

NICO STEEL HOLDINGS LIMITED
(Company Registration No.: 200104166D)
(Incorporated in the Republic of Singapore)

THE PROPOSED CHANGE OF AUDITORS FROM KPMG LLP TO BAKER TILLY TFW LLP

The Board of Directors (the "**Board**") of Nico Steel Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the Company's intention to change its auditors from KPMG LLP ("**KPMG**") to Baker Tilly TFW LLP ("**Baker Tilly**") ("**Proposed Change of Auditors**").

The Company's existing auditors, KPMG, was re-appointed as auditors of the Company ("**Auditors**") at the last annual general meeting of the Company held on 26 June 2015. The Company has been in discussion with KPMG on the proposed professional fees for audit services in respect of the financial year ended 29 February 2016 to be provided by KPMG and was not able to reach a mutual agreement on the quantum of professional fees. As part of the Company's ongoing effort to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be appropriate and timely to effect a change of the Auditors. The Board believes that a change of auditors may enable the Company to benefit from fresh perspectives and the views of another professional audit firm and further enhance the value of the audit.

KPMG has given notice to the Board of their resignation as Auditors on 31 August 2015, and Baker Tilly has given their consent to be appointed as new Auditors on 31 August 2015, subject to the approval of the shareholders of the Company ("**Shareholders**") at the Extraordinary General Meeting ("**EGM**"). The consent of the Accounting and Corporate Regulatory Authority of Singapore for KPMG's resignation as the Auditors has been given on 23 December 2015. The withdrawal of KPMG to act as Auditors took effect on 23 December 2015 and the appointment of Baker Tilly as new Auditors will take effect upon and subject to obtaining the approval of the Shareholders at the EGM.

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"):

- (a) KPMG has confirmed that they are not aware of any professional reasons why Baker Tilly should not accept appointment as Auditors;
- (b) the Company confirms that there were no disagreements with KPMG on accounting treatments within the last twelve (12) months from the date of this announcement;
- (c) the Company confirms that it is not aware of any circumstances in connection with the Proposed Change of Auditors that should be brought to the attention of the Shareholders, which has not been disclosed in the Circular;
- (d) the specific reasons for the Proposed Change of Auditors are disclosed in paragraph 2 of this announcement; and
- (e) the Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual in relation to the appointment of Baker Tilly as the Auditors.

A circular to Shareholders in relation to the Proposed Change of Auditors, together with the notice of EGM, will be despatched in due course.

BY ORDER OF THE BOARD

Danny Tan Chee Khiong
Executive Chairman & President
28 January 2016