

Sim Leisure Group Ltd.

(Company Registration Number: 201808096D)

(Incorporated in the Republic of Singapore)

ENTRY INTO A LOAN AGREEMENT AS AN INTERESTED PERSON TRANSACTION

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. (“**SLE**”), has on 20 November 2020, entered into a loan agreement (the “**Loan Agreement**”) with Mr Tan Boon Seng (non-independent non-executive Director of the Company) (the “**Lender**”). Pursuant to the Loan Agreement, the Lender has agreed to grant a loan in the principal amount of up to RM7.0 million in aggregate (the “**Aggregate Loan Amount**”) to SLE, subject to the terms and conditions set out in the Loan Agreement (“**Loan**”). A summary of the principal terms of the Loan Agreement is set out in paragraph 2 of this announcement.

2. PRINCIPAL TERMS OF THE LOAN AGREEMENT

Lender	Mr Tan Boon Seng
Borrower	Sim Leisure Escape Sdn. Bhd.
Aggregate Loan Amount	The Aggregate Loan Amount is the maximum principal amount of RM7.0 million, consisting of the term funding of RM5.3 million (“ Term Funding ”) and the funding portion of RM1.7 million (“ Funding Portion ”).
Term Funding	Subject to the terms and conditions of the Loan Agreement, the Lender shall make available and grant to SLE the Term Funding during the period of up to 24 months commencing from the date of the Loan Agreement, or such other period as may be determined by the Lender. The Term Funding will only be used for the specified purposes set out below.
Funding Portion	Subject to the terms and conditions of the Loan Agreement, the Lender shall make available and grant to SLE the Funding Portion during the period of 60 months from the date of first drawdown of the Term Funding (“ Tenure ”). The Funding Portion will only be used for the specified purposes set out below.

Purpose of the Loan	The Loan is to be used as follows: (a) the Term Funding shall be used to fund the proposed acquisition by SLE of all the issued and paid-up ordinary shares in the capital of Rakan Riang Sdn Bhd ("RRSB") (the "Proposed RRSB Acquisition") as announced by the Company on 4 November 2020 and the relevant acquisition expenses of the Proposed RRSB Acquisition; and (b) the Funding Portion shall be used for the Group's general working capital purposes, such as for salaries and wages to employees; advertising and marketing campaigns; office rental; provision of service to clients; repair and maintenance; and improvement of assets, and both the Term Funding and Funding Portion shall not be used for the payment of dividends.
Drawdown	Subject to the terms and conditions of the Loan Agreement and in respect of each drawdown of the Aggregate Loan Amount, SLE shall deliver to the Lender an irrevocable notice in writing ("Funding Notice") at least five business days (or such shorter period as the Lender may agree) before the intended date of funding ("Funding Date"), indicating, <i>amongst others</i>, the aggregate drawdown amount, the intended use of the drawdown amount and the Funding Date. The drawdown amount in respect of each Funding Notice (in respect of both Term Funding and Funding Portion) shall be no less than RM50,000 and shall be in multiples of RM50,000. The Lender shall provide the drawdown amount to SLE no later than 4.00 p.m. on the Funding Date in accordance with each Funding Notice.
Interest (" Interest ")	The rate per annum of the interest payable on any Aggregate Loan Amount outstanding for the time being ("Outstanding Principal Amount") of the Loan shall be 8.00% ("Interest Rate"). SLE shall pay the Interest at the Interest Rate on the last date of each month. The Interest shall be calculated on a daily rest basis and based on the actual number of days elapsed from and including the first day of the Term Funding and/or each Funding Period (as defined below), as the case may be, but excluding the last day of the respective Term Funding and/or Funding Period, as the case may be, or in the case of a Prepayment (as defined below), the prepayment date as specified in the Prepayment Notice (as defined below).

