

# NEW TOYO INTERNATIONAL HOLDINGS LTD

Company Registration No.: 199601387D

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## PROPOSED DISPOSAL OF NEW TOYO ADELAIDE PTY LTD

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### 1. Introduction

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 sale agreement ("**SSA**") with Nupro Investment Pty Ltd ("**Buyer**") to sell all the shares in its wholly-owned subsidiary in Australia, New Toyo Adelaide Pty Ltd ("**NTAD**"), to the Buyer (the "**Proposed Disposal**").

### 2. Consideration

- 2.1 The consideration for the Proposed Disposal is AUD4,446,166 ("**Initial Purchase Price**") based on the valuation of the Property (as defined in paragraph 4.2 below) of AUD3,300,000 and the target working capital amount of AUD1,146,166 ("**Target Working Capital Amount**"), provided that the Initial Purchase Price will be increased by the amount by which the Actual Working Capital Amount exceeds the Target Working Capital Amount ("**Amount of the Increase**") and will be decreased by the amount by which the Actual Working Capital Amount is less than the Target Working Capital Amount ("**Amount of the Decrease**") (collectively, the "**Adjustment**").
- 2.2 The term "Actual Working Capital Amount" used above is the aggregate amount of the specific assets less the aggregate amount of the specific liabilities shown in a statement as at completion of the Proposed Disposal ("**Completion**") prepared in accordance with the SSA.
- 2.3 Subject to Completion and where the Adjustment is applicable, the Buyer must pay to the Company the Amount of the Increase or the Company must pay to the Buyer the Amount of the Decrease, as the case may be, on a date which is five business days after the Actual Working Capital Amount is determined in accordance with the SSA or any other date agreed between the Company and the Buyer in writing.

### 3. Other salient terms of the SSA

The other salient terms of the the SSA are as follows:

- (a) The Buyer must pay a deposit of AUD150,000 ("**Deposit**") to the Company's solicitors on the date of the SSA.
- (b) Completion is subject to the following conditions precedent ("**Conditions Precedent**") being satisfied: (i) the Company obtaining all approvals for the Proposed Disposal, (ii) the Property being free from all security interests, and (iii) the name of NTAD being changed to a name without the words "New Toyo" or any variation of those words.
- (c) If any of the Conditions Precedent is not satisfied or waived on or before the date falling 30 days after the date of the SSA (or such other date as is agreed

by both parties in writing), then the party for whose benefit the Condition Precedent was inserted may terminate the SSA.

- (d) The Company must procure that on or before Completion the balance of a loan outstanding from the Company to NTAD (being AUD285,949 as at the date of the SSA) ("**Balance Amount**") is not increased. At Completion, the Company will novate to the Buyer the Company's obligations with respect to the Balance Amount.
- (e) At least two business days prior to Completion, the Company will procure that the sum of AUD1,085,000 be paid out of NTAD's account, to the Company's solicitors, to be held by the Company's solicitors and paid to the Buyer's nominated account at Completion. NTAD will retain the balance of its cash at bank to ensure sufficient cash flow until Completion, and will transfer the balance of its cash at bank as at Completion to the Buyer's nominated account at Completion.
- (f) At Completion, the Company is entitled to the Deposit and the Buyer will pay to the Company the Initial Purchase Price, less the Deposit and the Escrow Amount (as defined hereinafter), and the Buyer will pay a sum of AUD100,000 ("**Escrow Amount**") to the Company's solicitors ("**Escrow Agent**") to hold in escrow in accordance with the terms of the SSA. Under the SSA, the Escrow Amount is to be released as follows:
  - (i) if the Amount of the Increase applies or the Actual Working Capital Amount is equal to the Target Working Capital Amount, and upon receipt of joint written instructions from the Buyer and the Company, the Escrow Agent will release the Escrow Amount in full to the Company which the parties acknowledge will be in full and final satisfaction of the Initial Purchase Price owing to the Company under the SSA subject to the payment of the Amount of the Increase;
  - (ii) if the Amount of the Decrease applies, and upon receipt of joint written instructions from the Buyer and the Company, the Escrow Agent will:
    - (1) if the Amount of the Decrease is less than the total Escrow Amount, release:
      - (a) an amount equal to the Amount of the Decrease to the Buyer which the parties acknowledge will be in full and final satisfaction of the Amount of the Decrease owing to the Buyer; and
      - (b) the balance of the Escrow Amount to the Company, which the parties acknowledge will be in full and final satisfaction of the Initial Purchase Price owing to the Company under the SSA; or
    - (2) if the Amount of the Decrease is equal to the total Escrow Amount, release the Escrow Amount to the Buyer in full, which the parties acknowledge will be in full and final satisfaction of the Amount of the Decrease owing to the Buyer; or
    - (3) if the Amount of the Decrease is greater than the total Escrow Amount, release the Escrow Amount to the Buyer in full, which the parties acknowledge will be in partial satisfaction of the Amount of the Decrease owing to the Buyer.

