

CIRCULAR DATED 12 MAY 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the contents of this Circular or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

This Circular is circulated to shareholders ("Shareholders") of New Toyo International Holdings Ltd ("Company") together with the Company's Annual Report for the financial year ended 31 December 2020. Its purpose is to provide Shareholders with information relating to and seek Shareholders' approval for the proposed adoption of the Share Buy-Back Mandate (as defined herein) to be tabled at the forthcoming Annual General Meeting of the Company to be held by electronic means on 28 May 2021 at 10.00 a.m..

This Circular has been prepared by the Company with assistance and legal advice by Aptus Law Corporation.

The Singapore Exchange Securities Trading Limited takes no responsibility for the contents or accuracy of this Circular including any statement made, opinion expressed or report contained in this Circular.



NEW TOYO INTERNATIONAL HOLDINGS LTD

(Incorporated in Singapore)
(Company Registration No. 199601387D)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED ADOPTION OF A SHARE BUY-BACK MANDATE

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DEFINITIONS

The following definitions shall apply throughout unless otherwise stated in this Circular:

| | |
|-------------------------------------|--|
| "ACRA" | : Accounting and Corporate Regulatory Authority |
| "Act" or "Companies Act" | : The Companies Act, Chapter 50 of Singapore as may be amended from time to time |
| "AGM" | : Annual general meeting of the Company |
| "AGM2021" | : The forthcoming annual general meeting of the Company, notice of which is set out in the Annual Report 2020 |
| "Board" | : Board of Directors for the time being |
| "CDP" | : The Central Depository (Pte) Limited |
| "Company" | : New Toyo International Holdings Ltd |
| "Constitution" | : Constitution of the Company as may be amended from time to time |
| "Directors" | : Directors of the Company for the time being |
| "EPS" | : Earnings per Share |
| "FY" | : Financial year ended or ending 31 December |
| "Group" | : The Company and its subsidiaries and associated companies (if any) |
| "Latest Practicable Date" | : 22 April 2021, being the latest practicable date prior to the issue of this Circular |
| "Listing Manual" or "Listing Rules" | : The listing rules of the SGX-ST set out in the Listing Manual of the SGX-ST |
| "Market Day" | : A day on which the SGX-ST is open for securities trading |
| "Market Purchase" | : Market purchase of Shares by the Company transacted on the SGX-ST through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose |
| "Notice of AGM" | : The notice of the AGM2021 as set out in the Annual Report 2020 |
| "NTA" | : Net tangible assets |
| "Off-Market Purchase" | : Off-market purchase of Shares by the Company effected pursuant to an equal access scheme as may be determined or formulated by the Directors as they may consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules |
| "Proposed Transaction" | : The proposed adoption of the Share Buy-Back Mandate |

| | |
|---------------------------|--|
| "Relevant Shareholders" | : Shall have the meaning given to it in paragraph 2.12.4 of this Circular |
| "Securities Account" | : The securities account maintained by a Depositor with CDP but does not include a securities sub-account |
| "SGX-ST" | : The Singapore Exchange Securities Trading Limited |
| "Share Buy-Back Mandate" | : The share buy-back mandate which is set out in the Notice of AGM |
| "Shareholders" | : Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean Depositors whose Securities Accounts are credited with such Shares |
| "Shares" | : Ordinary shares in the capital of the Company |
| "SIC" | : Securities Industry Council |
| "Substantial Shareholder" | : A substantial shareholder of the Company as defined under the Companies Act |
| "Take-over Code" | : The Singapore Code on Take-overs and Mergers |
| "treasury share" | : Shall have the meaning ascribed to it in the Act |
| "S\$" | : Singapore Dollar |
| "%" | : Percentage or per centum |

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in the Securities and Futures Act (Chapter 289).

