

Sim Leisure Group Ltd. Annual Report 2023



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This annual report 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 annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr. Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.





Corporate Profile

Sim Leisure Group Ltd is a developer and operator of attractions based in Malaysia. The Group presently owns and operates the ESCAPE brand of retro-eco adventure parks including outdoor adventure parks in Penang and Perak with a new park currently under construction in the heart of Kuala Lumpur, set to open in 2025. The current ESCAPE Challenge indoor park at Paradigm Mall, Petaling Jaya, will be complemented with two new ESCAPE Challenge indoor parks under development in Alamanda Shopping Centre, Putrajaya and Paradigm Mall, Johor Bahru, planned to open by the end of 2024. The Group intends to expand the ESCAPE brand locally, regionally and internationally with ongoing developments across Asia Pacific.

With the successful acquisition of KidZania Kuala Lumpur in December 2020 and its ongoing strong profit performance, the Group has secured the franchise for KidZania Singapore and the lease of the previously closed facility in Sentosa, which is under renovation and set to open in early May 2024.

The Group is looking to capitalise on opportunities presented by the digital revolution to provide customers with an unmatched experience through the roll out of its HavenXR Virtual Reality Centres franchise and the introduction of Sim Coaster, an immersive virtual reality encounter that delivers the exhilaration of riding a roller coaster without the physical constraints or safety concerns associated with conventional, mechanical attractions, complete with sensory stimuli.

The company plans to further expand its indoor themed attractions with the development of FUNDAY Adventure Playgrounds which combine all of the exciting games and activities of ESCAPE Adventure Parks in a kid-sized format and Carnival which brings the travelling funfair to life in the mall complete with an exciting array of rides, and amazing skill-games.

All of these indoor themed attractions will be brought together under an exciting new entertainment hub of diverse attraction experiences known as Play Mall, that is set to revolutionize the mall experience and to transform shopping centres into play malls.

Executive Chairman's Message



Dato' Sim Choo Kheng
Founder, Executive Chairman

I've been asked personal questions by some people, like if I would ever be satisfied with my business; would I ever settle down and be happy with what I've achieved and even why am I keeping myself so busy and not getting enough rest.

They obviously do not understand there is a very small minority of us who are living life to the fullest, and feel a sense of purpose in life, when we keep our minds active and stay physically busy, and our purpose is to push ourselves to achieve greater things. Just like one of your neighbours or friends who gets up early to run around the neighbourhood so they can take part in all the marathons.

Such a situation is similar to those of us in the minority, the only difference is the runner's performance would decline over time, whereas with time and more cumulative experience, as entrepreneurs we get better.

I mentioned Covid had been both a curse and blessing. In a market economy, business is like a big marathon race, Covid weeded out those weak runners and recalled every runner to the starting block, including those who for some unfair reason were far ahead on motorcycles in the race. The guys who were on motorcycles are no longer on them and have conceded.

The restart of the race is now the level playing field for every runner. We are able to see clearly and to assess who has not trained and aren't fit for the new race that we now all find ourselves in.

I've never been more clearer with where I am bringing the business to, and how the decades of hardship, struggles and challenges I have had to overcome are now beginning to pay off.

We have achieved some great things in the business over the past 12 months where we continue to grow and expand the ESCAPE brand both in Malaysia and internationally. Following on the heels of the successful acquisition and performance of KidZania Kuala Lumpur, we will be opening KidZania Singapore in early May 2024.

I am particularly excited about our newest innovation Play Mall, which is set to revolutionize the mall experience and to make malls relevant again. Here we will bring together an exciting new entertainment hub of diverse attraction experiences including ESCAPE Challenge Indoor Adventure Centres, Funday Adventure Playgrounds, HavenXR the world's first cinematic adventure based VR Centres, the SimCoaster Virtual Rollercoaster Ride, Carnival funfair of rides, skill games and attractions, Mini Miner mining experience, the Digger Builder construction play space and Snow Village winter wonder playland.

We see things through a completely different lens because of the circumstances we went through, challenges we have had to overcome, that very few companies especially bigger corporations have not faced and this is probably what separates the men from the boys.

