

Sim Leisure Group Ltd.

(Company Registration Number: 201808096D)

(Incorporated in the Republic of Singapore)

PROPOSED SUBSCRIPTION OF 17,717,700 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF SIM LEISURE GROUP LTD.

1. 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"**) wishes to announce that the Company had, on 1 September 2021, entered into a subscription agreement (**"Subscription Agreement"**) with (i) Mr Tan Boon Seng, the Non-Independent Non-Executive Director and a controlling shareholder of the Company (**"Mr Tan"** or **"Subscriber 1"**); and (ii) Desamal Capital Sdn Bhd (formerly known as Tropika Kiara Sdn. Bhd.), an associate (as defined in the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) Listing Manual Section B: Rules of Catalist (**"Catalist Rules"**)) of Subscriber 1 and a controlling shareholder of the Company (**"Desamal"** or **"Subscriber 2"**, and together with Subscriber 1, the **"Subscribers"**).
- 1.2. Pursuant to the Subscription Agreement, the Company has agreed to allot and issue, and the Subscribers have agreed to subscribe and pay for, an aggregate of 17,717,700 new ordinary shares in the capital of the Company (**"Subscription Shares"**) at the subscription price of S\$0.205 (**"Subscription Price"**) for each Subscription Share, amounting to an aggregate consideration of S\$3,632,128.50 (**"Proposed Subscription"**).
- 1.3. Details of the Subscribers and their respective subscriptions for the Subscription Shares, as well as shareholdings in the Company before and after the Proposed Subscription, are set out below.

Name of Subscriber ⁽¹⁾	Number of Subscription Shares to be subscribed for	Aggregate Subscription Price to be paid (\$)	% shareholding in the Company	
			As at date of Subscription Agreement and before completion of the Proposed Subscription ⁽²⁾	After completion of the Proposed Subscription ⁽³⁾
Mr Tan	1,000,000	205,000.00	18.18% ⁽⁴⁾	26.95% ⁽⁴⁾
Desamal	16,717,700	3,427,128.50	17.50%	25.74%
Total	17,717,700	3,632,128.50		

Notes:

- (1) Please refer to section 4 of this announcement for further information on the Subscribers.
(2) Based on Existing Share Capital (as defined below) of 147,647,500 Shares.
(3) Based on Enlarged Share Capital (as defined below) of 165,365,200 Shares.
(4) Including Mr Tan's deemed interest in Desamal.

- 1.4. The Proposed Subscription will be undertaken by way of an exempt offering in Singapore in accordance with Section 272B (private placement) of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus, offer document or other information statement will be issued by the Company and lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Subscription.
- 1.5. No placement agent has been appointed in respect of the Proposed Subscription.

2. THE PROPOSED SUBSCRIPTION AND SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

2.1. Subscription Shares

- 2.1.1 The Subscription Shares represent approximately 12.0% of the Existing Share Capital¹ of the Company as at the date of this announcement. Following the successful allotment and issuance of the Subscription Shares, the Subscription Shares will represent approximately 10.7% of the Enlarged Share Capital² of the Company. The Company has no outstanding warrants or other convertible securities as at the date of this announcement.
- 2.1.2 In connection to the Proposed Subscription, the Company will not be relying on the general share issue mandate granted by shareholders of the Company ("**Shareholders**") to the Directors at the last annual general meeting of the Company held on 31 May 2021. An extraordinary general meeting of the Company ("**EGM**") will be convened to seek the approval of Shareholders for the following:
- (a) the issuance of the Subscription Shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and Rule 805(1) of the Catalist Rules; and
 - (b) the allotment and issuance of the Subscription Shares at the Subscription Price to Subscriber 1 (being a Director and a controlling Shareholder of the Company) and Subscriber 2 (being an associate of Subscriber 1 and a controlling Shareholder of the Company) pursuant to Rules 804 and 812(2) of the Catalist Rules.

Further information on the Proposed Subscription will be provided in a circular to be despatched to Shareholders ("**Circular**") in due course.

¹ Existing Share Capital refers to the existing issued and paid-up share capital of the Company of 147,647,500 ordinary shares ("**Shares**") (excluding treasury shares and subsidiary holdings) as at the date of this announcement.

² Enlarged Share Capital refers to the enlarged issued and paid-up share capital of the Company of 165,365,200 Shares (excluding treasury shares and subsidiary holdings) immediately after the completion of the Proposed Subscription ("**Completion**"), comprising the Existing Share Capital and the Subscription Shares.

2.1.3 The Subscription Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares save that they will not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the Completion Date (as defined in paragraph 2.4.1 below).

2.1.4 The allotment and issuance of the Subscription Shares will not result in any transfer of controlling interest in the Company pursuant to Rule 803 of the Catalist Rules.

