NEW TOYO INTERNATIONAL HOLDINGS LTD
Company Registration No.: 199601387D

ACQUISITION OF BENLINE INVESTMENT HOLDINGS PTE. LTD.

1. Introduction

1.1 The Board of Directors ("**Board**") of New Toyo International Holdings Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a share purchase agreement ("**Purchase Agreement**") with Asia Regal Enterprises Limited ("**Asia Regal**") to purchase all the shares in Benline Investment Holdings Pte. Ltd. ("**Benline**") for an aggregate consideration of US$5,000,000 ("**Consideration**") subject to the terms of the Purchase Agreement (the "**Proposed Acquisition**").

1.2 The Company intends to fund the Proposed Acquisition via internal resources and bank borrowings. The Company expects to borrow US$3,000,000 for the Proposed Acquisition.

2. Principal terms of the Purchase Agreement

The principal terms of the the Purchase Agreement are as follows:

(a) Completion of the purchase of all the shares in Benline (the "**Sale Shares**") by the Company is subject to several conditions precedent ("**Conditions Precedent**") including but not limited to (i) a due diligence on Benline and its subsidiary (together, the "**Benline Group**") and their businesses, assets and liabilities, the property held by its subsidiary and the Sale Shares conducted by the Company and/or its advisors and the results thereof being satisfactory to the Company and (ii) the approval of the shareholders of the Company being obtained for the purchase of the Sale Shares if such approval is required by The Singapore Exchange Securities Trading Limited ("**SGX-ST**").

(b) Completion of the Proposed Acquisition ("**Completion**") will take place ten (10) business days from the fulfilment of all the Conditions Precedent or such other date as the parties may mutually agree ("**Completion Date**").

(c) In the event that any of the Conditions Precedent is not fulfilled (or waived by the Company) within six (6) months from the date of the Purchase Agreement, the Company may (in addition to and without prejudice to its other rights and remedies) at any time thereafter by notice in writing to Asia Regal terminate the Purchase Agreement and Asia Regal shall have no claim against the Company.

(d) Upon the signing of the Purchase Agreement by the parties and subject to Asia Regal transferring the Sale Shares to the Company, the Company will remit to Asia Regal a deposit of US$2,000,000 ("**Deposit**") to be held by Asia Regal in trust for the Company pending Completion. If the Company terminates the Purchase Agreement or Completion fails to take place on Completion Date, Asia Regal will forthwith return the Deposit in full to the Company. Upon its receipt of the Deposit in full, the Company will transfer the Sale Shares back to Asia Regal. If Completion fails to take place for any reason, Asia Regal will bear all costs (including stamp duties) relating to the transfer of the Sale Shares by Asia Regal to the Company and vice-versa.

(e) Subject to Completion, the Company will pay the Consideration to Asia Regal in three instalments (provided that the first instalment shall be from the Deposit and deemed paid by the Company to Asia Regal on Completion). The Company will pay the second instalment one month after Completion and the third instalment two months after Completion.

(f) The second and third instalments of the Consideration will be adjusted for any liabilities and/or receivables of the Benline Group on or before Completion and remaining outstanding in the accounts of the Benline Group on the payment date(s) for the relevant instalment(s) of the Consideration.

3. Information on the Benline Group

3.1 Benline is an investment holding company incorporated in Singapore and has an issued and paid-up capital of S$3,532,896 divided into 3,532,896 ordinary shares, all of which are held by Asia Regal Enterprises Limited ("**Asia Regal**"), a company incorporated in Hong Kong and having an issued and paid-up capital of HK$10,000 divided into 10,000 ordinary shares.

3.2 Benline holds a 100% equity interest in Fuji Paper Manufacturing Co., Ltd. ("**Fuji Paper**"), a corporation established in Vietnam. Fuji Paper owns a property comprising a leasehold land and two factories built on it (the "**Property**"). The Property is located in the Vietnam-Singapore Industrial Park I ("**VSIP I**").

3.3 The Company commissioned an independent valuer to carry out a valuation of the Property and based on the weighted average of direct comparison approach, capitalization approach and depreciated replacement approach, the Property was valued at US$5,367,000 as at 25 September 2019.

3.4 During the six-month period ended 30 June 2019 ("**1H2019**"), Asia Regal waived a debt of US$1,047,848 owing by Benline to Asia Regal ("**Debt Waiver**"). The unaudited consolidated net profit before tax of Benline for 1H2019 is US$1,038,160 taking into account the Debt Waiver. Excluding the Debt Waiver, the unaudited consolidated financial statements of Benline for 1H2019 would show a small net loss before tax of US$9,688.

