NEW TOYO INTERNATIONAL HOLDINGS LTD

(Incorporated in Singapore)
(Company Registration Number: 199601387D)

LETTER TO SHAREHOLDERS

Directors:
Mr Yen Wen Hwa @ Ngan Tzee Manh (Non-Executive Chairman)
Ms Angela Heng Chor Kiang (Executive Director and Group Chief Executive Officer)
Mr David Lim Teck Leong (Lead Independent Non-Executive Director)
Ms Victoria Tay Seok Kian (Independent Non-Executive Director)
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff (Independent Non-Executive Director)
Mr Wan Tai Foong (Independent Non-Executive Director)
Mr Phua Tin How (Independent Non-Executive Director)

Registered Office:
80 Robinson Road
#02-00
Singapore 068898

9 June 2020

TO: THE SHAREHOLDERS OF NEW TOYO INTERNATIONAL HOLDINGS LTD

Dear Sir/Madam,

THE PROPOSED CHANGE OF AUDITORS FROM KPMG LLP TO ERNST & YOUNG LLP

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1. INTRODUCTION

The directors ("**Directors**") of New Toyo International Holdings Ltd ("**Company**") refer to (a) the notice of annual general meeting of the Company as set out in the Annual Report 2019 ("**Notice of AGM**") convening the annual general meeting of the Company to be held on 24 June 2020 ("**AGM**") and (b) Ordinary Resolution 9 set out in the Notice of AGM.

Ordinary Resolution 9 proposed in the Notice of AGM is to appoint Ernst & Young LLP as the auditors of the Company in place of the retiring auditors, KPMG LLP, and to authorise the Directors to fix its remuneration. The purpose of this letter ("**Letter**") to the shareholders of the Company ("**Shareholders**") is to provide Shareholders with information relating to the proposed change of auditors of the Company from KPMG LLP to Ernst & Young LLP at the AGM ("**Proposed Change of Auditors**").

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") takes no responsibility for the contents or accuracy of this Letter including any statement made, opinion expressed or report contained in this Letter.

If a Shareholder is in any doubt as to the contents of this Letter or the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional/independent advisor immediately.

2. THE PROPOSED CHANGE OF AUDITORS

2.1. Background and Rationale for the Proposed Change of Auditors

The Company's current auditors, KPMG LLP, was re-appointed as auditors at the Company's last annual general meeting on 30 April 2019. KPMG LLP have served as auditors of the Company for 21 years, since 1999. The Directors are of the view that it would be timely to effect a change of auditors. KPMG LLP, the retiring auditors, will accordingly not be seeking re-appointment at the AGM.

The audit committee of the Company ("**Audit Committee**") reviewed and deliberated on the Proposed Change of Auditors, taking into consideration Ernst & Young LLP's proposal, the audit quality indicators introduced by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the factors listed in Section 2.3 of this Letter and that the quality and scope of audit services to be provided by Ernst & Young LLP will be comparable to those currently provided by KPMG LLP. Upon such review and deliberation, the Audit Committee recommended the Proposed Change of Auditors for approval by the board of directors of the Company ("**Board of Directors**").

The Board of Directors took into account, *inter alia*, the Audit Committee's recommendation including the factors considered in the Audit Committee's evaluation, and is satisfied that Ernst & Young LLP will be able to meet the audit requirements of the Company.

The Directors wish to express their appreciation for the past services rendered by KPMG LLP.

2.2. Information on Ernst & Young LLP and the Audit Engagement Partner

Based on information provided by Ernst & Young LLP and its representatives:

<u>Ernst & Young LLP</u>

Ernst & Young LLP is one of the world's big four accounting firms and a global leader in assurance, tax, transactions and advisory services. In Singapore, Ernst & Young LLP has a history of 130 years, with over 190 partners and a staff strength of close to 3,600 people. The size of the audit function of Ernst & Young LLP in Singapore is over 1,500 professional staff. Globally, Ernst & Young LLP has a network of firms in more than 150 countries with more than 284,000 people. Their highly qualified and experienced professionals, in Singapore and throughout the globe, allow them to support their clients need wherever they may be located.

Ernst & Young LLP, Singapore, is registered with ACRA.

For more information about Ernst & Young LLP, please visit its website at https://www.ey.com/en_sg.

The Audit Engagement Partner

The audit engagement partner from Ernst & Young LLP will be Ms Hah Yanying. She will be supported by a team of between 5 to 7 members. Ms Hah Yanying has more than 15 years of audit experience including relevant experience in auditing listed companies in the manufacturing sector. She is a practicing member of the Institute of Singapore Chartered Accountants and is a public accountant registered with ACRA.

2.3. Requirements under Rule 712(1) of the SGX-ST Listing Manual ("Listing Manual")

The Board of Directors, having taken into account the Audit Committee's recommendation and various factors including the following:

(a) the adequacy of the resources and experience of Ernst & Young LLP and the audit engagement partner assigned to the audit;

(b) Ernst & Young LLP's other audit engagements;

(c) the size and complexity of the Company and its subsidiaries and associated companies ("**Group**"); and

(d) the number and experience of supervisory and professional staff assigned to the audit of the Group,

is of the opinion that Ernst & Young LLP is a suitable auditing firm that will be able to meet the audit requirements of the Company and that Rule 712(1) of the Listing Manual has been complied with.

