

# Sim Leisure Group Ltd.

(Company Registration Number: 201808096D)  
(Incorporated in the Republic of Singapore)

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## PROPOSED ACQUISITION OF RAKAN RIANG SDN BHD

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### 1. INTRODUCTION

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’s wholly-owned subsidiary, Sim Leisure Escape Sdn. Bhd., (the “**Purchaser**” or “**SLE**”), had on 4 November 2020 executed a sale of shares agreement (the “**SSA**”) with Themed Attractions and Resorts Sdn. Bhd. (“**TAR**”) and Boustead Curve Sdn. Bhd. (“**BCSB**”) (together, the “**Vendors**”) for the acquisition by the Purchaser of all the issued and paid-up ordinary shares in the capital (the “**Sale Shares**”) of Rakan Riang Sdn Bhd (“**RRSB**”) from the Vendors (the “**Proposed Acquisition**”).

### 2. INFORMATION RELATING TO RRSB

- 2.1 RRSB was incorporated in Malaysia on 21 April 2009 and is a joint venture company between (a) TAR, which is a subsidiary of Themed Attractions Resorts & Hotels Sdn. Bhd. (“**TAR&H**”); and (b) BCSB, which is a subsidiary of Boustead Holdings Berhad.
- 2.2 The Vendors and their respective directors and shareholders are not related to the Company, the Group, the Directors or substantial shareholders of the Company and their respective associates.
- 2.3 RRSB is an authorised licensee of “KidZania”, which currently operates an interactive indoor educational and entertainment centre under the name “KidZania Kuala Lumpur” (“**KZKL**”), where children role-play a variety of professions and activities in a model of a city designed and programmed to mimic adult life and the inner workings of a real city. Such role-playing activities are aimed at offering diverse learning experiences to children to build up their confidence, develop life and social skills, and gain greater awareness about social values. KZKL has more than 20 recognised international and local commercial partners who present some of the activities. KZKL is located at the Curve NX building in Mutiara Damansara, Petaling Jaya, Selangor, Malaysia. Please see paragraph 5.1 below for more information regarding RRSB.

- 2.4 No independent valuation was carried out in connection with the Proposed Acquisition as the Board is of the view that the management team of the Company had negotiated the most competitive purchase price and terms, which are in the best interests of the Company and the shareholders of the Company (the “**Shareholders**”). As mentioned in paragraph 5.3 below, the Company intends to seek a waiver from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) of the application of Rule 1015 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) relating to a “very substantial acquisition” (as defined in the said Rule 1015 of the Catalist Rules).

### 3. **PRINCIPAL TERMS OF THE PROPOSED ACQUISITION OF THE SALE SHARES**

#### 3.1 Purchase Consideration and Refundable Deposit

- (a) The Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares for a purchase consideration of RM3.8 million (the “**Purchase Consideration**”).
- (b) The Purchaser shall pay a sum of RM500,000 as deposit (the “**Deposit**”), which shall form part payment of the Purchase Consideration, to the Vendors immediately upon the execution of the SSA. In the event of a termination of the SSA, the Deposit may be refunded to the Purchaser or retained by the Vendors, as the case may be, in accordance with paragraphs 3.5.1, 3.5.2 and 3.5.3 below.
- (c) The Purchaser shall pay a sum of RM2.5 million within five business days of the fulfilment of Conditions Precedent (as defined below) (the “**Completion Consideration**”).
- (d) The Vendors and the Purchaser shall conduct a joint inspection prior to completion of the Proposed Acquisition, and where any item from an agreed list of assets material to the operation of RRSB or its business, cannot be located or not in working condition, the Purchase Consideration shall be reduced by the net book value (based on the latest management accounts of RRSB) or 20% of the initial acquisition cost of such item recorded by RRSB, whichever is higher (the “**Deduction**”).
- (e) The Purchase Consideration, after deducting the Deposit, the Completion Consideration, the Deduction (if any) and any amounts liable to be paid by any of the Vendors to the Purchaser under the SSA, shall be paid in cash to the Vendors within 12 months from the date of the SSA.

#### 3.2 Basis of the Purchase Consideration and Source of Funds

- (a) The Purchase Consideration was determined based on arm’s length negotiations and arrived at on a willing-buyer willing-seller basis, after taking into account, the financial performance of RRSB for the financial year ended

31 December 2019 (“**FY2019**”) and the six (6)-month financial period from 1 January 2020 to 30 June 2020 (“**HY2020**”), the writing off of the Inter-Company Liabilities (as defined below) as at Completion Date (as defined below), as well as the potential benefits to the Group arising from the Proposed Acquisition.

- (b) The Proposed Acquisition will be financed by a combination of internal cash resources and borrowings.

### 3.3 Completion Date

Subject to, *amongst others*, the fulfilment of the Conditions Precedent (as defined below), the completion of the Proposed Acquisition shall take place on the date falling five (5) business days from the date of fulfilment of the last Condition Precedent or such other date as may be agreed by the Vendors and the Purchaser in writing (the “**Completion Date**”).

