

NEW TOYO INTERNATIONAL HOLDINGS LTD

Company Registration No.: 199601387D

PROPOSED SUBSCRIPTION OF RIGHTS SHARES IN SHANGHAI ASIA HOLDINGS LIMITED

INTRODUCTION

The Board of Directors (the "**Board**") of New Toyo International Holdings Ltd (the "**Company**") hereby announces that in connection with Shanghai Asia Holdings Limited ("**SAH**")'s proposal to carry out a renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 258,042,107 new ordinary shares in SAH (each ordinary share, a "**Share**" and each new Share to be issued pursuant to the Rights Issue, a "**Rights Share**") at an issue price of S\$0.10 (the "**Issue Price**"), on the basis of three (3) Rights Shares for every eight (8) existing Shares (the "**Rights Ratio**") held by the shareholders of SAH, the Company's wholly-owned subsidiary, New Toyo Ventures Pte. Ltd. ("**NTV**"), has irrevocably undertaken to SAH (the "**Undertaking**") to, *inter alia*, subscribe and pay in full for its full entitlement of Rights Shares to be issued pursuant to the Rights Issue in accordance with the terms and conditions of the Rights Issue (the "**Proposed Subscription**").

SAH is a public listed company whose shares are listed and quoted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). SAH produces printed tobacco packaging and thin gauge aluminium foil. NTV presently has a 32.98% shareholding in SAH.

UNDERTAKING

The Undertaking shall lapse and cease to have any effect in the event that:

- (i) the Rights Issue is carried out such that each Rights Share is not offered at the Issue Price and in the Rights Ratio; and/or
- (ii) the Rights Issue is not completed by 31 January 2009 or such later date as the Company and the shareholders who issued the Undertaking may mutually agree in writing.

SIZE OF RIGHTS ISSUE

As at the date of this Announcement, there are 670,512,286 issued Shares and 17,600,000 outstanding share options (the "**Exercisable Share Options**") with an exercise price of S\$0.28 granted under the Shanghai Asia Holdings Limited Share Option Scheme, that may be exercised in the period leading up to the books closure date for the Rights Issue (the "**Books Closure Date**").

Assuming that none of the Exercisable Share Options are exercised before the Books Closure Date and based on the issued share capital of SAH as at the date of this Announcement, up to 251,442,107 Rights Shares will be issued.

Assuming that all the Exercisable Share Options are exercised before the Books Closure Date and based on the issued share capital of SAH as at the date of this Announcement, up to 258,042,107 Rights Shares will be issued.

NUMBER OF RIGHTS SHARES TO BE SUBSCRIBED

For illustrative purposes only, based on the issued share capital of the Company as at the date of this Announcement, assuming that none of the Exercisable Share Options are exercised before the Books Closure Date and that the Rights Issue is fully subscribed, the number of Rights Shares to be taken up by NTV is as follows:

Number of Shares owned by NTV as at the date of this Announcement	Percentage of total issued Shares at the date of this Announcement	Number of Rights Shares to be subscribed by NTV	Percentage of total number of Rights Shares to be issued by SAH ⁽¹⁾
221,118,436	32.98%	82,919,413	32.98%

Note:

⁽¹⁾ Computed as a percentage of 251,442,107 Rights Shares based on the issued share capital of SAH of 670,512,286 Shares as at the date of this Announcement.

CONSIDERATION

Assuming the Rights Issue is fully subscribed, the aggregate issue price payable by NTV for the Rights Shares to be subscribed by it will be S\$8,291,941.30. The Company intends to use external borrowings to finance the Proposed Subscription.

Based on the announced unaudited financial statements of SAH, the unaudited net profit before tax of SAH for the half year ended 30 June 2008 and the unaudited net tangible assets of SAH as at 30 June 2008 were RMB64.1 million (approximately S\$12.6 million) and RMB474.9 million (approximately S\$93.7 million) respectively.

RATIONALE FOR THE PROPOSED SUBSCRIPTION

NTV is currently the single largest shareholder of SAH. This being an important investment of the Group, the Proposed Subscription would enable NTV to maintain its shareholding percentage in SAH.

The purpose of the Rights Issue is to raise funds to repay certain bank borrowings of SAH and working capital for its aluminium foil rolling business.

