



TOYO VENTURES HOLDINGS BERHAD

202001001322 (1357641-P)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE FIFTH ANNUAL GENERAL MEETING (“5th AGM”) OF TOYO VENTURES HOLDINGS BERHAD (“TVHB” OR “THE COMPANY”) HELD AT EUGENIA BALLROOM (GROUND FLOOR), PALM GARDEN GOLF CLUB, IOI RESORT CITY, 62502 PUTRAJAYA ON THURSDAY, 11 SEPTEMBER 2025 AT 10:00 A.M.

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)

Mr. Chew Cheong Loong (“Mr. Chew”), the Group Managing Director of the Company, was invited to present to the Shareholders the questions received from the MSWG and the feedback from the Board, as follows:-

Operational & Financial Matters

Q1. In the energy sector, the Song Hau 2 project faced an unexpected setback with the termination of the BOT Contract. While this was a disappointing development, the Group is carefully reviewing its available options and remains guided by the insights and experience gained throughout the project's journey. (Page 12 of AR 2025)

- (a) **Does the BOT Contract contain termination clauses that provide for compensation or reimbursement? If not, what leverage does the Group realistically have?**

As announced on 6 January 2025, the Group has issued a notice of dispute to the Ministry of Industry and Trade of the Socialist Republic of Vietnam (“MOIT”). Under the contract, the parties are required to engage in good faith discussions, which are currently ongoing. Shareholders are advised to refer to the Company’s announcements on Bursa Malaysia Berhad (“Bursa Malaysia”) for any further substantial updates.

- (b) **Given the significant capital investment and time devoted to this project, how does management assess the opportunity cost incurred by TOYO? How will future capital allocation decisions be restructured to avoid similar risks?**

The capital investment was undertaken following a feasibility study and detailed financial modelling, which indicated viable returns at the time. The opportunity cost was assessed against these projected benefits and management believed the project would create long-term value. However, securing financing for coal-fired projects has become increasingly challenging globally, as ESG-related constraints have emerged more rapidly than expected. Going forward, the Group will continue to evaluate capital allocation decisions cautiously, taking into account potential external developments and unforeseen circumstances.

Q2. The termination of the Song Hau 2 project did not affect the Group's core businesses, which continue to operate as usual across its key segments: printing ink, automotive refinish products, and precision engineering. (Page 10 of AR 2025)

(a) **Please provide the revenue and operating profit breakdown for the Group's key segments.**

Key Segments	Revenue (RM'000)	Operating profit (RM'000)
<i>Printing ink</i>	35,854	1,028
<i>Automotive refinish products</i>	10,672	852
<i>Precision Engineering</i>	75,325	1,225

(b) **What is the compound annual growth rate ("CAGR") for both revenue and operating profit in each key segment over the past three years?**

Key Segments	Revenue CAGR	Operating profit CAGR
<i>Printing ink</i>	3.4%	-16.5%
<i>Automotive refinish products</i>	8.3%	-24.6%
<i>Precision Engineering</i>	9.0%	-4.4%

Based on the reported figures, revenue recorded a positive CAGR across all key segments. However, for operating profit, the CAGR reflects declines mainly due to margin pressures and the impact of foreign currency movements. Nevertheless, as shown in (a), all key segments have remained profitable over the period.

Q3. The Group's gross profit margin ("GPM") declined to 20.3% in FY2025, down from 23.5% in FY2023. (Page 126 of AR 2025)

(a) **What were the key factors contributing to the decline in GPM in FY2025?**

The decline in GPM was mainly due to the impact of foreign currency movements that impacted the cost of sales, a drop in sales margins to remain competitive and secure sales and the overall slowdown in the manufacturing industry.

(b) **What are the Group's strategies to improve GPM going forward?**

We will be continuing to improve margins by optimising costs and shifting towards a better product mix with higher-margin products.

Corporate Governance Matters

Q4. The Group's Executive Directors ("EDs"), Mr. Chew Cheong Loong ("Mr. Chew") and Mr. Tham Kut Cheong ("Mr. Tham"), received total remuneration of RM2.23 million and RM0.92 million respectively for FY2025 (18-month period), compared to RM1.26 million and RM0.46 million respectively for FY2023. (Page 57 of AR 2025)

- (a) When annualised to reflect the extended reporting period, the remuneration of Mr. Chew and Mr. Tham represents increases of approximately 18% and 33% respectively. Could the Board clarify the rationale for these significant increases?**

The remuneration of the EDs reflects the significant responsibilities and personal risks they undertake, especially in managing overseas operations in Vietnam, which require frequent travel. It was benchmarked against peers and approved by the Remuneration Committee and the Board. Following the termination of the Vietnam project, both EDs have voluntarily reduced their salaries.

