

INCORPORATION OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY

The Board of Directors of New Toyo International Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, New Toyo Lamination (M) Pte. Ltd. has incorporated a wholly-owned subsidiary, E Moto Sdn. Bhd. (the “**New Subsidiary**”) in Malaysia with an initial issued and paid-up share capital of RM2.00. The Company will make further investment of up to RM1.5 million into the New Subsidiary for its working capital needs.

Principal Activity

The principal activity of the New Subsidiary is to produce and sell electric motorcycles, electric scooters and electric bicycles (together, “**e-bikes**”). The New Subsidiary has been incorporated to assemble and sell the e-bikes (the “**E-Bike Project**”).

The plan is to establish a basic assembly facility in Malaysia and provide initial working capital for the E-Bike Project. Subject to the New Subsidiary obtaining the necessary regulatory approvals, the plan is to commence limited production in 2019 and sell the e-bikes in Malaysia and eventually to other countries in ASEAN to take opportunities with ASEAN Free Trade Area (AFTA) agreement.

Rationale

As mentioned in the Chairman’s message in the Company’s Annual Report 2017 and section 10 of the announcement on the Group’s financial results for the first quarter ended 31 March 2018 released on 14 May 2018, the Group would seek new areas to diversify its earning streams.

In line with such corporate strategy, and given the current global drive for a clean environment, and to electrify vehicles, governmental concerns over fossil fuel emission and depletion as well as the e-bike rider demographic in ASEAN, the Company has decided to embark on the E-Bike Project to produce and sell low-cost e-bikes in Malaysia and several other countries in ASEAN.

Rule 1006 of the Listing Manual

The relative figures in relation to the E-Bike Project computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule	Bases	Relative Figure
1006(a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group’s net profits.	Not applicable
1006(c)	The aggregate value of the consideration given or received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares.	1.36% ¹

1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Note:

1. The relative figure of 1.36% is calculated based on the Company's market capitalisation of S\$99,749,385 (based on the weighted average share price of S\$0.227 and 439,424,603 issued shares of the Company on 8 March 2019) and the amount up to S\$1,360,000 (applying the exchange rate of US\$1.00 to S\$1.36 on 8 March 2019) set aside for the E-Bike Project.

As no relative figure computed based on Rule 1006 exceeds 5%, the E-Bike Project is not a discloseable transaction under Rule 1010 or a major transaction under Rule 1014 of the Listing Manual. Thus, no announcement or shareholder approval in respect of the E-Bike Project is required under these rules.

Financial Effects

The incorporation of the New Subsidiary is funded by internal resources and will not have any material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2019.

Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company have any interest, direct or indirect (other than through their shareholdings in the Company), in the incorporation of the New Subsidiary.

By Order of the Board

Lee Wei Hsiung
Company Secretary
13 March 2019