3.5 Based on the unaudited consolidated financial statements of Benline for 1H2019 and as the Property is the only material asset of Benline and Fuji Paper and the two entities have no material liabilities, the aggregate value of the shares in Benline is approximately the valuation of the Property (US$5,367,000). The consideration for the Proposed Acquisition is US$5,000,000.

4. Rationale for the Proposed Acquisition and Benefits to the Group

4.1 Asia Regal's willingness to sell Benline presents an opportunity for the Company to purchase the Property via the Proposed Acquisition. The Company projected that some of the Group's manufacturing entities in Vietnam would require additional space for the expansion of their operations. The Group currently has five manufacturing entities in Vietnam. One of these entities, Alliance Print Technologies Co., Ltd. ("**APTVN**"), is leasing part of the Property for its operation due to space constraint at its own premises (the "**Lease**").

4.2 In addition, the Company is in discussions with some parties to use part of the Property for business collaborations.

4.3 Given the relocation by corporations to Vietnam arising from global trade tensions, the Company believes there is a demand for industrial space in VSIP I. After Completion, Fuji Paper may in the interim sublet any unused part of the Property subject to the consent of VSIP I. The Company may arrange for Fuji Paper to sell the Property to APTVN or another party if Fuji Paper fails to obtain the consent of VSIP I to extend the Lease or sublet other parts of the Property.

4.4 Lastly, the Proposed Acquisition will enable the Group to save rentals on the Lease.

5. Rule 1006 of the Listing Manual

5.1 The relative figures in relation to the Proposed Acquisition 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.	Consulting the SGX-ST[1]
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.	10.17%[2]
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

Notes:

1. The Company is consulting the SGX-ST pursuant to Rule 1007(1) of the Listing Manual in view of Benline's unaudited consolidated net loss before tax of US$9,688 (excluding the Debt Waiver) for 1H2019 and the Company's announced unaudited consolidated net loss before tax of S$2,764,000 for 1H2019.

2. The relative figure is computed based on the consideration of US$5,000,000 (applying the exchange rate of US$1.00 to S$1.38512 on 1 October 2019) and the Company's market capitalisation of S$68,110,813 (based on the weighted average share price of S$0.155 and 439,424,603 issued shares of the Company on 1 October 2019).

5.2 As the table in paragraph 5.1 above shows the relative figure computed based on Rule 1006(c) exceeds 5% but not 20%, the Proposed Acquisition is a discloseable transaction under Rule 1010 and therefore this announcement on the Proposed Acquisition is required under Rule 1010. Whether shareholder approval is required for the Proposed Acquisition will depend on the outcome of the Company's consultation with SGX-ST. The Company will announce the outcome in due course.

6. Financial Effects of the Proposed Acquisition

6.1 The pro forma financial effects set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Acquisition.

6.2 The financial effects of the Proposed Acquisition on the Group are prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018. For the purpose of computing the earnings per share ("**EPS**") of the Group after the Proposed Acquisition, it is assumed that the Proposed Acquisition was completed on 1 January 2018. For the purpose of computing the net tangible assets ("**NTA**") per share of the Group, it is assumed that the Proposed Acquisition was completed on 31 December 2018. It is assumed that the Consideration of US$5,000,000 is fully paid and the Company borrowed US$3,000,000 to fund the Proposed Acquisition.

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Number of issued shares in the Company	439,424,603	439,424,603
NTA (S$'000)	144,003	144,503
NTA per share (cents)	32.77	32.88
Profit attributable to owners of the Company (S$'000)	4,221	4,502
EPS (cents)	0.96	1.02

Notes:

1. For the purpose of computing the NTA and EPS, the profit of Benline is based on the unaudited consolidated financial statements of Benline for 1H2019 and pro-rated accordingly for the purpose of comparing with the Group's net profits for the year ended 31 December 2018. Excluding the Debt Waiver, the unaudited consolidated financial statements of Benline for 1H2019 would show a small net loss before tax of US$9,688. The Company does not expect such loss to recur after completing the Proposed Acquisition.

7. 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 Proposed Acquisition.

8. Service Contracts

No directors will be appointed to the Company in connection with the Proposed Acquisition.

9. Documents available for Inspection

Copies of the Purchase Agreement and the valuation report on the Property are available for inspection during normal business hours at the Company's registered office at 80 Robinson Road #02-00, Singapore 068898 for three (3) months from the date of this announcement.

10. Caution in Trading

Shareholders, investors and other persons are advised to exercise caution in trading the securities of the Company. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will proceed or be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcement(s) when there are further developments on the Proposed Acquisition. Shareholders, investors and other persons are advised to read this announcement and any further announcement(s) by the Company carefully. They should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Lee Wei Hsiung
Company Secretary
02 October 2019