- (b) What specific performance metrics were used to determine the EDs' remuneration?**

The remuneration of the EDs is determined based on qualitative performance considerations, reviewed by the Board on the recommendation of the Remuneration Committee. These include the Group's overall performance, the scope of their responsibilities, personal risks assumed and benchmarking against market practices.

Sustainability Matters

Q5. "Our initiation of Scopes 1, 2 and 3 GHG emissions data collection in FPE 2025 lays the groundwork for establishing a credible emissions baseline." (Page 88 of AR 2025)

GHG Emissions (tCO ₂ e)			
Period	Scope 1	Scope 2	Scope 3
FPE 2025	4,097.18	2,230.93	171,577.28

- (a) Scope 3 emissions account for more than 95% of the Group's total GHG emissions. Please clarify which Scope 3 categories contributed most significantly to the 171,577 tCO₂e.**

The Group's Scope 3 emissions of 171,577 tCO₂e were mainly from business travel, based on an 18-month reporting period.

- (b) How does the Group plan to engage suppliers and partners in reducing these emissions?**

Looking ahead, the Group will progressively engage suppliers and partners in reducing emissions through awareness efforts, data sharing and efficiency initiatives. These efforts will be developed in line with evolving sustainability reporting standards and industry practices.

QUESTIONS RAISED BY THE SHAREHOLDERS DURING THE MEETING

Questions and comments were raised by the Shareholders during the meeting. These queries were addressed in detail by Mr. Chew and the Company Secretary. The key points of discussion are summarised as follows:

- Q1. Could the Board provide a comprehensive update on the current status of the Song Hau 2 Thermal Power Plant Project in Vietnam ("the Project"), including any developments regarding potential recovery of investments?**

The Meeting was informed that this matter had already been addressed by the Board earlier under the Operational and Financial Matters raised by the MSWG. In addition, the Board highlighted that the Project's developments had also been announced on Bursa Malaysia.

- Q2. Could you please confirm whether the consultant fees related to the power plant project have been fully accounted for and appropriately reflected in the Company's accounts?**

The consultant fees associated with the power plant project have been fully accounted for. In line with the relevant accounting standards, the BOT (Build-Operate-Transfer) contract had been terminated, and all associated pre-development expenditures were fully impaired in the last financial year. This impairment has been duly reflected in the Company's accounts as well as disclosed in the Company's Annual Report.

- Q3. Can you elaborate on the steps the Company is taking to ensure that similar issues do not occur going forward, and how the Company will continue to monitor compliance with accounting regulations?**

The Company does not foresee similar cases arising in the near future. Nevertheless, the Company will continue to monitor and ensure compliance with all applicable accounting regulations on an ongoing basis.

- Q4. What are the Company's prospects with respect to the Project? If negotiations with the Vietnamese Government do not succeed, will the Company pursue further action, such as legal proceedings?**

The Company has invested significantly in the Project and remains committed to pursuing the best possible outcome. Discussions with the Vietnamese Government are still ongoing. Given the sensitivity of the matter, the Company is not in a position to provide further details or comments at this stage. Shareholders were advised to refer to the Company's announcements for any material updates.

- Q5. If the Project proceeds in the future, would the impairment be reversed?**

Should the Project proceed successfully in the future, the impairment provisions may be reversed in accordance with the applicable accounting standards.

Q6. Please clarify the special resolution regarding the proposed amendments to the Constitution of the Company.

The proposed amendments to the Constitution are detailed in the Annual Report, with the relevant information set out in Appendix A, page 6 of the Annual Report.

Q7. In regard to Ordinary Resolution 8, does the Company intend to issue additional shares, or is this resolution solely intended to seek a general mandate for future flexibility? Considering that any new share issuance would dilute the net tangible assets per share, and given the current low market price, issuing shares at a discount could disproportionately benefit major shareholders over minority shareholders. Has the Company thoroughly considered these potential implications, or is it merely following the recommendations of merchant banks?