The term "subsidiary" shall have the meaning ascribed to it in the Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in this Circular shall have the meaning assigned to it under the Act.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

NEW TOYO INTERNATIONAL HOLDINGS LTD

(Incorporated in Singapore)
(Company Registration No. 199601387D)

LETTER TO SHAREHOLDERS

Registered Office

80 Robinson Road #02-00
Singapore 068898

Directors

Mr Yen Wen Hwa (Executive Chairman)
Ms Angela Heng Chor Kiang (Executive Director and Group Chief Executive Officer)
Ms Victoria Tay Seok Kian (Independent Non-Executive Director)
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff (Non-Independent Non-Executive Director)
Mr Wan Tai Foong (Independent Non-Executive Director)
Mr Phua Tin How (Independent Non-Executive Director)

12 May 2021

To : The Shareholders of New Toyo International Holdings Ltd

Dear Shareholders

1. INTRODUCTION

- 1.1 The Directors refer to (i) the Notice of AGM convening the AGM2021 to be held on 28 May 2021 and (ii) Ordinary Resolution 7 set out in the Notice of AGM.
- 1.2 Ordinary Resolution 7 proposed in the Notice of AGM is to approve the proposed adoption of the Share Buy-Back Mandate. The purpose of this Circular is to provide Shareholders with information relating to the proposed adoption of the Share Buy-Back Mandate at the AGM2021.

2. PROPOSED SHARE BUY-BACK MANDATE

2.1 Background

The Companies Act provides that a company may purchase or acquire its own shares if it is expressly permitted to do so by its constitution. The company can repurchase shares out of capital as well as from distributable profits. Ordinary shares which are the subject of a share buy-back by a company can be held by that company as treasury shares instead of being cancelled. The right to attend and vote at meetings and the right to dividend or other distributions will be suspended for so long as the repurchased shares are held in treasury. Any purchase or acquisition of Shares by the Company would have to be made in accordance with and in the manner prescribed by the Companies Act and the Listing Rules and such other laws and regulations as may, for the time being, be applicable.

Regulations 54(1) and 54(2) of the Constitution expressly permits the Company to purchase or otherwise acquire issued Shares on such terms as the Company may think fit and in the manner prescribed by the Companies Act.

It is a requirement under the Companies Act that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, approval from Shareholders is being sought at the AGM2021 for a general mandate to enable the Company to purchase or acquire its issued Shares.

If approved by Shareholders at the AGM2021, the authority conferred by the Share Buy-Back Mandate will continue to be in force until the next AGM of the Company (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the next AGM). The Share Buy-Back Mandate may be put to Shareholders for renewal at each subsequent AGM at the discretion of the Directors.

2.2 Rationale

The proposed Share Buy-Back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares during the period when the Share Buy-Back Mandate is in force, if and when circumstances permit. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the earnings per Share and/or net asset value per Share of the Company.

The Directors will decide whether to effect the purchases or acquisitions of the Shares after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors.

While the Share Buy-Back Mandate would authorise a purchase or an acquisition of Shares by the Company up to the 10% limit described in paragraph 2.3.1 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full 10% limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Group as a whole.

2.3 Terms of the Mandate

The authority for and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below:

2.3.1 Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the resolution passed by Shareholders for the Share Buy-Back Mandate. Any treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit. Purely for illustrative purposes, on the basis of 439,424,603 Shares in issue as at the Latest Practicable Date (excluding any treasury shares and subsidiary holdings) and assuming no further Shares are issued on or prior to the AGM2021, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 43,942,460 Shares.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM2021 at which the Share Buy-Back Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which purchases or acquisitions of Shares have been carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied,

whichever is the earliest.

2.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) market purchases transacted on the SGX-ST through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose ("Market Purchases"); and/or
- (b) off-market purchases effected pursuant to an equal access scheme as may be determined or formulated by the Directors as they may consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules ("Off-Market Purchases").

An Off-Market Purchase must, however, satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded (i) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements, (ii) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid and (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (a) terms and conditions of the offer;
- (b) period and procedures for acceptances;
- (c) the reasons for the proposed Share buy-back;
- (d) the consequences, if any, of Share buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;

- (e) whether the Share buy-back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share buy-back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors provided that such purchase price must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

(the "Maximum Price") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"Average Closing Price" means the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

At the time of each purchase or acquisition of Shares by the Company, the Directors may decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, as the Directors deem fit in the interest of the Company at that time.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of funds

The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if:

- (a) the company is able to pay its debts in full at the time of the payment for any purchase or acquisition of its own shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- (b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition of its own shares become less than the value of its liabilities (including contingent liabilities).