SALIENT TERMS OF THE RIGHTS ISSUE

SAH is proposing the Rights Issue to be offered on a renounceable basis to its shareholders on the basis of three (3) Rights Shares for every eight (8) existing Shares held by its shareholders as at the relevant books closure date at the Issue Price, being S\$0.10, fractional entitlements to be disregarded.

The Issue Price represents:

- (i) a discount of approximately 47.37% to the closing price of S\$0.19 per Share on the SGX-ST on 12 September 2008, being the last trading day of the Shares on the SGX-ST prior to the time of this Announcement;
- (ii) a discount of approximately 39.58% to the theoretical ex-rights price of S\$0.1655 per Share; and
- (iii) a discount of approximately 50.74% to the volume weighted average price of S\$0.2030 per Share for the past one month prior to the time of this Announcement.

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, save for any rights, allotments or other dividends, the record date for which falls before the date of issue of the Rights Shares.

Depending on the level of subscription for the Rights Shares, pursuant to Rule 820(2) of the Listing Manual of the SGX-ST, SAH may scale down the applications made by the Company and another major shareholder of SAH who has given a similar undertaking (each, an "**Undertaking Shareholder**") to subscribe for the Rights Shares to avoid placing the relevant Undertaking Shareholder and/or any party acting in concert with it in the position of incurring an obligation to make a mandatory take-over obligation under The Singapore Code on Take-overs and Mergers as a result of the shareholders of the Company (other than the relevant Undertaking Shareholder) not taking up their rights entitlements fully.

Please refer to the announcement of SAH of 12 September 2008 on the SGXNET for more details on the Rights Issue.

APPROVAL

The Rights Issue is subject to, *inter alia*, the following:

- (i) SAH's receipt of the approval in-principle of the SGX-ST for the listing and quotation of the Rights Shares on the Official List of the Main Board of the SGX-ST; and
- (ii) the lodgment of an Offer Information Statement with the Monetary Authority of Singapore.

COMPUTATION OF RULE 1006

The relative figures of Rule 1006 of the SGX-ST Listing Manual based on the Group's announced unaudited consolidated financial statements for the six-month period ended 30 June 2008 are as follows:-

Rule	Bases	Relative Figure
1006(a)	The net asset value attributable to the assets to be disposed of, compared with the group's net asset value	Not applicable
1006(b)	The unaudited net profit (before income tax, minority interests and extraordinary items) attributable to the Rights Shares to be subscribed by the Company is S\$1.2 million ⁽¹⁾ for the six months ended 30 June 2008, compared with the Group's latest announced consolidated net profit of S\$11.0 million for the same period	10.9%
1006(c)	The value of the consideration to be given is S\$8.3 million (assuming the Rights Issue is fully subscribed), compared with the Company's market capitalization of S\$79.6 million (based on the weighted average price of the Company's shares transacted on the market day preceding the issuance of the Undertaking)	10.4%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously issue.	Not applicable

Note:

⁽¹⁾ The dilutive effect on the unaudited net profit (before income tax, minority interests and extraordinary items) attributable to the Proposed Subscription if the Company does not subscribe for the Rights Shares.

As none of the relative figures under Rule 1006 exceed 20%, the Proposed Subscription is not a major transaction within the meaning of Chapter 10 of the SGX-ST Listing Manual and therefore, the Company is not required to seek shareholders' approval for the Proposed Subscription.

FINANCIAL EFFECTS

For illustrative purposes only. The financial effects of the Proposed Subscription on the Group as set out below were prepared based on the audited consolidated financial statements of the Group for the financial period ended 31 December 2007 and subject to the following key assumptions:

