactions with at least two unrelated third parties in relation to the same or substantially the same type of virgin pulp or jumbo reels (as the case may be) will be used as comparison where possible. While other factors as set out in Section 2.7.1(a)(ii) will be taken into consideration, the price to be charged by the Group Entity to the Interested Person will be no lower than the price charged by the Group Entity to the unrelated third parties, and other terms to be extended by the Group Entity to the Interested Person will be no more favourable than other terms extended by the Group Entity to the unrelated third parties; or
- (ii) where it is not possible to obtain or compare against the price and other terms of transactions or quotations with unrelated third parties or where the purported comparable quotes may not be directly comparable (i.e. in terms of the geography of operations), the Interested Person Transaction will be assessed by the General Manager of the relevant Group Entity, who will submit a report to the Chief Financial Officer of the Company or in the absence of the Chief Financial Officer, the Group Chief Executive Officer (each of whom does not have any interests, whether direct or deemed, in relation to the Interested Person or to the Interested Person Transaction) for his/her review, such assessment and review will be in accordance with the Group’s business practices and policies and on terms which the General Manager, Chief Financial Officer, Group Chief Executive Officer and/or the Audit Committee (where relevant) considers to be on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The Group entity’s pricing and other terms for such products to be sold to the Interested Persons shall be determined based on the Group’s business practices and experience in relation to the products previously sold, which are as comparable as possible to the product to be sold and may include, but not limited to, potential gross profit margin, quality, quantity, track record, country in which the customer or supplier is located, transportation cost, requirement and specification compliance, delivery time, experience and expertise, payments and credit terms and where applicable, preferential rates, discounts or rebates accorded for bulk purchases.

##### (b) Purchase of Finished Goods by a Group Entity from an Interested Person

- (i) with regard to the purchase of Finished Goods by a Group Entity from an Interested Person, the price and other terms from at least two unrelated third

parties in relation to the same or substantially the same type of Finished Goods will be used as comparison where possible. While other factors as set out in Section 2.7.1(b)(ii) will be taken into consideration, the price to be paid by the Group Entity to the Interested Person will be no higher than the price paid by the Group Entity to the unrelated third parties, and other terms to be extended to the Group Entity by the Interested Person will be no less favourable than other terms extended by the unrelated third parties to the Group Entity; or

(ii) where it is not possible to obtain or compare against the price and other terms of transactions or quotations with unrelated third parties or where the purported comparable quotes may not be directly comparable (i.e. in terms of the geography of operations), the Interested Person Transaction will be assessed by the General Manager of the relevant Group Entity, who will submit a report to the Chief Financial Officer of the Company or in the absence of the Chief Financial Officer, the Group Chief Executive Officer (each of whom does not have any interests, whether direct or deemed, in relation to the Interested Person or to the Interested Person Transaction) for his/her review, such assessment and review will be in accordance with the Group's business practices and policies and on terms which the General Manager, Chief Financial Officer, Group Chief Executive Officer and/or the Audit Committee (where relevant) considers to be on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. In determining whether the price and other terms offered to or by the Interested Person in respect of a transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, factors such as quantity, quality, track record, delivery time, experience and expertise, country in which the customer or supplier is located, transportation cost, requirement and specification compliance, payment and credit terms and preferential rates, discounts or rebates accorded for bulk purchases will be taken into consideration.

## 2.7.2 Approval Limits

In addition to the review procedures as set out in Section 2.7.1 of the Circular, the Group will apply the following approval limits to the Interested Person Transactions:

<b>Transaction</b>	<b>Approval Limits</b>
Sale of virgin pulp by a Group Entity to an Interested Person	<p>(a) where the value of an Interested Person Transaction is below S\$1,400,000, the Interested Person Transaction will, prior to entry, be reviewed and approved by the Chief Financial Officer or the Group Chief Executive Officer or such other person(s) designated by the Audit Committee or the Audit Committee from time to time; and</p> <p>(b) where the value of an Interested Person Transaction is equal to or more than S\$1,400,000, the Interested Person Transaction will, prior to entry, be reviewed and approved by the Audit Committee.</p>
Sale of jumbo reels by a Group Entity to an Interested Person	<p>(a) where the value of an Interested Person Transaction is below S\$2,000,000, the Interested Person Transaction will, prior to entry, be reviewed and approved by the Chief Financial Officer or the Group Chief Executive Officer or such other</p>