Late Payment Interest	Late payment interest shall be chargeable on any late payment of the Term Funding and/or Funding Portion in accordance with the terms of the Loan Agreement at a default rate of 10.00%, being 2.00% per annum over and above the Interest Rate.												
Prepayment ("Prepayment")	(a) SLE may prepay all or part of the Outstanding Principal Amount at no penalty chargeable or payable by giving the Lender at least three days' irrevocable notice in writing ("Prepayment Notice") indicating, <i>amongst others</i>, the prepayment date, which shall be on a business day, and the prepayment amount, which shall be at a minimum of RM50,000 and in multiples of RM50,000. (b) The Prepayment shall reduce the Outstanding Principal Amount accordingly and such prepaid amounts may not be redrawn under the Loan Agreement.												
Repayment Date (" Repayment Date ")	In relation to the Term Funding, the Repayment Date of any Outstanding Principal Amount is the last day of the Tenure; and in relation to the Funding Portion, the Repayment Date of any Outstanding Principal Amount is the last day of the period of 60 months from the date of the first drawdown of the Term Funding or the date of the Loan Agreement, whichever is the later (" Funding Period ").												
Repayment	(a) SLE shall repay the Outstanding Principal Amount on a monthly basis in accordance with the Repayment Schedule (defined and set out below) and Interest at the Interest Rate, by way of cash and/or a deduction of the amount of revenue of RRSB assigned pursuant to the Assignment of Proceeds (as defined below). (b) Any Outstanding Principal Amount shall be repaid in full on Repayment Date by way of (i) cash, or (ii) a deduction of the amount of revenue of RRSB assigned pursuant to the Assignment of Proceeds (as defined below) on a monthly basis, or (iii) a sale of shares in RRSB.												
Repayment Schedule (" Repayment Schedule ")	The yearly minimum repayment of the Aggregate Loan Amount shall be as follows: <table border="1"> <thead> <tr> <th>Year</th><th>Minimum Aggregate Loan Amount to be repaid (RM)</th></tr> </thead> <tbody> <tr> <td>1</td><td>1,750,000</td></tr> <tr> <td>2</td><td>750,000</td></tr> <tr> <td>3</td><td>750,000</td></tr> <tr> <td>4</td><td>750,000</td></tr> <tr> <td>5</td><td>3,000,000</td></tr> </tbody> </table>	Year	Minimum Aggregate Loan Amount to be repaid (RM)	1	1,750,000	2	750,000	3	750,000	4	750,000	5	3,000,000
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Security for the Loan	As security for the Loan, SLE will execute or procure the execution of the Loan Agreement, a memorandum of charge over the entire issued and paid-up capital of RRSB (" Memorandum of Charge over RRSB Shares ") and the assignment by SLE of 5.00% of the total revenue of RRSB to the Lender (" Assignment of Proceeds " and collectively, the " Security Documents ") by SLE and/or RRSB, as the case may be, in favour of the Lender.
Conditions Precedent to Term Funding and/or First Funding Portion	The provision of the Loan, the Term Funding or the first Funding Portion by the Lender is conditional upon the following (unless waived by the Lender), <i>amongst others</i>: 1. the fulfilment of the conditions precedent and the Aggregate Loan Amount being in order for drawdown; 2. the receipt of a written legal opinion from the Lender's legal counsel that, <i>amongst others</i>, the conditions precedent have been fulfilled; 3. the receipt by the Lender of, <i>amongst others</i>, a certified true copy of the board resolution of SLE authorising the acceptance of the Loan, the execution of the Loan Agreement and all other relevant documents in connection thereto, and the appointment of the Lender and his alternate (representing one seat on the board of RRSB) as a director of RRSB; 4. the Security Documents, being legally valid, binding and enforceable, having been duly executed and stamped, and the original copies of such documents having been deposited with the Lender; 5. the receipt by the Lender of the share sale agreement and the share transfer forms in respect of the shares in RRSB ("Share Sale Agreement and Share Transfer Forms"), and such other documents, licenses, opinions, certificates, authorisations or assurances in accordance with the Loan Agreement as may be reasonably requested by the Lender and no default by SLE and RRSB under any of the Security Documents having occurred or is threatened; and 6. SLE having made payment for all professional fees and disbursements in accordance with the Loan Agreement.

Conditions Subsequent to Term Funding and/or First Funding Portion ("Conditions Subsequent")	1. The Lender shall have received from the SLE within 60 days from the date of the Loan Agreement, or at such other agreed time: i. the Share Sale Agreement and Share Transfer Forms, and the shareholders agreement between SLE and the Lender in respect of RRSB (to be held on escrow); and ii. the relevant resolutions and such other documents, licenses, opinions, certificates, authorisations or assurances in accordance with the terms of the Loan Agreement as the Lender may reasonably request and no default by SLE and RRSB under any of the Security Documents having occurred or is threatened. 2. The necessary consents from all existing lenders, charges, bank guarantors or assignors, wherever applicable, having been obtained for the creation of the relevant security under the Security Documents and for the Loan.
Conditions Precedent to all Funding Portions other than First Funding Portion	The provision of all Funding Portions other than the first Funding Portion by the Lender is conditional upon the following (unless waived by the Lender), <i>amongst others</i>: 1. the representations and warranties of SLE being true and correct as at the date on which the Loan is utilised by SLE ("Date of Application of Loan Proceeds"); 2. the Conditions Subsequent to the Term Funding and/or first Funding Portion having been complied with; 3. the Lender being satisfied that as at the Date of Application of the Loan Proceeds, no event of default under the Loan Agreement has occurred or is continuing or would result from the utilisation of the Loan, no event has occurred so as to cause the Loan to become immediately repayable, and no event of default under any agreement or arrangement under the Loan Agreement has occurred or is being threatened; and 4. the Lender being satisfied that no extraordinary circumstances, governmental action or other material adverse change or event has occurred, which in the opinion of the Lender prejudices the ability of SLE and RRSB to comply with the terms of the Security Documents.