- (i) For the purposes of calculating the net tangible assets of the Group after the Proposed Subscription, it is assumed that the Proposed Subscription was completed on 31 December 2007.
- (ii) For the purposes of computing the earnings per share of the Group, it is assumed that the Proposed Subscription was effected on 1 January 2007.
- (iii) The Rights Issue is fully subscribed.
- (iv) For the purposes of computing the earnings per share of the Group, it is assumed that the Proposed Subscription is financed by external borrowings and the related finance cost has been taken into account.
- (v) On 6 November 2007, the Company announced that it had entered into a conditional sale and purchase agreement with Shanghai Asia Company Pte Ltd, a wholly-owned subsidiary of SAH, in which the Company has a 31.96% shareholding for the sale of 16% equity interest in the capital of Jiangsu Zhongji Lamination Materials Co., Ltd. The sale consideration will be satisfied by the issuance of 55,586,436 Consideration Shares representing 8.29% of the enlarged issued and paid-up share capital of SAH. The transaction has been completed on 11 March 2008. For the purposes of computing the earnings per share and the net tangible assets per share of the Group, it is assumed the disposal had taken place on 1 January 2007 and 31 December 2007 respectively.
- (vi) For the purposes of computing the earnings per share and the net tangible assets per share of the Group, it is assumed the increase in the Company's ownership in SAH from 31.96% to 32.98% took place on 1 January 2007 and 31 December 2007 respectively.
- (vii) On 11 April 2008, the Company announced that it had disposed of its entire 85% interest in Inner Mongolia New Asia Paper Products Co., Ltd. For the purposes of computing the earnings per share and the net tangible assets per share of the Group, it is assumed the disposal had taken place on 1 January 2007 and 31 December 2007 respectively.
- (viii) On 1 July 2008, the Company announced that it together with its subsidiary, Tien Wah Press Holdings Berhad, had entered into a sale and purchase agreement with British American Tobacco Australia for the acquisition of Anzpac Services (Australia) Pty Limited ("Acquisition of Anzpac") which comes with seven-year exclusive supply agreements to supply British American Tobacco entities in several countries their

printed carton requirements with a right of refusal to supply for an additional three years. For the purposes of computing the earnings per share and net tangible assets per share of the Group, it is assumed the acquisition had taken place on 1 January 2007 and 31 December 2007 respectively.

- (ix) For the purposes of computing the earnings per share of the Group, the finance cost for the external borrowings of AUD50 million relating to the Acquisition of Anzpac has been taken into account.
- (x) The purchase price allocation to intangible assets and other assets will only be finalised upon completion of Acquisition of Anzpac. Any intangible assets arising from the Acquisition of Anzpac will be amortised to match the economic benefits and assessed for impairment periodically. For the purposes of calculating the net tangible assets per share of the Group, the balance of the purchase price over the adjusted value of net assets acquired is attributed to intangible assets.

The financial effects calculations below are theoretical in nature, and are therefore not necessarily indicative of the future actual financial position and earnings of the Group after completion of the Proposed Subscription:

Net tangible assets ("NTA") per share

Assuming that the Proposed Subscription had been effected on 31 December 2007, the effects of the Proposed Subscription on the consolidated NTA per Share of the Group as at 31 December 2007 are as follows:-

	As per audited financial statements of the Group for the year ended 31 December 2007	Before Proposed Subscription ⁽¹⁾	After Proposed Subscription ⁽²⁾
NTA (SGD'000) ⁽³⁾	103,148	95,782	95,782
Number of Shares	274,640,377	274,640,377	274,640,377
NTA per Share (cents)	37.56	34.88	34.88

Notes:

⁽¹⁾ Financial effects include the transactions described in paragraphs (v) to (x) above.

⁽²⁾ Financial effects include the transactions described in paragraphs (i) to (x) above.

⁽³⁾ NTA excludes minority interest.

Earnings per share ("EPS")

Assuming that the Proposed Subscription had been effected on 1 January 2007, the effects of the Proposed Subscription on the consolidated EPS of the Group for the financial year ended 31 December 2007 are as follows:-

	As per audited financial statements of the Group for the year ended 31 December 2007	Before Proposed Subscription ⁽¹⁾	After Proposed Subscription ⁽²⁾
Net profit attributable to Shareholders (SGD'000)	13,054	16,667	16,170
Number of Shares	274,640,377	274,640,377	274,640,377
EPS (cents)	4.75	6.07	5.89

Note:

⁽¹⁾ Financial effects include the transactions described in paragraphs (v) to (x) above.

⁽²⁾ Financial effects include the transactions described in paragraphs (i) to (x) above.

INTEREST 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 Subscription.

By Order of the Board
Gary Yen
Executive Director and Chief Executive Officer
12 September 2008