In closing, all I want to say is a few words of inspiration to my fellow shareholders, "watch this space". There's simply too many things to mention in my message that I'd love to share with you at the AGM.

Board of Directors



Dato' Sim Choo Kheng

Founder, Executive Chairman

Dato' Sim Choo Kheng ("Dato' Sim") is our Executive Chairman and was appointed to our Board on 8 March 2018. Dato' Sim has devoted 33 years of his career to the Leisure Industry. Dato' Sim is a visionary and a true entrepreneur who has persevered in creating a new theme park / family entertainment genre with his revolutionary thinking. Through sheer hard work, Dato' Sim has built the Group from scratch to become a leading developer and operator of theme parks.

Dato' Sim began his career in 1990 as a theme park employee before Dato' Sim took the big step to set up his own business in 1993 first by providing theme park management services, then theme park design and contracting, a business journey that took him on across the globe for the next 25 years. Dato' Sim and his team have worked on more than 100 major theme park projects before he took Sim Leisure's ESCAPE theme park division for listing on the Singapore Exchange.

Dato' Sim was involved in numerous projects such as Ski Egypt, Universal Studios Singapore, Legoland in Denmark, Yas Island in Abu Dhabi, as well as La Mer Water Park, MotiongateTM and Bollywood ParksTM in Dubai. Having also operated and managed theme parks in Bulgaria, Armenia, Malaysia and Vietnam, Dato' Sim has developed an in-depth knowledge of the theme park industry.

With his cross-cultural experience in the industry over the decades, Dato' Sim opened his very own theme park, ESCAPE, which is based on reintroducing the outdoor fun of Dato' Sim's childhood through active self-directed play, providing healthy family fun to the masses. This theme park's cost-competitive business model sets it apart from other brands, showing financial success over the years since its opening.

Backed by his cross-cultural international experience in doing business across multiple continents and deep understanding of theme parks, Dato' Sim developed ESCAPE, a disruptive and cost-competitive theme park business model catered to markets seeking affordable and healthy family entertainment. The ESCAPE brand of theme parks differentiates itself with its unique approach to design while providing affordable quality fun where everyone plays the games of yesteryear recreated for today.



Datin Silviya Georgieva Georgieva
Executive Director

Datin Silviya Georgieva Georgieva ("Datin Silviya") is our Executive Director and was appointed to our Board on 24 December 2018. Datin Silviya has been with the Group since 2006 and is instrumental in successfully implementing strategy for Quality Control and Human Resource management. Datin Silviya is responsible for ensuring that the Group's management systems and processes meet international standards, including achieving the ISO 9001 and ISO 45001 certifications for the Group. Datin Silviya leads the organization's planning, implementation, and control of quality assurance programs while reducing overall operating costs.

Datin Silviya has also been actively involved in recruitment and human capital initiatives to drive efficiency across the Group's theme park operations. Datin's Silviya keen attention to detail and hands-on approach to park operations have also led to improved productivity and the effective utilisation of manpower. Datin Silviya graduated from the Varna Free University in 2002 with a Bachelor's Degree in Business Administration before obtaining a Master's Degree specializing in Economics and Marketing in 2005.



Mr Chung Yew Pong
Lead Independent Director

Mr Chung Yew Pong ("Mr Chung") is our Lead Independent Non-Executive Director with effect from 5 August 2022 and was appointed to our Board as Independent Director on 24 December 2018. He is currently the Director of True Vine Capital Partners Pte Ltd since July 2021. True Vine Capital Partners Pte Ltd is in the business of venture capital fund management. He is also an Independent Director of CPA Australia Ltd, a global professional accounting body headquartered in Australia since October 2022.

Mr Chung has more than 23 years of experience in various industries including audit, corporate banking, fund management, private equity and venture capital. In addition, he was also part of an equity crowdfunding platform and sat on the board of an e-wallet company in Malaysia. He obtained a Bachelor of Commerce degree and Bachelor of Business (Hons) degree at Monash University in 1995 and 1996, respectively. He is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow at CPA Australia, a Fellow at Chartered Institute of Management Accountants (United Kingdom) and a member of the ASEAN Chartered Professional Accountants.