2.1.5 There is no moratorium imposed on the Subscription Shares.

2.2. Subscription Price

2.2.1 The Subscription Price of S\$0.205 represents a discount of approximately 5.9% to the volume-weighted average price of S\$0.2178 per Share, based on the trades done on the SGX-ST on 1 September 2021, being the full market day on which the Subscription Agreement is signed.

2.2.2 The Subscription Price was commercially agreed upon between the Company and the Subscribers after arm's length negotiations and taking into account (i) the historical trading performance of the Company; and (ii) the prevailing market conditions of the Group's business.

2.3. Conditions Precedent and Completion

The conditions precedent to Completion are as follows:

- (a) the relevant approvals (if required) from the Company's sponsor and regulatory bodies, as well as the receipt of the listing and quotation notice from the SGX-ST in respect of the listing of the Subscription Shares on the Catalist board of the SGX-ST ("**Catalist**"), having been obtained and such approval being in full force and effect; and if obtained subject to conditions, such conditions being reasonably acceptable to the Company and the Subscribers and are timely and satisfactorily fulfilled;
- (b) the issue and subscription of the Subscription Shares not being prohibited by any Applicable Laws³;
- (c) the approval of Shareholders for the Proposed Subscription and the allotment and issuance of the Subscription Shares at the Subscription Price; and
- (d) the representations and warranties of the Company and the Subscribers in the Subscription Agreement being true and accurate and not misleading as at the date of the Subscription Agreement, and remaining true and accurate and not misleading at all times up until Completion,

³ Applicable Laws refers to any publicly available law, statute, rule, regulation or code, or order, decree, requirement, judgment or decision of any governmental or regulatory body or authority or court of competent jurisdiction, applicable to the Company or the Subscribers or to the relevant matter(s) contemplated under the Subscription Agreement, and includes, for the avoidance of doubt, the Companies Act, Chapter 50 of Singapore and the Catalist Rules.

(collectively, “**Conditions Precedent**”).

2.4. Completion

- 2.4.1 Completion of the Proposed Subscription shall take place on a date falling five (5) business days from the satisfaction of all Conditions Precedent, or such later date as the Company and the Subscribers shall agree to in writing (“**Completion Date**”).
- 2.4.2 If any of the Conditions Precedent set out in paragraph 2.3 above is not satisfied on or before 1 December 2021 (“**Cut-Off Date**”) or otherwise waived, the Subscription Agreement shall lapse and cease to have further effect, the Proposed Subscription shall be aborted, and the Company and the Subscribers shall have no claim against the other except for any antecedent breach of the Subscription Agreement.

3. **APPLICATION TO THE SGX-ST**

The Company will be submitting an additional listing application, through its sponsor, together with any conforming documents to the SGX-ST for the listing and quotation of the Subscription Shares on the Catalist at the appropriate time. The Company will make the necessary announcements upon the receipt of the listing and quotation notice from the SGX-ST.

4. **DETAILS OF THE SUBSCRIBERS**

4.1 As stated in paragraph 1 above and as at the date of this announcement:

- (a) Subscriber 1 is the Non-Independent Non-Executive Director and a controlling Shareholder of the Company, with direct and deemed interest in 1,000,000 Shares and 25,845,000 Shares (being the Shares held by Subscriber 2) respectively, representing in aggregate approximately 18.18% of the Existing Share Capital of the Company (as described in paragraph 4.4 below, Subscriber 1 has deemed interest in the Shares held by Subscriber 2); and
- (b) Subscriber 2 is an associate of Subscriber 1 and a controlling Shareholder of the Company, holding 25,845,000 Shares, representing approximately 17.50% of the Existing Share Capital of the Company.

Following the successful allotment and issuance of the Subscription Shares:

- (i) Subscriber 1’s shareholding (direct and deemed) would increase to 2,000,000 Shares and 42,562,700 Shares (being the Shares held by Subscriber 2) respectively, representing in aggregate 26.95% of the Enlarged Share Capital of the Company; and
- (ii) Subscriber 2’s shareholding would increase to 42,562,700 Shares, representing 25.74% of the Enlarged Share Capital of the Company.

