

Sim Leisure Group Ltd.

(Company Registration Number: 201808096D)

(Incorporated in the Republic of Singapore)

PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

The board of directors (the “**Board**”) of Sim Leisure Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to change the current auditors of the Company, BDO LLP (“**BDO**”), to UHY Lee Seng Chan & Co (“**UHY**”) in respect of the current financial year ending 31 December 2020 (“**FY2020**”) (the “**Proposed Change of Auditors**”).

2. PROPOSED CHANGE OF AUDITORS

The current auditors of the Company, BDO, were reappointed at the last annual general meeting (“**AGM**”) of the Company held on 11 May 2020 to hold office until the conclusion of the next AGM of the Company. BDO has served as the Company’s auditors since October 2018, for the financial year ended 31 December 2018.

As part of the Group’s ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be an opportune time to review the appointment of auditors as the review would provide the Group with an opportunity to benchmark its audit fees and realise costs efficiencies.

The Board having reviewed UHY’s fee proposal and in consultation with the Company’s Audit Committee, has determined that their proposed professional fees are reasonable and competitive. The Proposed Change of Auditors is neither due to the dismissal of BDO nor BDO declining to stand for election. The Proposed Change of Auditors will result in cost savings in audit fees as compared to the audit fees proposed by BDO in respect of FY2020. The Company does not expect the reduction in cost to affect the quality of the audit to be undertaken and there will be no change in the scope of audit to be undertaken with the Proposed Change of Auditors.

The Board, in consultation with the Company’s Audit Committee, after considering the proposal by the Company’s management on the available options offered by different audit firms and having considered various factors, among others, the adequacy of the resources and experience of the auditing firm and the audit engagement partner to be assigned to the audit, Mr Lee Sen Choon, other audit engagements of the auditing firm, the Group’s audit requirements (taking into consideration the size and complexity of the Group’s business and operations) and the number and experience of supervisory and professional staff to be assigned to the audit, is satisfied that UHY and Mr Lee Sen Choon, the audit firm and audit engagement partner to be appointed, are well suited to meet the existing needs and audit requirements of the Group, and that the quality of the audit is expected to be retained. The Company’s Audit Committee also took into consideration the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”) in assessing the suitability of the different audit firms.

In connection with the Proposed Change of Auditors, (i) UHY had, on 26 August 2020, given their written consent to act as auditors of the Company, subject to the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened for the Proposed Change of Auditors (“**EGM**”); and (ii) BDO had, on 28 August 2020, applied to ACRA to seek its consent to resign as auditors of the Company.

Pursuant to Section 205AB(5) of the Companies Act, Cap. 50 of Singapore (the “**Companies Act**”), the resignation of BDO will take effect on the latest of these dates, (i) on the day on which ACRA notifies BDO and the Company of ACRA’s consent to the resignation, (ii) on the day fixed by ACRA, or (iii) on the day specified by BDO in the notice of resignation. ACRA had, on 6 October 2020, consented to the resignation of BDO and fixed BDO’s resignation date on 6 October 2020. BDO had also, on 6 October 2020, provided its notice of resignation to the Company. Accordingly, the resignation of BDO as auditors of the Company took effect on 6 October 2020.

Pursuant to Rule 712(3) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”) and Section 205AF of the Companies Act, the appointment of UHY as auditors of the Company must be specifically approved by Shareholders in a general meeting. The appointment of UHY as auditors of the Company will therefore take effect upon the approval of the same by Shareholders at the EGM, and if appointed, UHY will hold office until the conclusion of the next AGM of the Company.

The Board would like to take this opportunity to express their appreciation for the past services rendered by BDO.

Requirements under Rule 712(3) of the Catalist Rules

In accordance with the requirements of Rule 712(3) of the Catalist Rules:

- (a) BDO has confirmed by way of its letter dated 25 August 2020 to UHY that it is not aware of any professional reasons why UHY should not accept appointment as the new auditors of the Company;
- (b) the Board confirms that there were no disagreements with BDO on accounting treatments within the last 12 months up to the date of this announcement;
- (c) the Board confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in this announcement and/or the circular to Shareholders to be despatched in due course;
- (d) the reasons for the Proposed Change of Auditors are as disclosed above. The Proposed Change of Auditors is neither due to the dismissal of BDO, or due to BDO declining to stand for election; and
- (e) the Company confirms that it is in compliance with Rule 712 and Rule 715 of the Catalist Rules in relation to the appointment of UHY as the new auditors of the Company.

3. CIRCULAR TO SHAREHOLDERS

The Company will make the necessary arrangements for convening of an EGM to seek Shareholders' approval for the Proposed Change of Auditors. A circular to Shareholders containing, among others, further details on the Proposed Change of Auditors, together with the notice of EGM, will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD
SIM LEISURE GROUP LTD.

SIM CHOO KHENG
Executive Director and CEO
7 October 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.