In purchasing or acquiring Shares pursuant to the proposed Share Buy-Back Mandate, the Board will consider principally the availability of internal resources. The Board may also consider the availability of external financing, taking into account the prevailing gearing level of the Group. The Board will only make purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate in circumstances which it believes will not result in any material adverse effect to the financial position of the Company or the Group and after considering factors such as working capital requirement, availability of financial resources and the expansion and investment plans of the Group as well as prevailing market conditions.

2.7 Financial Effects

The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired and the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

2.7.1 Purchase or Acquisition out of Profits and/or Capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

2.7.2 Number of Shares Acquired or Purchased

Based on 439,424,603 issued Shares as at the Latest Practicable Date (excluding any treasury shares and subsidiary holdings), the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 43,942,460 Shares.

2.7.3 Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 43,942,460 Shares at the maximum price of S\$0.213 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 43,942,460 Shares is approximately S\$9,359,744 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 43,942,460 Shares at the maximum price of S\$0.244 per Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 43,942,460 Shares is approximately S\$10,721,960 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

2.7.4 Illustrative Financial Effects

For illustrative purposes only and on the basis that the purchase or acquisition of Shares is made on 1 January 2020, solely out of capital and funded wholly by internal resources (transaction costs disregarded), the financial effects of the purchase or acquisition of 43,942,460 Shares by the Company at S\$0.213 per Share for Market Purchases and S\$0.244 per Share for Off-Market Purchases pursuant to the Share Buy-Back Mandate on the audited financial statements of the Group and the Company for the year ended 31 December 2020 are set out below:

Scenario 1

Market Purchases

| | Group | | | Company | | |
|---|--------------------|----------------------------------|--|--------------------|----------------------------------|--|
| As at 31 December 2020 | Before Buy-back | After Buy-back | | Before Buy-back | After Buy-back | |
| | | Purchased Shares cancelled | Purchased Shares held as treasury shares | | Purchased Shares cancelled | Purchased Shares held as treasury shares |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Share capital | 132,102 | 122,742 | 132,102 | 132,102 | 122,742 | 132,102 |
| Retained earnings | 20,623 | 20,623 | 20,623 | (6,973) | (6,973) | (6,973) |
| Other reserves | (9,255) | (9,255) | (9,255) | 77 | 77 | 77 |
| Treasury shares | 0 | 0 | (9,360) | 0 | 0 | (9,360) |
| | 143,470 | 134,110 | 134,110 | 125,206 | 115,846 | 115,846 |
| Non-controlling interests | 41,327 | 41,327 | 41,327 | 0 | 0 | 0 |
| Total equity | 184,797 | 175,437 | 175,437 | 125,206 | 115,846 | 115,846 |
| NTA ⁽¹⁾ | 123,521 | 114,161 | 114,161 | 125,206 | 115,846 | 115,846 |
| Current assets | 128,404 | 119,044 | 119,044 | 22,131 | 12,771 | 12,771 |
| Current liabilities | 61,200 | 61,200 | 61,200 | 41,775 | 41,775 | 41,775 |
| Total borrowings | 38,519 | 38,519 | 38,519 | 6,068 | 6,068 | 6,068 |
| Cash and bank equivalents | 33,958 | 24,598 | 24,598 | 7,961 | (1,399) | (1,399) |
| Net profit attributable to Shareholders | 7,591 | 7,591 | 7,591 | 10,619 | 10,619 | 10,619 |

| | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| Number of Shares ('000) | 439,425 | 395,482 | 395,482 | 439,425 | 395,482 | 395,482 |
| Weighted average number of Shares ('000) | 439,425 | 395,482 | 395,482 | 439,425 | 395,482 | 395,482 |
| Financial Ratios | | | | | | |
| NTA per Share ⁽²⁾ (cents) | 28.11 | 28.87 | 28.87 | 28.49 | 29.29 | 29.29 |
| Gearing ratio ⁽³⁾ (times) | 20.84% | 21.96% | 21.96% | 4.85% | 5.24% | 5.24% |
| Current ratio ⁽⁴⁾ (times) | 2.10 | 1.95 | 1.95 | 0.53 | 0.31 | 0.31 |
| EPS ⁽⁵⁾ (cents) | 1.73 | 1.92 | 1.92 | 2.42 | 2.69 | 2.69 |