The proposed resolution seeks only to obtain a general mandate, which will provide the Company with the flexibility to undertake the issuance of new shares for fund-raising purposes should the need arise in the future. Any actual issuance of shares pursuant to this mandate would be subject to the Board's approval and carried out through a private placement exercise. Such issuance, if undertaken, would only be implemented in the best interest of the Company and its shareholders. Ultimately, the authority to grant this general mandate lies with the shareholders, who will decide by way of their vote on the resolution.

Q8. Could the Board justify approving share grants of 9 million shares to the EDs during a period when the Company was facing significant operational and financial challenges?

The approval of the Employees' Share Scheme, which comprises the Share Grant and Employees' Share Option, was duly approved by the shareholders at the Extraordinary General Meeting of the Company held on 30 December 2023 ("EGM"), following the issuance of Circular to Shareholders dated 28 November 2023.

The share grants awarded to the EDs were made in accordance with the scheme's bylaws and applicable regulatory requirements. The scheme is in line with common industry practices among public listed companies and is designed to align the interests of management, employees, and shareholders. Notwithstanding the operational and financial challenges faced by the Company, the implementation of the scheme was considered essential to retain and incentivise key personnel, thereby supporting the Company's ability to navigate such conditions.

The Board ensured that appropriate corporate governance procedures were observed throughout the approval process. The proposal was carefully deliberated by the Board, with guidance from professional advisors, including merchant bankers, and was subsequently approved by shareholders at the EGM in compliance with all regulatory and governance requirements.

- Q9. As minority shareholders, we voice our concerns for the long-term good of the Company and its stakeholders. Given the current slowdown in business and the ongoing challenges, has the Company considered whether it is still worthwhile to pursue the Project? Furthermore, we are aware that leadership changes in Vietnam may affect the Project's viability. We also note that land clearing has already been completed. Could the Company provide an update on the current status of the Project, including whether the agreements are still valid or limited to a Memorandum of Understanding?**

The Company has made approximately 85% of the land clearing cost that is required for the Project. However, discussions with the Vietnamese Government are still ongoing under the terms of the BOT Contract, and the Company is not in a position to provide further details at this stage.

All major agreements for the Project were signed, including the BOT Contract. Unfortunately, the Company faced prolonged challenges in securing financing, particularly due to the increasingly stringent ESG-related constraints in addition to disruption caused by the COVID-19 pandemic. These factors contributed to the postponement of the targeted financial close from June 2022 to June 2024. Despite considerable efforts, on 4 July 2024, the Company received the termination notice from MOIT, as announced on Bursa Malaysia.

In response, the Company issued a Notice of Dispute to the MOIT in accordance with the BOT Contract and is currently engaged in discussions with the relevant authorities to resolve the matter. The Company will continue to monitor developments closely and will update shareholders with any substantial changes or decisions.

- Q10. Considering the financing challenges that have previously delayed projects, if the Company secures contracts for new projects in the future, will financing continue to pose a challenge? How does the Company plan to address these financing concerns going forward?**

As disclosed in the Company's announcement dated 24 April 2025, Export-Import Bank of Malaysia Berhad ("EXIM") has terminated its role as the mandated lead arranger (MLA) for the Project financing. Moving forward, the Company will adopt a measured approach to address financing matters. While further details cannot be provided at this stage, management acknowledges that financing will remain a key consideration and will continue to explore suitable funding structures when the time arises.

- Q11. As the main challenge for the Project was securing financing, which ultimately led to its termination, could the Board clarify whether this issue affects both units of the Project, or only one?**

The Project comprises two generating units, but it is structured as a single integrated project with a total estimated cost of USD 3.23 billion. Of this, 75% or approximately USD 2.42 billion was to be financed through external funding. Therefore, the financing challenges impacted the entire project as a whole, not just one unit.

- Q12. What is the current status of the Company's engagement with Chinese financiers regarding the Project? Given that China announced it would no longer finance coal-fired power projects overseas, does this mean the Company can no longer secure financing from China?**

The Company had initially engaged in active discussions with Chinese financiers for potential project financing and participation. However, following the official announcement by the Government of China on 21 September 2021 to discontinue financing support and construction of new coal-fired power projects abroad, these avenues of financing were no longer feasible.