Representations and Warranties	SLE represents and warrants to the Lender that, <i>amongst others</i>: 1. the execution, delivery and performance by it of the Security Documents do not and will not violate, breach or result in a contravention of any law, regulation or authorisation applicable to it; 2. SLE and its subsidiaries are not in any material breach of any agreements to which SLE and/or its subsidiaries are a party, and nothing has occurred which will cause the acceleration of any payments under such agreements or the enforcement, termination or rescission of such agreements; 3. save as disclosed to the Lender, (a) no litigation, arbitration, dispute or administrative proceeding has commenced, is pending or threatened by or before any governmental agency (including the Bank Negara Malaysia, or any government or governmental, quasi-governmental, administrative, fiscal or judicial body, authority, tribunal, agency or entity), and (b) no judgment or award has been given, made or is pending, by or before any such governmental agency which in any way questions the capacity of SLE to enter into or perform its obligations under the Security Documents; and 4. no action has been taken (a) in respect of the winding up, dissolution or reorganisation of SLE or its subsidiaries or (b) for the appointment of any liquidator, receiver or manager, which would have a material adverse effect on the ability of SLE or RRSB to comply with the Security Documents, the value of the security under the Security Documents or the business of SLE.
Costs and Expenses	SLE shall pay all reasonable costs and expenses of the Lender, on a full indemnity basis, incurred in connection with, <i>amongst others</i>, the negotiation, preparation, execution and enforcement of the Security Documents and other related agreements and documents, including stamp duty, legal costs and expenses and other professional fees.
Governing Law	The Loan Agreement shall be governed by and construed in accordance with the laws of Malaysia.

3. RATIONALE FOR THE LOAN

The Loan will be utilised by SLE to fund the Proposed RRSB Acquisition and its relevant acquisition expenses, and for general working capital purposes of the Group. The Company has used its best endeavours to explore other financing options; however, in light of present market conditions, there are limited financing options available to the Group. Furthermore, the monthly repayment in accordance with the Repayment Schedule is also comparatively lower than that of a regular term loan, and this is expected to enhance the Group's cash flow position in the near term. Therefore, having reviewed the terms of the Loan Agreement, the Board is of the view that the Loan is in the interests of the Company and SLE. The Audit Committee shall review the terms, rationale and benefits of the Loan on an annual basis to determine if the Loan continues to be in the interests of the Company and SLE or if SLE should undertake a Prepayment of the Outstanding Principal Amount of the Loan.

For more information on the Proposed RRSB Acquisition, please refer to the Company's announcement dated 4 November 2020.

4. DETAILS OF THE LENDER

The Lender, Mr Tan Boon Seng, is a non-independent non-executive Director of the Company. As at the date of the Loan Agreement, the Lender has a direct and deemed interest¹ in approximately 0.68% and 17.50% of the share capital of the Company respectively and is, therefore, a controlling shareholder of the Company. Accordingly, the Lender is deemed to be an "interested" person and the entry into the Loan Agreement is an "interested person transaction" for the purposes of Chapter 9 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**").

5. CHAPTER 9 OF THE CATALIST RULES

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2019, the Group's latest audited net tangible assets ("**Group NTA**") is approximately RM51.6 million as at 31 December 2019.

There are no interested person transactions entered into by the Group with the Lender and his associates (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) for the current financial year commencing 1 January 2020 up to the date of this announcement.

Assuming that the Aggregate Loan Amount of RM7.0 million is fully drawn down on the date of the Loan Agreement at the Interest Rate of 8.00% per annum and repaid in accordance with

¹ The entire issued and paid-up share capital of Tropika Kiara Sdn Bhd ("**TKSB**") is held by RHB Trustees Berhad as bare trustee for the SWY Trust. The SWY Trust is a family trust and the named beneficiaries are Mr Tan Boon Seng, Mr Tan Boon Yao and Mr Tan Boon Wy ("**Named Beneficiaries**"). The Named Beneficiaries are also settlors of the SWY Trust. Mr Tan Boon Seng is also in charge of operating the assets within the SWY Trust. Mr Tan Boon Seng is also a director of TKS B. By virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore, Mr Tan Boon Seng is deemed to have an interest in the 25,845,000 shares of the Company (or approximately 17.50% of the share capital of the Company) held by TKS B.

the Repayment Schedule and the aggregate interest calculated based on such repayment, the transaction value of the Loan (being the aggregate interest payable on the Loan) is approximately RM1.9 million or approximately 3.64% of the Group NTA. Accordingly, no approval of the shareholders of the Company ("**Shareholders**") is required to be sought for the Loan pursuant to Rule 906(1)(b) of the Catalist Rules as the aforesaid percentage figure of 3.64% of the Group NTA does not exceed the relevant threshold of 5.0%. This announcement is being made by the Company pursuant to Rule 905(2) of the Catalist Rules as the aforesaid percentage figure of 3.64% of the Group NTA exceeded the relevant threshold of 3.0%.

For the current financial year commencing 1 January 2020 up to the date of this announcement, the aggregate value of all transactions entered into by the Group with all interested persons (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) is approximately RM736,000, representing approximately 1.43% of the Group NTA.

6. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company, having considered, the terms, rationale and benefits of the Loan, is of the view that the Loan is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling Shareholders of the Company and their respective associates has any interest, direct or indirect, in the Loan Agreement (other than through their respective shareholdings in the Company, if any).

8. 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 Loan Agreement, 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.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Loan 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.

BY ORDER OF THE BOARD
SIM LEISURE GROUP LTD.

Sim Choo Kheng
Executive Director and Chief Executive Officer
24 November 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 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.