Notes:

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share is calculated based on NTA divided by the number of Shares (excluding treasury shares) as at 31 December 2020.
- (3) Gearing ratio refers to total borrowings divided by total equity.
- (4) Current ratio refers to current assets divided by current liabilities.
- (5) EPS refers to profit attributable to Shareholders divided by the weighted average number of Shares.

Scenario 2

Off-Market Purchases

| As at 31 December 2020 | Group | | | Company | | |
|--|--------------------|----------------------------------|--|--------------------|----------------------------------|--|
| | Before Buy-back | After Buy-back | | Before Buy-back | After Buy-back | |
| | | Purchased Shares cancelled | Purchased Shares held as treasury shares | | Purchased Shares cancelled | Purchased Shares held as treasury shares |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Share capital | 132,102 | 121,380 | 132,102 | 132,102 | 121,380 | 132,102 |
| Retained earnings | 20,623 | 20,623 | 20,623 | (6,973) | (6,973) | (6,973) |
| Other reserves | (9,255) | (9,255) | (9,255) | 77 | 77 | 77 |
| Treasury shares | 0 | 0 | (10,722) | 0 | 0 | (10,722) |
| Non-controlling interests | 143,470 | 132,748 | 132,748 | 125,206 | 114,484 | 114,484 |
| Total equity | 41,327 | 41,327 | 41,327 | 0 | 0 | 0 |
| | 184,797 | 174,075 | 174,075 | 125,206 | 114,484 | 114,484 |
| NTA ⁽¹⁾ | 123,521 | 112,799 | 112,799 | 125,206 | 114,484 | 114,484 |
| Current assets | 128,404 | 117,682 | 117,682 | 22,131 | 11,409 | 11,409 |
| Current liabilities | 61,200 | 61,200 | 61,200 | 41,775 | 41,775 | 41,775 |
| Total borrowings | 38,519 | 38,519 | 38,519 | 6,068 | 6,068 | 6,068 |
| Cash and bank equivalents | 33,958 | 23,236 | 23,236 | 7,961 | (2,761) | (2,761) |
| Net profit attributable to Shareholders | 7,591 | 7,591 | 7,591 | 10,619 | 10,619 | 10,619 |
| Number of Shares ('000) | 439,425 | 395,482 | 395,482 | 439,425 | 395,482 | 395,482 |
| Weighted average number of Shares ('000) | 439,425 | 395,482 | 395,482 | 439,425 | 395,482 | 395,482 |
| Financial Ratios | | | | | | |
| NTA per Share ⁽²⁾ | 28.11 | 28.52 | 28.52 | 28.49 | 28.95 | 28.95 |

| | | | | | | |
|--------------------------------------|--------|--------|--------|-------|-------|-------|
| (cents) | | | | | | |
| Gearing ratio ⁽³⁾ | 20.84% | 22.13% | 22.13% | 4.85% | 5.30% | 5.30% |
| (times) | | | | | | |
| Current ratio ⁽⁴⁾ (times) | 2.10 | 1.92 | 1.92 | 0.53 | 0.27 | 0.27 |
| EPS ⁽⁵⁾ (cents) | 1.73 | 1.92 | 1.92 | 2.42 | 2.69 | 2.69 |

Notes:

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share is calculated based on NTA divided by the number of Shares (excluding treasury shares) as at 31 December 2020.
- (3) Gearing ratio refers to total borrowings divided by total equity.
- (4) Current ratio refers to current assets divided by current liabilities.
- (5) EPS refers to profit attributable to Shareholders divided by the weighted average number of Shares.