Mr Stephen Brian Peet
Independent Director

Mr Stephen Brian Peet ("Mr Stephen") is our Independent Director and was appointed to our Board on 5 August 2022. Mr Stephen has over 40 years senior management experience across all aspects of theme park and amusement attraction operations. He specialises in strategic business planning, financial performance, safety, operational management, and project planning. His involvement in the Leisure Industry includes management and consultancy services as well as serving a sixteen-year tenure as the General Manager of Wet 'n' Wild Waterworld and another seven years as Chief Operating Officer of Warner Village Theme Parks, both in Gold Coast, Australia.

Mr Stephen is also instrumental to the development of the leisure business of Khazanah Nasional Berhad, a Malaysian Government investment arm in relation to the operational start-up of KidZania Malaysia, Puteri Harbour Hello Kitty, Little Big Club Family Entertainment Centres and Legoland Malaysia Park, Waterpark and Hotel. He was also responsible for the initial design, development, and operational start up planning of Desaru Coast Resort and Waterpark attractions in Bandar Penawar, Johor Malaysia.



Mr Mohamed Nasser Ismail
Independent Non-Executive Director

Mr Mohamed Nasser Ismail ("Mr Nasser") was appointed as Independent Non-Executive Director with effect from 1 March 2024. He is the Chairman of the DBS Digital Exchange (DDEX) Appeals and Conflicts Committee and he serves as an Advisory Committee



Mr Darrell Edward Metzger
Independent Non-Executive Director

Mr Darrell Edward Metzger ("Mr Darrell") age 75, Independent Non-Executive Director, was appointed to the Board on 16 May 2023 and has no prior experience as a director of public-listed companies in Singapore. Mr Darrell is a 45 plus-year veteran of theme park and water park project development, maintenance, and operations at some of the leading theme parks in the world including Ocean Park Hong Kong, Sentosa Leisure Group, Atlantis Hawaii, Tokyo Disney Resort and Legoland Resort Malaysia.

Mr Darrell is the past chairman and current board member of the International Association of Amusement Parks and Attractions ("IAAPA") and Visiting Professor of Singapore Management University. Mr Darrell was inducted into the globally prestigious IAAPA Hall of Fame in recognition of his lifelong commitment to the attractions industry. Mr Darrell has completed the training syllabus as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules in March 2024.

Member of the Personal Data Protection Commission. Additionally, he is also a board member of Enterprise Singapore and HydraX, Action Community for Entrepreneurship and SURFIN Meta Technologies PTE Ltd respectively.

Mr Nasser has contributed for the Singapore Exchange Securities Trading Limited ("SGX") for the past 18 years. He held the position of Executive Director and Global Head of Equity Capital Market at SGX from October 2014 to October 2023. Before that, he served as the Senior Vice President of Head Issuer Regulations at the Exchange from 2011 to September 2014. Prior to his tenure at SGX, Mr Nasser worked as State Counsel with the Attorney General's Chambers. He obtained a Bachelor of Law (Honours) from the National University of Singapore in 1998.

Key Management



Mr Philip Whittaker
Chief Executive Officer

Mr Philip Whittaker ("Mr Philip") is our Chief Executive Officer ("CEO") since July 2022 and had previously worked as a Strategic Advisor to the group since December 2020. He was the Group Commercial Director prior to assuming the role of CEO since July 2022. In this role, Mr Philip oversees the strategic direction, day to day operations, sales, marketing, business development and commercial matters for the group. Mr Philip was previously the CEO Attractions and Chief Commercial Officer of Themed Attractions Resorts & Hotels Sdn Bhd, a subsidiary of Khazanah Nasional Berhad, where he served for nine years overseeing a portfolio of attractions including KidZania Kuala Lumpur and Singapore, Legoland Malaysia Resort, Adventure Waterpark, The Els Club Golf Courses and the destination marketing for leading integrated resort Desaru Coast.

Prior to that he has over 20 years' experience in a range of senior marketing, operations and management roles working with leading global brands including Warner Village Theme Parks, Goodwill Games and Warner Bros. Entertainment. He has also successfully founded and managed leading marketing agencies in Australia.

