

**ENTRY INTO A DEFINITIVE SHAREHOLDERS' AGREEMENT IN RELATION TO
A 60%-OWNED SUBSIDIARY, SIM LEISURE CREATIVE PTE LTD**

1.0 INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Sim Leisure Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s:
- announcement dated 25 March 2020 (the “**SLC Incorporation Announcement**”) in relation to the incorporation of a 60%-owned subsidiary, Sim Leisure Creative Pte. Ltd. (“**Sim Leisure Creative**”) to carry out business in relation to leasing of non-financial intangible assets (such as patents, trademarks, brand names and etc) and management consultancy services; and
 - announcement dated 30 November 2022 in respect of the entry into a conditional share sale and purchase agreement between Sim Leisure Creative and Dato’ Sim Choo Kheng (“**Dato’ Sim**”) to acquire 300 shares of AED1,000 each in Sim Leisure Gulf Contracting L.L.C. (“**Sim Leisure Gulf**”) representing the entire issued and paid-up share capital of Sim Leisure Gulf for a cash consideration of RM2,100,000 (approximately AED1,710,660 converted at the exchange rate of AED0.8146:RM1.00 on 29 November 2022), upon the terms and subject to the conditions in the conditional share sale and purchase agreement dated 30 November 2022 (the “**Proposed Acquisition**”).
- 1.2 Further to the SLC Incorporation Announcement and following the Proposed Acquisition, the Board wishes to announce that on 13 January 2023, the Company entered into a definitive shareholders’ agreement with the Minority Shareholders (as defined below) in relation to the share capital and operations of Sim Leisure Creative (the “**SH Agreement**”).

2.0 INFORMATION ON SIM LEISURE CREATIVE AND MINORITY SHAREHOLDERS

Sim Leisure Creative was incorporated on 25 March 2020 in Singapore and has an issued and fully paid-up share capital of S\$10,000.00 represented by 10,000 ordinary shares issued at an issue price of S\$1.00 each (the “**SLC Share**”). Its principal activity is to carry out business in relation to leasing of non-financial intangible assets (such as patents, trademarks, brand names and etc) and management consultancy services.

Sim Leisure Creative is a 60%-owned subsidiary of the Company with the remaining 40% shareholding interests in Sim Leisure Creative held by Mr Wesley James Rae (holding 30% interest in Sim Leisure Creative) and Ms Josie Booth (holding 10% interest in Sim Leisure Creative) (collectively herein known as the “**Minority Shareholders**”).

Mr Wesley James Rae is currently the director of operations of Sim Leisure Gulf and is responsible for managing the material aspects of the design, building and theming of leisure attractions undertaken by Sim Leisure Gulf while Ms Josie Booth is the general manager of operations. The Minority Shareholders are not related to any of the Directors or substantial shareholders of the Company and their respective associates.

Sim Leisure Gulf will be a wholly owned subsidiary of Sim Leisure Creative upon completion of the Proposed Acquisition.

3.0 SH AGREEMENT

The SH Agreement sets out certain key terms and conditions regulating the affairs of Sim Leisure Creative, such as the management and control of Sim Leisure Creative, as well as the rights and obligations of the Shareholders (as defined below) of Sim Leisure Creative.

Shareholdings of Sim Leisure Creative

Pursuant to the SH Agreement, the issued and paid-up share capital and shareholding structure of Sim Leisure Creative shall at all times be as follows:

Shareholder/Party (collectively the “Shareholders”)	Number of SLC Share	Percentage of shareholding	Issued and paid-up share capital
a) The Company	6,000	60%	S\$6,000
b) Wesley James Rae	3,000	30%	S\$3,000
c) Josie Booth	1,000	10%	S\$1,000
	10,000	100%	S\$10,000

The proceeds from the issuance of the SLC Shares had been used for working capital purposes of Sim Leisure Creative. The Company shall at all times make available interim funding (“**Interim Advance**”), up to the sum of S\$1,000,000 to Sim Leisure Creative for its working capital purposes. This Interim Advance shall be repayable to the Company within a twelve (12)-month period from the date of the full disbursement of the Interim Advance to Sim Leisure Creative.