	<p>person(s) designated by the Audit Committee or the Audit Committee from time to time; and</p> <p>(b) where the value of an Interested Person Transaction is equal to or more than S\$2,000,000, the Interested Person Transaction will, prior to entry, be reviewed and approved by the Audit Committee.</p>
<p>Purchase of Finished Goods by a Group Entity from an Interested Person</p>	<p>(a) where the value of an Interested Person Transaction is below S\$1,200,000, the Interested Person Transaction will, prior to entry, be reviewed and approved by the Chief Financial Officer or the Group Chief Executive Officer or such other person(s) designated by the Audit Committee or the Audit Committee from time to time; and</p> <p>(b) where the value of an Interested Person Transaction is equal to or more than S\$1,200,000, the Interested Person Transaction will, prior to entry, be reviewed and approved by the Audit Committee.</p>

*In addition to and without prejudice to the above, where the aggregate value of an Interested Person Transaction with the same Interested Persons in the current financial year of the Company is equal to or more than 30% of the Company's latest audited consolidated NTA, all subsequent Interested Person Transactions with the same Interested Persons in the current financial year of the Company will, prior to entry, be reviewed and approved by the Audit Committee. Please refer to Section 2.8.1 of this Circular for details on how the Company will be monitoring the foregoing 30% threshold.*

*Notwithstanding the above, no person will participate or be involved in any review or approval of any Interested Person Transaction if he or she or any of their Associates is interested, directly or indirectly, in the transaction.*

*In setting the above approval limits, the Company took into account, inter alia, the nature, volume, frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The approval limits are arrived at with the view to strike a balance between maximising the operational efficiency of the day-to-day operations of the Group and maintaining adequate internal controls and governance in relation to the Interested Person Transactions. The approval limits are intended to act as an additional safeguard to supplement the review procedures as set out above."*

*"In addition to the review procedures set out in Section 2.7 of this Circular, the Group will implement the following procedures:*

#### **2.8.1 Register of Interested Person Transactions**

*The Company will maintain a list of Interested Persons and a register of all Interested Person Transactions which are entered into by the Group, recording the transaction prices and the bases for evaluating the transactions and determining their prices such as quotations obtained from unrelated third parties, including information and/or supporting documents on the value/size of the transactions ("IPT Register"). The relevant subsidiaries and associated companies of the Company will be required to furnish information concerning the Interested Person Transactions entered into by them ("IPT Data") to the Company by the 5th day of the following month. Upon receiving*



*the IPT Data, the IPT Register will be prepared or updated, maintained and monitored by the Chief Financial Officer or any other officer of the finance department of the Company duly delegated to do so by the Audit Committee, and who must not be interested in any of the Interested Person Transactions. Any discrepancies or significant variances (as determined by the Audit Committee) from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee.*

*In addition, where the aggregate value of an Interested Person Transaction with the same Interested Persons in the current financial year of the Company amounts to 20% of the Company's latest audited consolidated NTA in any month, the relevant subsidiaries and associated companies must submit their IPT Data to the Company on a weekly basis. Subsequently, where the aggregate value of an Interested Person Transaction with the same Interested Persons in the current financial year of the Company amounts to 25% of the Company's latest audited consolidated NTA, the relevant subsidiaries and associated companies must obtain the approval of the Chief Financial Officer or the Group Chief Executive Officer or such other person(s) designated by the Audit Committee for each Interested Person Transaction before proceeding with it.*

*Where the aggregate value of an Interested Person Transaction with the same Interested Persons in the current financial year of the Company is equal to or more than 30% of the Company's latest audited consolidated NTA, all subsequent Interested Person Transactions with the same Interested Persons in the current financial year of the Company will, prior to entry, be reviewed and approved by the Audit Committee.*

#### **2.8.2 Review by the Audit Committee**

*The Audit Committee will review the Interested Person Transactions on a quarterly basis to ensure that all Interested Person Transactions are on normal commercial terms and carried out in accordance with the Guidelines and Review Procedures under the proposed IPT Mandate. Such review includes the examination of the transaction(s) and its supporting documents or such other supporting documents deemed necessary by the Audit Committee. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and their implementation pertaining to the Interested Person Transactions under review. The Group's internal and external auditors shall assist the Audit Committee in such review and carry out such tests as they deem necessary.*

#### **2.8.3 Review of the adequacy of Guidelines and Review Procedures by the Audit Committee**

*In addition, the Audit Committee shall also review the Guidelines and Review Procedures at least annually to determine if they are adequate and/or commercially practicable in ensuring that all Interested Person Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.*

