

Sim Leisure Group Ltd.

(Company Registration Number: 201808096D)

(Incorporated in the Republic of Singapore)

PROPOSED SUBSCRIPTION OF 13,422,500 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 24 March 2020 entered into a subscription agreement (“**Subscription Agreement**”) with Tropika Kiara Sdn. Bhd. (“**Subscriber**”), pursuant to which the Company has agreed to allot and issue an aggregate of 13,422,500 new ordinary shares in the capital of the Company (“**Subscription Shares**”) to the Subscriber at the subscription price of approximately S\$0.22 (“**Subscription Price**”) for each Subscription Share (“**Proposed Subscription**”). No placement agent has been appointed for the Proposed Subscription.
- 1.2. The Subscription Shares represent approximately 10% 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 9.1% of the Enlarged Share Capital² of the Company.
- 1.3. As at the date of this announcement, the Subscriber is a substantial shareholder of the Company, who has interests in 12,422,500 ordinary shares in the capital of the Company (“**Shares**”), representing approximately 9.25% of the Existing Share Capital of the Company. Following the successful allotment and issuance of the Subscription Shares, the Subscriber would have interests in 25,845,000 Shares, representing 17.5% of the Enlarged Share Capital of the Company.
- 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 (“**SFA**”). As such, no prospectus, offer document or other information statement will be issued by the Company and lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Subscription.

¹ Existing Share Capital refers to the existing issued and paid-up share capital of the Company of 134,225,000 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 147,647,500 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. THE PROPOSED SUBSCRIPTION AND SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

2.1. Subscription Shares

2.1.1 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 30 April 2019 and will be seeking the approval of its Shareholders at an extraordinary general meeting of the Company (“**EGM**”) to be convened for the following:-

- a) the allotment and issuance of the Subscription Shares at the Subscription Price to the Subscriber, being a substantial Shareholder, pursuant to Rule 812 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”); and
- b) the transfer of a controlling interest to the Subscriber pursuant to Rule 803 of the Catalist Rules.

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

2.1.2 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).

2.2. Subscription Price

2.2.1 The Subscription Price of S\$0.22 represents a premium of approximately 2.3% to the volume-weighted average price of S\$0.215 per Share, based on the trades done on the SGX-ST on 24 March 2020, being the last full market day which the Shares were traded immediately preceding the date and up to the time the Subscription Agreement is signed.

2.2.2 The Subscription Price was commercially agreed between the Company and the Subscriber after arm's length negotiations and taking into account historical trading performance of the Company and prevailing market conditions.

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, governmental agencies 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 Subscriber 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 Subscriber 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,

(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 Subscriber 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 24 June 2020 (“**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 Subscriber 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 SUBSCRIBER**

The Subscriber 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

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 Subscriber 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.

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, the Subscriber owns two (2) unique FMCG brands including Bad Lab and Good Virtues which specialise in personal grooming products.

The entire issued and paid-up share capital of the Subscriber is held by RHB Trustees Berhad as bare trustee for SWY Trust, which is a family trust and the named beneficiaries are Mr Tan Boon Seng ("**Mr Tan**"), Mr Tan Boon Yao and Mr Tan Boon Wy. Mr Tan is also a director of the Subscriber. Mr Tan has deemed interest in the Shares held by the Subscriber, and he has total interest (direct and deemed) in 13,422,500 Shares, representing approximately 10.0% of the Existing Share Capital of the Company.

The Subscriber was introduced to the Company by Ms Lena Yong, an independent director of the Company. No introducer, referral or commission fees have been paid or will be payable by the Company in connection with the Proposed Subscription. The Subscriber is subscribing for the Subscription Shares for investment purposes.

Save for the Subscriber and Mr Tan being substantial Shareholders, the Company confirms that none of the Directors or substantial Shareholders has, to the best of their knowledge, any connection (including business relationship) with the Subscriber or its directors or substantial shareholders.

5. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND USE OF PROCEEDS

5.1. Rationale for the Proposed Subscription

The Company is a theme park developer and operator based in Penang, Malaysia and the Group is presently embarking on expansion initiatives in Malaysia and overseas with the upcoming opening of ESCAPE Challenge, the Group's first indoor recreational centre at Paradigm Mall in Petaling Jaya by 30 June 2020.

The Group sees potential synergies between its business operation and plans and the burgeoning food and beverage business of the Subscriber, which may give the Company access to new markets, new customers as well as business opportunities.

5.2. Use of Proceeds

The estimated net proceeds to be raised from the Proposed Subscription, if and when completed, after deducting estimated expenses of approximately S\$30,000 to be incurred in connection with the Proposed Subscription, would be S\$2,922,950 ("**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 Company.

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	1,753,770	60
2) General working capital	1,169,180	40
Total	2,922,950	100

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.

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.

6. CONFIRMATION BY DIRECTORS

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 5.1 above; and
- (b) after taking into consideration the present bank facilities available to the Group, 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 current COVID-19 outbreak, widespread transmission of the virus worldwide and the 14-day Movement Control Order for the period from 18 March 2020 to 31 March 2020 to curb the spread of the COVID-19 infection in Malaysia, the Company is closely monitoring and working with its business associates and partners to assess and mitigate the financial impact

of the unprecedented outbreak 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. FINANCIAL EFFECTS

7.1. 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.

7.2. The *pro forma* financial effects of the Proposed Subscription have been computed based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2019 ("FY2019"). 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 2019;
- (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 2019;
- (c) expenses to be incurred in respect of the Proposed Subscription amounted to approximately S\$30,000 (equivalent to approximately RM90,000); and
- (d) exchange rate of RM3.00 : S\$1.00 is used for the computations.

7.3. Share Capital

	Before the Proposed Subscription	After the Proposed Subscription
Issued and paid-up share capital (RM)	46,292,679	55,151,529
Total number of Shares	134,225,000	147,647,500

7.4. NTA per Share

As at 31 December 2019	Before the Proposed Subscription	After the Proposed Subscription
NTA (RM)	51,480,658	60,249,508
Total number of Shares	134,225,000	147,647,500
NTA per Share (RM cents)	38.35	40.81

7.5. EPS

FY2019	Before the Proposed Subscription	After the Proposed Subscription
Profit attributable to owners of the parent (RM)	125,596	35,596
Weighted average number of Shares	134,225,000	147,647,500
EPS (RM cents)	0.09	0.02

8. EXTRAORDINARY GENERAL MEETING

The allotment and issuance of the Subscription Shares will result in a transfer of a controlling interest to the Subscriber under Rule 803 of the Catalist Rules and would be an allotment and issuance of new Shares to a substantial Shareholder under Rule 812 of the Catalist Rules. Accordingly, the Company will convene an EGM to seek the approval of Shareholders for the transactions contemplated under the Subscription Agreement.

The Circular containing, *inter alia*, further information on the Subscription Agreement and the notice to convene the EGM will be despatched by the Company to Shareholders in due course.

9. GENERAL

Save as disclosed in this announcement, none of the Subscription Shares will be placed to any person or groups of persons set out under Rule 812(1) of the Catalist Rules.

Save for their interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company, none of the Directors has any interest, direct or indirect, in the transactions contemplated under and in connection with the Proposed Subscription. Save as disclosed in this announcement, the Directors are not aware of any substantial Shareholder having any interest, direct or indirect, in the transactions contemplated under and in connection with the Proposed Subscription and have not received any notification of any interest in such transactions from any substantial Shareholder.

10. 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Subscription Agreement are 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.

12. 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
24 March 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.