- (g) The Company has given representations and warranties to the Buyer under the SSA including tax warranties and is required to indemnify the Buyer for any contaminant that is or becomes present in or under the Property or any other part of the environment which has originated or emanated from the Property and any breach of environmental laws insofar as it relates, either directly or indirectly, to any act or omission by NTAD during the period in which the Company was the sole shareholder of NTAD.

#### **4. About NTAD and the Property**

- 4.1 NTAD is a company incorporated in Australia and has, at the date hereof, an issued and paid-up capital of AUD2,103,140.74 comprising 2,622,370 ordinary shares, all of which are held by the Company.
- 4.2 NTAD's main asset is a property comprising a freehold land and a factory built on it ("**Property**"). NTAD used the Property for its manufacturing operations and subsequently leased it to a third party. NTAD is currently inactive and the Property unused.
- 4.3 The Company commissioned an independent valuer to carry out a valuation of the Property and based on the Direct Market Comparison approach, the Property was valued at AUD3,225,000 as at 17 June 2021.
- 4.4 Based on the audited financial statements of NTAD for the financial year ended 31 December 2020 ("**FY2020**"), NTAD incurred a net loss of AUD220,831 for FY2020 and its net asset value is AUD2,211,811 as at 31 December 2020.

#### **5. About the Buyer**

- 5.1 The Buyer is a company incorporated in Australia and carries on the business of real property investment. It has, at the date hereof, an issued and paid-up capital of AUD100 comprising 100 ordinary shares. The sole shareholder and director of the Buyer is Bing Ren.
- 5.2 None of the directors or controlling shareholders of the Company are related to the Buyer or its shareholder or director.

#### **6. Rationale for the Proposed Disposal**

The Proposed Disposal, if completed, will enable the Company to realise its investment in NTAD and the Property and save recurring expenses to maintain NTAD and the Property.

#### **7. Use of Sale Proceeds**

Sale proceeds from the completion of the Proposed Disposal will be used to strengthen the Group's cash position amidst the ongoing COVID-19 pandemic.

## 8. Rule 1006 of the Listing Manual

8.1 The relative figures in relation to the Proposed Disposal 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.	1.57%
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	(2.59%)
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.	5.22% <sup>(1)</sup>
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 relative figure is computed based on the consideration (inclusive of Balance Amount) of AUD4,732,115 (SGD4,815,968, applying the exchange rate of AUD1.00 to SGD1.01772 on 28 June 2021) and the Company's market capitalisation of SGD92,279,167 (based on the weighted average share price of SGD0.21 and 439,424,603 issued shares of the Company on 28 June 2021, being the market day preceding the date of the SSA).

8.2 As the table in paragraph 8.1 above shows the relative figure computed based on Rule 1006(c) exceeds 5% but not 20%, the Proposed Disposal is a discloseable transaction under Rule 1010 of the Listing Manual which requires this announcement but not a shareholder approval.

8.3 Further, as the table in paragraph 8.1 above shows a negative relative figure computed based on Rule 1006(b), the Company is required under Rule 1007(1) to assess whether the Proposed Disposal falls within any of the situations under Practice Note 10.1 of the Listing Manual. In this regard, as NTAD is a loss-making asset of the Company (based on the audited financial statements of NTAD for FY2020), the absolute relative figures computed on the basis of Rule 1006(a) and Rule 1006(c) do not exceed 20% and the Proposed Disposal is expected to result in a gain to the Company (see below), the Proposed Disposal falls within paragraph 4.4(e) of Practice Note 10.1 which requires this announcement but not a shareholder approval.

## 9. Expected gain arising from the Proposed Disposal

The estimated net proceeds from the Proposed Disposal (after deducting estimated transactional expenses of approximately SGD62,000) is SGD4,775,000 ("**Net Proceeds**"). The Net Proceeds represent an excess of SGD2,518,000 over the net

book value of NTAD. The expected gain (net of tax) to the Company arising from the Proposed Disposal is approximately SGD1,712,000.

## 10. Financial effects of the Proposed Disposal

- 10.1 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 Disposal.
- 10.2 The financial effects of the Proposed Disposal on the Group are prepared based on the audited consolidated financial statements of the Group for FY2020. For the purpose of computing the earnings per share (“EPS”) of the Company after the Proposed Disposal, it is assumed that the Proposed Disposal was completed on 1 January 2020. For the purpose of computing the net tangible assets (“NTA”) per share of the Company, it is assumed that the Proposed Disposal was completed on 31 December 2020. Expenses relating to the Proposed Disposal have been disregarded.

	Before the Proposed Disposal	After the Proposed Disposal
Number of issued shares in the Company	439,424,603	439,424,603
NTA (S\$'000)	123,521	124,963
<b>NTA per share (cents)</b>	28.05	28.44
Profit attributable to owners of the Company (S\$'000)	7,591	9,303
<b>EPS (cents)</b>	1.73	2.12

## 11. 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 Disposal.

## 12. Service Contracts

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

## 13. Documents available for Inspection

Copies of the SSA 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.

## 14. 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 Disposal will proceed or be completed or that no changes will be made to the terms thereof. 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  
1 July 2021