The Vendors and the Purchaser shall procure the fulfilment of the Conditions Precedent within 30 days from the date of the SSA or, where any of the Conditions Precedent is not fulfilled within the aforesaid 30-day period, 60 days from the date of the SSA (“**Conditional Period**”).

### 3.4 Conditions Precedent

Unless waived by the Vendors and the Purchaser in accordance with the SSA, the completion of the Proposed Acquisition is conditional upon, *amongst others*, the following conditions:

- (a) the Vendors obtaining a written approval from the licensors of the “KidZania” brand name, KidZania, S.A.P.I. de C.V. and KidZania de México, S.A. de C.V., for the Proposed Acquisition;
  - (b) the Vendors obtaining all necessary consents, waivers and approvals for the Proposed Acquisition and all other transactions contemplated under the SSA from any other persons or relevant authority (if necessary) in accordance with the SSA; and
  - (c) the Purchaser obtaining, *amongst others*, the VSA Waiver,
- (collectively, the “**Conditions Precedent**”).

### 3.5 Termination of the SSA

#### 3.5.1 *Non-fulfilment of Conditions Precedent*

The SSA may be terminated following the expiry of the Conditional Period where any of the Conditions Precedent is not fulfilled within the Conditional Period, unless otherwise agreed by the Vendors and the Purchaser, and the Deposit shall be refunded together with all interest accrued.

### 3.5.2 *Breach by the Vendors*

The SSA may be terminated by the Purchaser prior to Completion Date by written notice if the Vendors fail to perform its obligations or breach the terms of the SSA; and such failure is not remedied within 10 business days (or such other longer period as may be specified by the Purchaser) of the written notice by the Purchaser specifying such breach.

In the event the SSA is terminated in accordance with this paragraph 3.5.2, the Deposit shall be refunded together with all interest accrued and the Purchaser shall also pay a further sum equivalent to the Deposit to the Purchaser as liquidated damages.

### 3.5.3 *Breach by the Purchaser*

The SSA may be terminated by the Vendors by written notice and retain the Deposit in full if the Purchaser fails to carry out its payment obligations in accordance with the SSA and such failure is not remedied within 10 business days (or such other longer period as may be specified by the Vendors) of the written notice by the Vendors specifying such breach.

## 3.6 Other Material Terms

### 3.6.1 *Existing Cash*

On the Completion Date, RRSB shall transfer to TAR any cash held by RRSB up to and including the Completion Date less the salaries, wages, overtime payments, benefits and mandatory contributions of all existing employees, directors and officers of RRSB payable by RRSB up to the Completion Date.

### 3.6.2 *Apportionment of Sponsorship Revenue*

TAR shall also be entitled to all sponsorship revenue payable or paid in advance for the period up to and including the Completion Date. Such sponsorship revenue comprises sponsorship fees and other monies due from sponsors of RRSB under existing sponsorship agreements in respect of the promotion of such sponsors' image or branding at KZKL or at any activity or programme conducted by RRSB.

## 3.7 Acquisition-related Fees

The Purchaser will bear due diligence, professional and consultancy fees of S\$530,000 to be paid to third-party consultants on Completion Date for purposes of the Proposed Acquisition. The said consultants and its directors and shareholders are not related to the Company, the Group, the Directors or substantial Shareholders of the Company and their respective associates.

#### 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition would provide the following commercial benefits to the Group:

- (a) KZKL began its operations in 2012 and to date has more than 20 recognised international and local commercial partners for the activities. The Proposed Acquisition allows the Group to acquire a business with an established track record and expand its offering to include indoor themed attractions in addition to the existing outdoor ones.
- (b) The Proposed Acquisition is in the interests of the Group and will enhance Shareholders' value in the long term. The Group and RRSB are in a similar business of themed attraction operators and the Proposed Acquisition is in line with the Group's long-term growth strategy to expand its business. In addition to Escape Challenge at Paradigm Mall, the Proposed Acquisition will allow the Group to further extend its geographical reach beyond Penang by having an increased presence in Klang Valley.
- (c) The Proposed Acquisition will also enhance the Group's reputation as not just an outdoor theme park operator but also a trusted operator under a world-renowned brand, KidZania.

#### 5. CHAPTER 10 OF THE CATALIST RULES

- 5.1 Based on the audited financial statements of RRSB for FY2019, RRSB recorded (i) a net loss before tax of approximately RM1.4 million for FY2019, and (ii) net tangible assets of approximately RM13.1 million as at 31 December 2019.

Based on the unaudited financial results for HY2020, RRSB recorded (i) a net loss before tax of approximately RM4.0 million for HY2020, and (ii) net tangible assets of approximately RM9.2 million as at 30 June 2020.

Pursuant to the terms of the SSA, the Vendors and the Purchaser have agreed that all inter-company liabilities due and owing from RRSB to TAR, TAR&H and each of its respective group of companies including related corporations ("**Inter-Company Liabilities**") as at Completion Date will be written off. As at 30 June 2020, the amount of such Inter-Company Liabilities was approximately RM12.6 million.