- 4.2 As Subscriber 1 is the Non-Independent Non-Executive Director of the Company, please refer to the section entitled “Board of Directors” of the Company’s annual report for the financial year ended 31 December 2020 for more information on Subscriber 1.
- 4.3 Subscriber 2 is an investment holding company, which owns and operates Malaysia’s largest Chinese restaurant food chain including renowned brands such as Dragon-I, Canton-I, Ho Min San and the Japanese franchise Yayoi, and has at present about 40 restaurants spread over Peninsular Malaysia and the state of Sabah. It also owns the Advance Tertiary College with 750 students across two (2) campuses in Kuala Lumpur and Penang. In addition, Subscriber 2 owns two (2) unique FMCG brands including Bad Lab and Good Virtues which specialise in personal grooming products.
- 4.4 The entire issued and paid-up share capital of Subscriber 2 is held by RHB Trustees Berhad as bare trustee for SWY Trust, which is a family trust and the named beneficiaries are Subscriber 1, and his siblings, namely Mr Tan Boon Yao and Mr Tan Boon Wy. Subscriber 1 is also in charge of operating the assets within the SWY Trust and a director of Subscriber 2. Accordingly, Subscriber 1 has deemed interest in the Shares held by Subscriber 2.
- 4.5 No introducer, referral or commission fees have been paid or will be payable by the Company in connection with the Proposed Subscription. Each of the Subscribers is subscribing for the Subscription Shares for investment purposes, and as principal for it/his own benefit, and not in trust or as a nominee.
- 4.6 Save for Subscriber 1 being the Non-Independent Non-Executive Director and a controlling Shareholder of the Company, and Subscriber 2 being an associate of Subscriber 1 and a controlling Shareholder of the Company and save as disclosed herein, the Company confirms that no other Directors or substantial Shareholders has, to the best of their knowledge, any connection (including business relationship) with the Subscribers or their directors or substantial shareholders.

5. CHAPTER 9 OF THE CATALIST RULES

- 5.1 As mentioned in paragraphs 1.1 and 4.1 above, Subscriber 1 is the Non-Independent Non-Executive Director and a controlling Shareholder of the Company and Subscriber 2 is an associate of Subscriber 1 and a controlling Shareholder of the Company. Accordingly, each of the Subscribers is an “interested person” of the Company and the entry into the Subscription Agreement is an “interested person transaction” for the purposes of Chapter 9 of the Catalist Rules. In addition, pursuant to Rule 908(1) of the Catalist Rules, transactions between (a) the Group and Subscriber 1; and transactions between (b) the Group and Subscriber 2 (being an associate of Subscriber 1) or other associates of Subscriber 1, are deemed to be transactions between the Group with the same interested person.
- 5.2 Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2020 (“FY2020”), the Group’s latest audited net tangible assets (“Group NTA”) is approximately RM63,343,065 (equivalent to S\$21,114,355 based on an exchange rate of RM3.00 : S\$1.00) as at 31 December 2020.

- 5.3 The aggregate Subscription Price for the Subscription Shares of S\$3,632,128.50 represents approximately 17.2% of the Group NTA (based on an exchange rate of RM3.00 : S\$1.00). Accordingly, the Company will be seeking specific Shareholders' approval at the EGM to be convened for the Proposed Subscription as an interested person transaction pursuant to Rule 906 of the Catalist Rules.
- 5.4 The aggregate value of all interested person transactions entered into by the Group with Subscriber 1 (excluding the Proposed Subscription) for the current financial year commencing 1 January 2021 up to the date of this announcement is RM1.06 million, representing approximately 1.7% of the Group NTA, being a transaction with an associate of Subscriber 1.
- 5.5 There were no interested person transactions entered into by the Group with Subscriber 2 (excluding the Proposed Subscription) for the current financial year commencing 1 January 2021 up to the date of this announcement.
- 5.6 For the current financial year commencing 1 January 2021 up to the date of this announcement, the aggregate value of all transactions entered into by the Group with all interested persons (excluding the Proposed Subscription) is approximately RM4.81 million, representing approximately 7.6% of the Group NTA.

6. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND USE OF PROCEEDS

6.1. Rationale for the Proposed Subscription

The Company is of the view that the investment by the Subscribers through the Proposed Subscription is beneficial to the Company and the Group as the proceeds from the Proposed Subscription will increase the resources available to the Company for its operational needs, among other expenses, and the financing of future strategic investments and/or acquisitions, and will allow the Group to further strengthen its financial position and capital base. Furthermore, in light of present market conditions, there are limited financing options available to the Group.

6.2. Use of Proceeds

- 6.2.1 The estimated net proceeds to be raised from the Proposed Subscription, if and when completed, after deducting estimated expenses of approximately S\$40,000 to be incurred in connection with the Proposed Subscription, would be S\$3,592,129 ("**Net Proceeds**"). The Net Proceeds are intended to be used for the funding of potential growth and expansion or diversification and general working capital of the Group. The Company intends to apply the Net Proceeds as follows:

Use of Net Proceeds	Amount (S\$)	As a percentage of total Net Proceeds (%)
1) Funding of potential growth and expansion or diversification	2,514,490	70

2) General working capital	1,077,639	30
Total	3,592,129	100

- 6.2.2 Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit and in the interests of the Company.
- 6.2.3 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when they are materially disbursed or utilised, and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in this announcement. The Company will also provide a status report on the use of such proceeds in the Company's interim and full year financial results announcement(s), and annual report(s). Where the Net Proceeds are used for general working capital purposes, the Company will announce a breakdown with specific details on the use of the Net Proceeds for working capital. Where there is any material deviation from the stated use of the Net Proceeds, the Company will also announce the reasons for such deviation.