Accordingly, the Company is unable to secure financing from China and has explored alternative financing options. However, as previously announced to Bursa Malaysia, the Project has since been officially terminated under the terms of the BOT Contract. Despite this, the Company remains committed to pursuing all viable avenues and continues to engage with relevant stakeholders in the ongoing dispute resolution process.

- Q13. Could the Board provide an update on the status of the ink business joint venture in Vietnam?**

The ink business joint venture in Vietnam had ceased operations several years ago.

- Q14. The Project looks very impressive in the images presented in the Annual Report. Could the Company confirm whether those images are of the actual project site?**

The images presented in the Annual Report are conceptual designs prepared during the feasibility study at the initial stage of the Project. They do not depict the actual project site.

- Q15. The Company has spent over RM500 million on the Project, yet it has not materialised. Given the significant expenditure on equipment, organisation, and time, how much of this investment can realistically be recovered? As shareholders, we are concerned about the impact on the Company's future financial position, dividend prospects, and whether there is any projection of recoverable amounts from this failed project**

As disclosed in the Annual Report, the pre-development expenditure of approximately RM500 million has been fully impaired in accordance with accounting standards. The potential recovery of any amount is subject to ongoing discussions with the MOIT, and the Company is not in a position to provide further details at this juncture. Any material developments will be announced to Bursa Malaysia in due course. In the meantime, the Board and management remain focused on strengthening the Company's core business operations to ensure long-term profitability and sustainability.

Q16. Could the Company clarify whether any equipment has been purchased for the Project and, if so, whether these could be recovered?

The Company confirmed that no equipment has been purchased for the Project. As such, no equipment assets exist for recovery. The pre-development expenditure of the project has been fully impaired as disclosed in the annual report.

Q17. Please provide the discussion of analysis of the Company's financial performance, as this was not disclosed in the Management Discussion and Analysis ("MD&A") section of the Annual Report.

The Company informed that the omission of the financial performance analysis in the MD&A section of the Annual Report was inadvertent. The Board and Management have taken note of the shareholders' request and will ensure that a comprehensive analysis is included in future Annual Reports.

For the benefit of shareholders, the relevant information was subsequently provided after the Meeting, as follows:

The contributions of the respective units to the Group's revenue and profit/(loss) before taxation are as follows:

	18 months FPE 2025 RM'000	12 months FYE 2023 RM'000
Revenue:		
Ink Group	53,054	33,968
EDM Group	75,325	47,528
	<u>128,379</u>	<u>81,496</u>
Profit/(Loss) before taxation:		
Ink Group	1,694	1,036
EDM Group	1,180	3,304
Power Generation	(442,685)	(765)
Investment Holdings	(15,648)	(1,385)
	<u>(455,459)</u>	<u>2,190</u>

For the 18-month financial period ended 31 March 2025, the Group recorded revenue of RM128.4 million compared to RM81.5 million in the 12-month financial year ended 30 September 2023, representing an increase of 57.5%. On an annualised basis, revenue grew by approximately 5.0%, reflecting stable performance across the Group's operating segments.

The Ink Group contributed RM53.1 million in revenue compared to RM34.0 million previously, a reported increase of 56.2%. On an annualised basis, revenue rose by approximately 4.1%. The EDM Group posted RM75.3 million against RM47.5 million, a reported increase of 58.5%, and on an annualised basis, revenue grew by around 5.7%.

At the profit level, the Group recorded a loss before taxation of RM455.5 million compared to a profit before taxation of RM2.2 million in the prior year. This was primarily attributable to the recognition of a substantial impairment of RM544.7 million relating to the Power Generation segment, following the termination of the power plant project.

Excluding this one-off item, the Group's operating segments remained profitable. The Ink Group reported profit before taxation of RM1.7 million, an increase of 63.5% compared to RM1.0 million previously, and annualised profit grew by approximately 9.0%. The EDM Group posted a profit before taxation of RM1.2 million compared to RM3.3 million in the prior year, a decline of 64.3%. On an annualised basis, profitability reflected a weaker contribution mainly due to foreign currency movement impacts, margin pressures and more cautious customer spending on capital equipment during the period. Losses from the Investment Holding segment widened to RM15.6 million compared to RM1.4 million, mainly due to share grant and ESOS expenses incurred during the financial period, as approved by shareholders at the EGM on 13 December 2023.

Overall, the Group's underlying core businesses remained profitable on both a reported and annualised basis, but the financial performance was significantly impacted by the non-recurring impairment of the Power Generation assets.