Board of Directors and the Management of Sim Leisure Creative

The board of directors of Sim Leisure Creative shall consist of four (4) directors as follows:

<u>Proposed directors of Sim Leisure Creative</u>	<u>Number of directors</u>
a) To be nominated by the Company	Three (3)
b) To be nominated by the Minority Shareholders	One (1)

The present directors of Sim Leisure Creative are Dato’ Sim, Datin Silviya Georgieva Georgieva, Wesley James Rae and Chong Jin Fatt. Pursuant to the SH Agreement, any appointment of an executive director for Sim Leisure Creative shall be under the sole purview of its board of directors.

Sale of SLC Shares and Sale Value

The Shareholders have agreed that the price at which each of the SLC Shares is to be sold, transferred or otherwise part with its legal or beneficial ownership (other than to a third party) will be determined and calculated at One Hundred Fifty Percent (150%) of

the net tangible asset per SLC Share as determined by the then auditors of Sim Leisure Creative (**"Sale Value"**).

The Shareholders have also agreed that it shall not sell, transfer or otherwise part with its legal or beneficial ownership to any of the SLC Shares without first making an offer in writing to sell at the Sale Value to the other Shareholders. Should the other Shareholders decide not to take up such SLC Shares, the first party shall be entitled to offer such SLC Shares to a third party (provided always that such third party is not carrying on a similar or identical business as Sim Leisure Creative or the Company) at not less than the Sale Value (to be determined at a later date in accordance to the terms of the SH Agreement).

In the event of termination, the non-defaulting Shareholders shall be entitled without prejudice to any other rights it may have, to give written notice to the defaulting shareholder to terminate the SH Agreement whereupon the defaulting shareholder shall be deemed to have given the non-defaulting Shareholders, operative from the date of termination, an option to purchase from the defaulting shareholder all (but not part thereof) shareholdings of the defaulting shareholder in Sim Leisure Creative representing its/his entire participation in the equity of Sim Leisure Creative at the Sale Value of such SLC Shares (**"Discounted Price"**). The relevant date for the determination of the Sale Value of such SLC Shares shall be the last day of the month preceding the date of written notice given by a non-defaulting shareholder to the defaulting shareholder.

Upon the exercise by the non-defaulting Shareholders of the aforesaid option, the defaulting shareholder shall become bound to sell to the non-defaulting Shareholders accordingly and completion of such sale and purchase shall take place at the registered office of Sim Leisure Creative or such other place mutually agreed upon by the Shareholders, on or before the 30th day after the written notice of its/his intention to terminate this SH Agreement is given to the defaulting shareholder. In the event that the non-defaulting Shareholders does not exercise the option within thirty (30) days of the termination notice, the Shareholders agree that (i) the non-defaulting Shareholders may require the defaulting shareholder to sell all (and not only some) of the latter's shareholdings in the Sim Leisure Creative to a third party approved by the board of directors of Sim Leisure Creative at a price which is not lower than the Discounted Price, or (ii) failing which, they shall take all such necessary actions to wind up Sim Leisure Creative as soon as possible.

The Shareholders have further agreed that all Shareholders shall not be entitled to sell or transfer any of the SLC Shares to any third party (other than an affiliate) for a period of five (5) years of the date of the SH Agreement, without the written consent of the others. The Shareholders shall cause Sim Leisure Creative to refuse to register any transfer of SLC Shares in breach of this arrangement.

4.0 SOURCE OF FUNDS AND FINANCIAL EFFECTS

As disclosed in the SLC Incorporation Announcement, the subscription of 6,000 SLC Shares by the Company was funded by the Group's internal resources.

The SH Agreement is not expected to have any material effect on the consolidated net tangible assets per share and earnings per share of the Company and the Group for the current financial year ending 31 December 2023.

5.0 INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company and their respective associates, has an interest, direct or indirect, in the SH Agreement, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

6.0 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SH Agreement will be made available for inspection during normal business hours at the registered office of the Company at 138 Robinson Road #26-03, Oxley Tower Singapore 068906, for a period of (3) months from the date of this announcement.

By order of the Board,

Dato' Sim Choo Kheng
Executive Chairman
13 January 2023

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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