7. CONFIRMATION BY DIRECTORS AND AUDIT COMMITTEE STATEMENT

- 7.1. The Directors are of the opinion that as at the date of this announcement:
- (a) after taking into consideration the present bank facilities available to the Group, the Group's internal resources and operating cashflows, the working capital available to the Group is sufficient to meet its present requirements, and the Proposed Subscription is being undertaken for purposes set out in paragraph 6.1 above; and
 - (b) after taking into consideration the present bank facilities available to the Group, the Group's internal resources and operating cashflows, and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

In light of the evolving COVID-19 pandemic and widespread transmission of the virus worldwide, the Company is closely monitoring and working with its business associates and partners to assess and mitigate the financial impact of the unprecedented pandemic on the Group's business and financial performance, and will update Shareholders in due course if there are any changes to the aforesaid confirmation.

- 7.2. Pursuant to Rule 917(4)(a) of the Catalist Rules, the Audit Committee of the Company (all of whom are considered independent for the purposes of considering the Proposed Subscription), having considered, among others, (i) the terms of the Proposed Subscription; (ii) the rationale for and benefits of the Proposed Subscription; and (iii) the discount for the Subscription Price being generally in line with the discount for precedent placements of shares conducted by other listed companies in Singapore, is of the view that the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

8. FINANCIAL EFFECTS

8.1. The *pro forma* financial effects of the Proposed Subscription are presented strictly for illustrative purposes and may not necessarily indicate or reflect the actual future financial position and results of the Group following the Proposed Subscription.

8.2. The *pro forma* financial effects of the Proposed Subscription have been computed based on the latest audited consolidated financial statements of the Company and the Group for FY2020. The financial effects of the Proposed Subscription are based on the following assumptions:

- (a) the financial effect on the net tangible assets (“NTA”) per Share is computed based on the assumption that the Proposed Subscription was completed on 31 December 2020;
- (b) the financial effect on the earnings per Share (“EPS”) is computed based on the assumption that the Proposed Subscription was completed on 1 January 2020;
- (c) expenses to be incurred in respect of the Proposed Subscription amounted to approximately S\$40,000 (equivalent to approximately RM120,000); and
- (d) exchange rate of RM3.00 : S\$1.00 is used for the computations.

8.3. Share Capital

	Before the Proposed Subscription	After the Proposed Subscription
Issued and paid-up share capital (RM)	55,360,320	66,256,706
Total number of Shares	147,647,500	165,365,200

8.4. NTA per Share

As at 31 December 2020	Before the Proposed Subscription	After the Proposed Subscription
NTA (RM)	63,343,065	74,119,451
Total number of Shares	147,647,500	165,365,200
NTA per Share (RM cents)	42.90	44.82

8.5. EPS

FY2020	Before the Proposed Subscription	After the Proposed Subscription
Profit attributable to owners of the parent (RM)	8,464,442	8,464,442
Weighted average number of Shares	142,054,792	159,772,492

FY2020	Before the Proposed Subscription	After the Proposed Subscription
EPS (RM cents)	0.60	0.53

9. EXTRAORDINARY GENERAL MEETING

As mentioned in paragraphs 2.1.2 and 5.3 above, the Company will convene an EGM to seek the approval of Shareholders for the Proposed Subscription.

The Circular containing, *inter alia*, further information on the Proposed Subscription, together with the notice of the EGM and the accompanying proxy form will be despatched to Shareholders in due course.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors, controlling Shareholders and/or their respective associates has any interest, whether direct or indirect, in the Proposed Subscription (other than through their respective shareholdings and/or directorships, as the case may be, in the Company).

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the Subscription Agreement is 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 three (3) months from the date of this announcement.

13. FURTHER ANNOUNCEMENTS

Shareholders and potential investors are advised to exercise caution in trading their Shares. The Proposed Subscription contemplated under and in connection with the Subscription Agreement are subject to certain conditions. As at the date of this

announcement, there is no certainty or assurance that the Proposed Subscription will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Where in any doubt as to the action they should take, Shareholders and potential investors should consult their stockbrokers, bank managers, financial, tax, legal or other professional advisers.

BY ORDER OF THE BOARD
SIM LEISURE GROUP LTD.

Sim Choo Kheng
Executive Director and Chief Executive Officer
1 September 2021

*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 Goh Mei Xian, Associate Director, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.