The financial effects set out above are for illustrative purposes only. Although the proposed Share Buy-Back Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the above analysis is based on historical numbers as at 31 December 2020 and is not necessarily representative of future financial performance. The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any).

2.8 Listing Status of the Shares

The Listing Rules require a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) are at all times held by the public. As at the Latest Practicable Date, approximately 47.57% of the issued Shares are held by the public.

Assuming that the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit permitted under the proposed Share Buy-Back Mandate, approximately 41.74% of the issued Shares will be held by the public.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to affect orderly trading.

2.9 Reporting Requirements

The Listing Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company will make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company must lodge a copy of such resolution with ACRA.

In addition, within 30 days of a purchase of Shares on the SGX-ST or otherwise, the Company must lodge with ACRA a notice of the purchase in the prescribed form. Such notification must include the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

2.10 No Purchases during Price Sensitive Developments

The Listing Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times. However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision of the Directors, until the price-sensitive information has been publicly announced.

In particular, the Company will not purchase or acquire any Shares pursuant to the Share Buy-Back Mandate during the period commencing (i) one month before the announcement of the Company's half-year and full-year financial statements, and (ii) if required to announce quarterly financial statements, two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements.

2.11 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications arising from a purchase or an acquisition of Shares by the Company or who may be subject to tax whether in or outside Singapore should consult their own professional advisors.

2.12 Take-over implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.12.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.12.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Without prejudice to the above, the Take-over Code presumes the following individuals and companies to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code as a result of a purchase or an acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.12.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and persons acting in concert with them would increase to 30% or more, or if such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and persons acting in concert with them, treasury shares, if any, will be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the proposed Share Buy-Back Mandate.

2.12.4 Application of the Take-over Code

Details of the shareholdings of the Directors and the Substantial Shareholders as at the Latest Practicable Date are set out in paragraph 3 below.

As at the Latest Practicable Date, the Substantial Shareholders are Mr Yen Wen Hwa, Mdm Lu Le Nhi and Yen & Son Holdings Pte Ltd (collectively, the "Relevant Shareholders"). They hold an aggregate 227,869,681 Shares representing about 51.86% of the total issued 439,424,603 Shares.

Mr Yen Wen Hwa is a Director and the Executive Chairman of the Company. Mdm Lu Le Nhi is the wife of Mr Yen Wen Hwa. Mr Yen Wen Hwa and his wife and children collectively owns 100% of the issued shares in Yen & Son Holdings Pte Ltd. The Relevant Shareholders are presumed to be acting in concert with each other with respect to the Company.

As the Relevant Shareholders and any other persons acting in concert with them collectively hold more than 50% of the issued Shares, they are under no obligation to make a take-over offer under the Take-over Code if the voting rights of the Relevant Shareholders and any other persons acting in concert with them were to increase as a result of the Company purchasing or acquiring Shares pursuant to the Share Buyback Mandate.

In addition, based on the interest of each of the Relevant Shareholders in the Company as at the Latest Practicable Date and assuming that:

- (a) the Company purchases up to the maximum of 10% of its Shares pursuant to the Share Buy-Back Mandate;

- (b) there is no change in the holding of Shares by the Relevant Shareholders between the Latest Practicable Date and the date of the AGM2021; and
- (c) no new Shares are issued following Shareholders' approval at the AGM2021 for the Share Buy-Back Mandate,

the voting rights of each of the Relevant Shareholders as at the AGM2021 and after the purchase by the Company of 10% of the Shares pursuant to the Share Buy-Back Mandate are as follows:

| Relevant Shareholders | As at the AGM2021 | | | | Voting rights after the purchase of 10% of total Shares by the Company (% is based on 395,482,143 Shares) |
|-------------------------------|---|-----------------|----------------|--|---|
| | Number of Shares held by a Relevant Shareholder | | | Voting rights (% is based on 439,424,603 Shares) | |
| | Direct Interest | Deemed Interest | Total Interest | | |
| Mr Yen Wen Hwa ⁽¹⁾ | 139,959,164 | 87,910,517 | 227,869,681 | 51.86% | 57.62% |
| Mdm Lu Le Nhi ⁽²⁾ | 29,092,577 | 198,777,104 | 227,869,681 | 51.86% | 57.62% |
| Yen & Son Holdings Pte Ltd | 58,817,940 | - | 58,817,940 | 13.39% | 14.87% |

Notes:

- (1) The deemed interest comprises Shares held directly by Mdm Lu Le Nhi and Yen & Son Holdings Pte Ltd.
- (2) The deemed interest comprises Shares held directly by Mr Yen Wen Hwa and Yen & Son Holdings Pte Ltd.