- 5.2 Relative Figures on the bases as set out under Rule 1006 of the Catalist Rules

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules and the Group's latest announced unaudited consolidated financial statements for HY2020, are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value	Not applicable <sup>(1)</sup>
(b)	The net profits <sup>(2)</sup> attributable to the assets acquired compared with the Group's net profits	156% <sup>(3)</sup>
(c)	The aggregate value of the consideration given or received compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	4% <sup>(4)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(5)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets.	Not applicable <sup>(6)</sup>

**Notes:**

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Net profits is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Computed based on the net loss before income tax of RRSB of approximately RM4.0 million for HY2020 and the net loss before income tax of the Group of approximately RM2.5 million for HY2020.
- (4) This is calculated based on the Purchase Consideration of RM3.8 million (equivalent to approximately S\$1.25 million based on an exchange rate of RM1.00 : S\$0.3289), and the Company's market capitalisation of approximately S\$30.46 million. The market capitalisation of the Company was computed based on the issued share capital of the Company ("**Shares**") of 147,647,500 Shares and the volume weighted average price of S\$0.2063 per Share, based on trades transacted on 3 November 2020 (being the last market day preceding the date of the SSA on which the Shares were transacted).
- (5) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities are to be issued by the Company as part of the Purchase Consideration for the Proposed Acquisition.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

- 5.2.1 As the relative figure computed based on Rule 1006(b) of the Catalist Rules (based on the respective absolute figures) exceeds 100%, the Proposed Acquisition constitutes a “very substantial acquisition” within the meaning of Rule 1015 of the Catalist Rules. The Company will be making an application to the SGX-ST to consult and seek, *amongst others*, a waiver from the SGX-ST of the requirements under Rule 1015 of the Catalist Rules in respect of a “very substantial acquisition” (the “**VSA Waiver**”). The Company will make further announcements to update Shareholders when there are material developments in relation to the VSA Waiver including the outcome of the VSA Waiver.

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the Proposed Acquisition.

The *pro forma* financial effects set out below have been computed based on the latest audited consolidated financial statements of the Group for FY2019 and the audited financial statements of RRSB for FY2019, as well as based on the following bases and key assumptions:

- (a) the financial effects of the Proposed Acquisition on the net tangible assets (“**NTA**”) per Share of the Group are computed assuming that the Proposed Acquisition was completed on 31 December 2019;
- (b) the financial effects of the Proposed Acquisition on the earnings per Share (“**EPS**”) of the Group are computed assuming that the Proposed Acquisition was completed on 1 January 2019;
- (c) the assets and liabilities of RRSB are based on book value and no fair valuation exercise has been undertaken in respect of such assets and liabilities, and accordingly, the difference between the Purchase Consideration and the fair values of the net assets of RRSB is the goodwill amount. As the final goodwill/bargain purchase will have to be determined at Completion Date, the actual goodwill/bargain purchase could be materially different from the amount derived based on the assumption used;
- (d) the writing off of the Inter-Company Liabilities is computed based on the balance outstanding of approximately RM11.6 million as at 31 December 2019;
- (e) the Existing Cash (as set out in paragraph 3.6.1 above) and the Apportionment of Sponsorship Revenue (as set out in paragraph 3.6.2 above) have been disregarded for the purposes of the computations of the financial effects;
- (f) the payment of the Purchase Consideration is satisfied using internal cash resources;

- (g) exchange rate of RM1 : S\$0.3289 is used for the computations; and
- (h) expenses incurred in connection with the Proposed Acquisition are estimated to be approximately S\$530,000.

For the avoidance of doubt, the number of Shares used in the computation of financial effects of the Proposed Acquisition on the NTA per Share and EPS of the Group are based on the number of Shares as at 31 December 2019, before the issuance and allotment of new Shares in May 2020.

#### 6.1 NTA per Share

<b>As at 31 December 2019</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NTA (S\$'000)	16,969	23,326
Number of Shares	129,755,833	129,755,833
NTA per Share (S\$ cents)	1.31	1.80

#### 6.2 EPS

<b>FY2019</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Profit attributable to owners of the Company (S\$'000)	77	6,638
Weighted average number of Shares	129,755,833	129,755,833
EPS (S\$ cents)	0.06	5.12

#### 6.3 Gearing

<b>As at 31 December 2019</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Total borrowings of the Group (S\$'000)	2,711	2,711
Total equity of the Group (S\$'000)	16,969	23,854
Gearing <sup>(1)</sup> (time)	0.16	0.11

**Note:**

<sup>(1)</sup> Gearing refers to the ratio of "Total borrowings" to "Total equity".

## 7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or controlling Shareholders of the Company and their respective associates has any interest, direct or indirect, in



the Proposed Acquisition (other than through their respective shareholdings in the Company, if any).

## **8. SERVICE CONTRACTS**

As at the date of this announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **9. 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 Acquisition, 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.

The information set out in paragraphs 2.1 and 2.3 of this announcement regarding RRSB was provided by the Vendors and the Directors have not independently verified the accuracy and correctness of the same.

## **10. DOCUMENT AVAILABLE FOR INSPECTION**

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

**BY ORDER OF THE BOARD  
SIM LEISURE GROUP LTD.**

SIM CHOO KHENG  
Executive Director and CEO  
4 November 2020

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*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 Catalist.*

*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.*