2.4. Requirements under Rule 715 of the Listing Manual

The Board of Directors confirms that subject to Shareholders' approval of the Proposed Change of Auditors, Ernst & Young LLP will become the auditors of the Company and its Singapore-incorporated subsidiaries and significant associated companies for the financial year ending 31 December 2020 ("**FY2020**"). In addition, Ernst & Young member firms in the relevant jurisdictions will be the auditors for the Company's significant foreign-incorporated subsidiaries and associated companies for FY2020.

2.5. Requirements under Rule 1203(5) of the Listing Manual

In accordance with the requirements under Rule 1203(5) of the Listing Manual:

(a) the outgoing auditors, KPMG LLP, has confirmed that it is not aware of any professional reasons why Ernst & Young LLP should not accept appointment as auditors of the Company;

(b) the Company confirms that there were no disagreements with the outgoing auditors, KPMG LLP, on accounting treatments within the last 12 months;

(c) the Company confirms that, other than as disclosed in this Letter, it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders;

(d) the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of this Letter; and

(e) the Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of Ernst & Young LLP as auditors of the Company.

3. NOTICE OF NOMINATION

The Company has received from a Shareholder a notice of nomination of Ernst & Young LLP as the proposed new auditors of the Company, a copy of which is enclosed as an appendix to this Letter.

The appointment of Ernst & Young LLP would be effective upon obtaining the approval of Shareholders at the AGM for the Proposed Change of Auditors. If approved, Ernst & Young LLP will hold office until the conclusion of the next annual general meeting of the Company.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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 of the Company ("**Substantial Shareholders**") in the ordinary shares of the Company ("**Shares**") as at 22 May 2020 ("**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 @ Ngan Tzee Manh	139,959,164[(3)]	31.85	87,910,517[(4)]	20.01	227,869,681	51.86
Angela Heng Chor Kiang	500,000	0.11	-	-	500,000	0.11
David Lim Teck Leong	-	-	-	-	-	-
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 @ Ngan Tzee Manh	139,959,164[(3)]	31.85	87,910,517[(4)]	20.01	227,869,681	51.86
Lu Le Nhi[(2)]	29,092,577	6.62	198,777,104[(5)]	45.24	227,869,681	51.86
Yen & Son Holdings Pte Ltd[(6)]	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 direct interest includes 33,000,000 Shares held through Hong Leong Finance Nominees Pte Ltd.

(4) The deemed interest comprises Shares held directly by Mdm Lu Le Nhi and Yen & Son Holdings Pte Ltd.

(5) The deemed interest comprises Shares held directly by Mr Yen Wen Hwa and Yen & Son Holdings Pte Ltd.

(6) 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%).

5. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the Proposed Change of Auditors and, having satisfied itself of the suitability of Ernst & Young LLP and compliance with the requirements of the Listing Manual, recommends the appointment of Ernst & Young LLP in place of KPMG LLP to the Board of Directors.

6. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed appointment of Ernst & Young LLP as auditors of the Company in place of the retiring auditors, KPMG LLP, is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the Ordinary Resolution 9, being the Ordinary Resolution relating to the appointment of Ernst & Young LLP as auditors of the Company in place of the retiring auditors, KPMG LLP, to be proposed at the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

information in this Letter 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 this Letter in its proper form and context.

8. DOCUMENTS AVAILABLE 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 http://newtoyo.com/stockrelease.htm from the date of this Letter up to and including the date of the AGM:

(a) the Constitution of the Company;
(b) the Annual Report 2019 of the Company; and
(c) Ernst & Young LLP's letter of consent to act as auditors of the Company.

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

Yen Wen Hwa @ Ngan Tzee Manh
Non-Executive Chairman

APPENDIX

NOTICE OF NOMINATION

Date: 4th May 2020

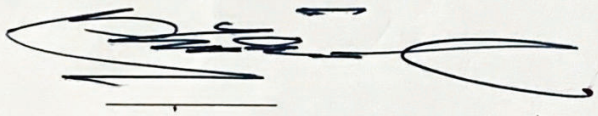
The Board of Directors
New Toyo International Holdings Ltd
80 Robinson Road #02-00
Singapore 068898

Dear Sirs

Notice of Nomination

Pursuant to Section 205(11) of the Companies Act, Chapter 50, I, Yen Wen Hwa, in my capacity as a member of New Toyo International Holdings Ltd (the "Company"), hereby give notice of my nomination of Ernst & Young LLP of Level 18 North Tower, One Raffles Quay, Singapore 048583 for appointment as auditors of the Company in place of the retiring auditors, KPMG LLP of 16 Raffles Quay #22-00, Hong Leong Building, Singapore 048581 at the forthcoming Annual General Meeting of the Company to be held on 24th June 2020 or at any adjournment thereof.

Yours faithfully



Yen Wen Hwa

Member, New Toyo International Holdings Ltd