As shown above, the voting rights of each of the Relevant Shareholders after the purchase by the Company of 10% of the Shares pursuant to the Share Buy-Back Mandate remain below 30% or above 50% and accordingly, none of the Relevant Shareholders and any other persons acting in concert with them, are under any obligation to make a take-over offer under the Take-over Code.

As at the Latest Practicable Date, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in the Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

The statements in this paragraph 2.12 do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate should consult their professional advisers and/or the SIC at the earliest opportunity.

2.13 Shares purchased by the Company in the past 12 months

The Company has not purchased any Shares within the 12 months preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, the interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

| Directors | Direct Interest | | Deemed Interest | | Total Interest | |
|---|-----------------|------------------|----------------------------|------------------|----------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Yen Wen Hwa | 139,959,164 | 31.85 | 87,910,517 ⁽³⁾ | 20.01 | 227,869,681 | 51.86 |
| Angela Heng Chor Kiang | 500,000 | 0.11 | - | - | 500,000 | 0.11 |
| Victoria Tay Seok Kian | 30,000 | 0.01 | - | - | 30,000 | 0.01 |
| Tengku Tan Sri Dr Mahaleel bin Tengku Ariff | - | - | - | - | - | - |
| Wan Tai Foong | - | - | - | - | - | - |
| Phua Tin How | - | - | - | - | - | - |
| Substantial Shareholders | | | | | | |
| Yen Wen Hwa | 139,959,164 | 31.85 | 87,910,517 ⁽³⁾ | 20.01 | 227,869,681 | 51.86 |
| Lu Le Nhi ⁽²⁾ | 29,092,577 | 6.62 | 198,777,104 ⁽⁴⁾ | 45.24 | 227,869,681 | 51.86 |
| Yen & Son Holdings Pte Ltd ⁽⁵⁾ | 58,817,940 | 13.39 | - | - | 58,817,940 | 13.39 |

Notes:

- (1) Based on 439,424,603 issued Shares as at the Latest Practicable Date.
- (2) Mdm Lu Le Nhi is the wife of Mr Yen Wen Hwa.
- (3) The deemed interest comprises Shares held directly by Mdm Lu Le Nhi and Yen & Son Holdings Pte Ltd.
- (4) The deemed interest comprises Shares held directly by Mr Yen Wen Hwa and Yen & Son Holdings Pte Ltd.
- (5) The shareholders of Yen & Son Holdings Pte Ltd are Mr Yen Wen Hwa (55%), Mdm Lu Le Nhi (15%) and their son (15%) and daughter (15%).

Save for their interests in the Company, none of the Directors or Substantial Shareholders have any interest, direct or indirect, in the Proposed Transaction.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed adoption of the Share Buy-Back Mandate is in the interest of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Buy-Back Mandate as set out in the Notice of AGM.

The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position, unique needs and/or constraints of any Shareholder.

As different Shareholders would have different investment objectives, the Directors recommend that any individual Shareholder who may require specific advice in relation to the Share Buy-Back Mandate should consult his/her stockbroker, bank manager, solicitor, accountant or other professional advisers.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular 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 the Circular in its proper form and context.

6. DOCUMENTS FOR INSPECTION

Copies of the following documents may be accessed via SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://www.newtoyo.com> from the date of this Circular up to and including the date of the AGM2021:

- (a) the Constitution of the Company; and
- (b) the Annual Report 2020 of the Company.

Yours faithfully
for and on behalf of the Board of Directors of
NEW TOYO INTERNATIONAL HOLDINGS LTD

Yen Wen Hwa
Executive Chairman