*If during such review the Audit Committee is of the view that the Guidelines and Review Procedures, including the approval limits for the Interested Person Transactions, are no longer sufficient or appropriate, to ensure that the transactions with the Interested Persons will be carried out on normal commercial terms and/or will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek Shareholders' approval for a fresh mandate based on new guidelines and review procedures for transactions with the Interested Persons. During the period prior to obtaining such fresh mandate from the Shareholders, all transactions with the Interested Persons will be subject to prior review and approval by the Audit Committee.*

#### 2.8.4 Review by internal auditors

*The Company's internal auditors will review periodically (based on the internal audit plan as approved by the Audit Committee, and subject to adjustment in frequency, depending on factors such as, inter alia, the substantial increment of aggregate transactional value) the Interested Person Transactions to ensure that the Guidelines and Review Procedures have been adhered to. The internal auditors will report all findings directly to the Audit Committee.*

#### 2.8.5 Interested members of the Audit Committee to abstain

*In the event that any member of the Audit Committee (where applicable) or any of his or her Associates is interested (directly or indirectly) in an Interested Person Transaction, he or she will abstain from participating in the review and approval process in relation to that particular transaction to ensure that the transaction will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee."*

### **3.5 Validity period of the proposed IPT Mandate**

The validity period of the proposed IPT Mandate is set out in Section 2.6 of the Circular and are set out in italics below. Shareholders are advised to read the information carefully.

*"The proposed IPT Mandate will take effect from the passing of the ordinary resolution at the EGM and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier. Approval from Independent Shareholders will be sought for the renewal of the proposed IPT Mandate at the next AGM and at each subsequent AGM or the date by which the next or subsequent AGM is required by law to be held, subject to satisfactory review by the Audit Committee of its continued relevance and application and the sufficiency of the guidelines and review procedures under the proposed IPT Mandate to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders."*

### **3.6 Disclosure**

The guideline on the disclosures of the Interested Person Transactions conducted pursuant to the Proposed IPT Mandate is set out in Section 2.9 of the Circular and are set out in italics below. Shareholders are advised to read the information carefully.

*"Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the IPT Mandate in the annual reports of the Company, giving details of the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate during the financial year. In addition, the Company will disclose the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate in the half-year and full-year financial result announcements, pursuant to Rule 705 of the Listing Manual.*

The disclosures of the Interested Person Transactions conducted pursuant to the IPT Mandate will be presented in the form set out in Rule 907 of the Listing Manual as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)"
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### 3.7 Abstention from voting

The Shareholders who will abstain from voting on the Proposed IPT Mandate is set out in Section 7 of the Circular and are set out in italics below. Shareholders are advised to read the information carefully.

*"In accordance with Rule 920(1)(b)(viii) of the Listing Manual, Mr Yen Wen Hwa will abstain, and has undertaken to ensure that his Associates will abstain, from voting on the ordinary resolution approving the proposed IPT Mandate as set out in the notice of EGM. Further, Mr Yen Wen Hwa will decline, and has undertaken to ensure that his Associates will decline, appointment to act as proxies for other Shareholders to vote at the EGM in respect of the ordinary resolution approving the proposed IPT Mandate."*

## 4. OUR OPINION

Having considered, *inter alia*, the rationale and benefits of the proposed IPT Mandate, the guidelines and review procedures of the Company for determining the transaction prices of the Interested Person Transactions, the role of the Audit Committee of the Company in enforcing the proposed IPT Mandate, and subject to the qualifications and assumptions set out herein, we are of the opinion that the guidelines and review procedures for determining transaction prices of the Interested Person Transactions as set out in Sections 2.7 and 2.8 of the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our opinion has been prepared pursuant to Rule 920(1)(b)(v) and Rule 921(4)(a) of the Listing Manual, as well as for the use and benefit of the Non-Interested Directors in connection with and for the purpose of their consideration of the proposed IPT Mandate and for the inclusion in the Circular. The recommendation to be made by the Non-Interested Directors to the Independent Shareholders shall remain the sole responsibility of the Non-Interested Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital Private Limited in each specific case, except for the purposes of any matter relating to the proposed IPT Mandate.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**SAC CAPITAL PRIVATE LIMITED**

*BLim*

Bernard Lim  
Executive Director



Carin Tan  
Manager