Mr Philip holds a Bachelor of Hotel Management, Master of Business and a Graduate Diploma in Digital Business. He is a Fellow of the Australian Marketing Institute and a Certified Practising Marketer. In 2011, he was inducted into the Sponsorship Australasia Awards Hall of Fame for services to industry and in 2016 was awarded Asia's Best Marketer, CMO Asia 7th Edition.



Mr Looi Tuck Meng
Interim Head of Finance

Mr Looi Tuck Meng ("Mr Looi") is our interim Head of Finance overseeing the financial and accounting aspects of the Group and its subsidiaries since January 2023. He previously served as the Group's Corporate and Finance Advisor. Prior to joining Sim Leisure Group, Mr Looi served in senior corporate and finance roles for various public-listed companies in Malaysia.

Mr Looi is a member of The Malaysian Institute of Certified Public Accountants since 1992.



Mr Milan Vanek

Head of Adventure Park Development

Mr Milan Vanek ("Mr Milan") is our Head of Adventure Park Development and Director of Safety since November 2019. He oversees the installation process of rope courses and attractions, establishes safety operations procedures, and performs safety audits on our attractions and equipment. He has over 15 years of experience in installation of high-ropes courses / adventure parks and auditing roles across Europe and Asia. Mr Milan ensures all project designs, installation and operating procedures are in compliance with the benchmark of international standards.

Mr Milan was appointed as a project manager at UK-based Adventure Ropes from August 2010 to August 2012 where he was responsible for installing rope courses in the UK and Malaysia. He joined the Group in June 2013 as a safety manager, overseeing the maintenance of ESCAPE Penang's attractions and equipment, and establishing proper safety protocols until February 2018. Mr Milan was also the Park Manager of ESCAPE Penang from December 2015 to June 2017. From March 2018 until October 2019, he started Adventure Park Builders, providing safety audits and inspections as an Association for Challenge Course Technology (ACCT) Level 2 Inspector and Supervisor.

Mr Milan holds Level 3 Inspections and Maintenance Standards and Level 2 Safety Inspector certificates under the Association for Challenge Course Technology.



Mr Johann Lim Noordin

Senior Manager, Park Operations and Administration

Mr Johann Lim Noordin ("Mr Johann") is our Senior Manager, Park Operations responsible for ESCAPE Penang's day-to-day attraction and administrative operations. He is one of our longest-serving employees having joined the Group in June 2009 as an IT and Research Executive. He has also served in other roles in the Group over the years such as Executive Assistant to Managing Director, IT Manager, Assistant Operations Manager and Site Manager, and later Operations Manager where he oversaw the construction of ESCAPE Waterplay in Penang from April 2016 to September 2017.

Mr Johann holds a Diploma in Computer Science from University Science Malaysia (USM). Before joining the Group, he was an IT Supervisor at Lam Tatt Group of Companies from 2008 to 2009, overseeing its IT operations.



Mr Wesley James Rae
Director of Operations

Wesley James Rae is our Non-Independent and Non-Executive Director. He is currently the Director of Operations of SL Gulf since May 2014. He is responsible for managing all aspects of the design, build and theming of leisure attractions undertaken by SL Gulf. He obtained a Bachelor of Engineering degree at Liverpool John Moores University in 2000.

Wesley James Rae was a site engineer from July 1998 to July 1999 and a senior engineer from July 2000 to October 2002 at Kier Construction Ltd where he was involved in civil engineering and building projects. From October 2002 to October 2003, he joined Kier Engineering Services Ltd as a design engineer. He worked as a site agent for Kier Construction Ltd from October 2003 to April 2004. From April 2004 to December 2006, he was a project manager in Hadsphaltic International Ltd responsible for construction projects in Cayman Islands. He was a project manager in Faithful and Gould Limited from January 2006 to December 2007, providing project management consultancy services for construction projects. From January 2008 to February 2009, he was a senior project manager for Sama EC Harris LLC and was responsible for the master planning and design of mixed use developments. He managed construction of waterparks as a project manager for Sim Leisure Consultants SPC from February 2009 to October 2010. He was appointed as the Director of Operations for Sim Leisure Emirates General Contracting LLC from October 2010 to May 2014 where he managed all aspects of the designing and building of leisure theming attractions.

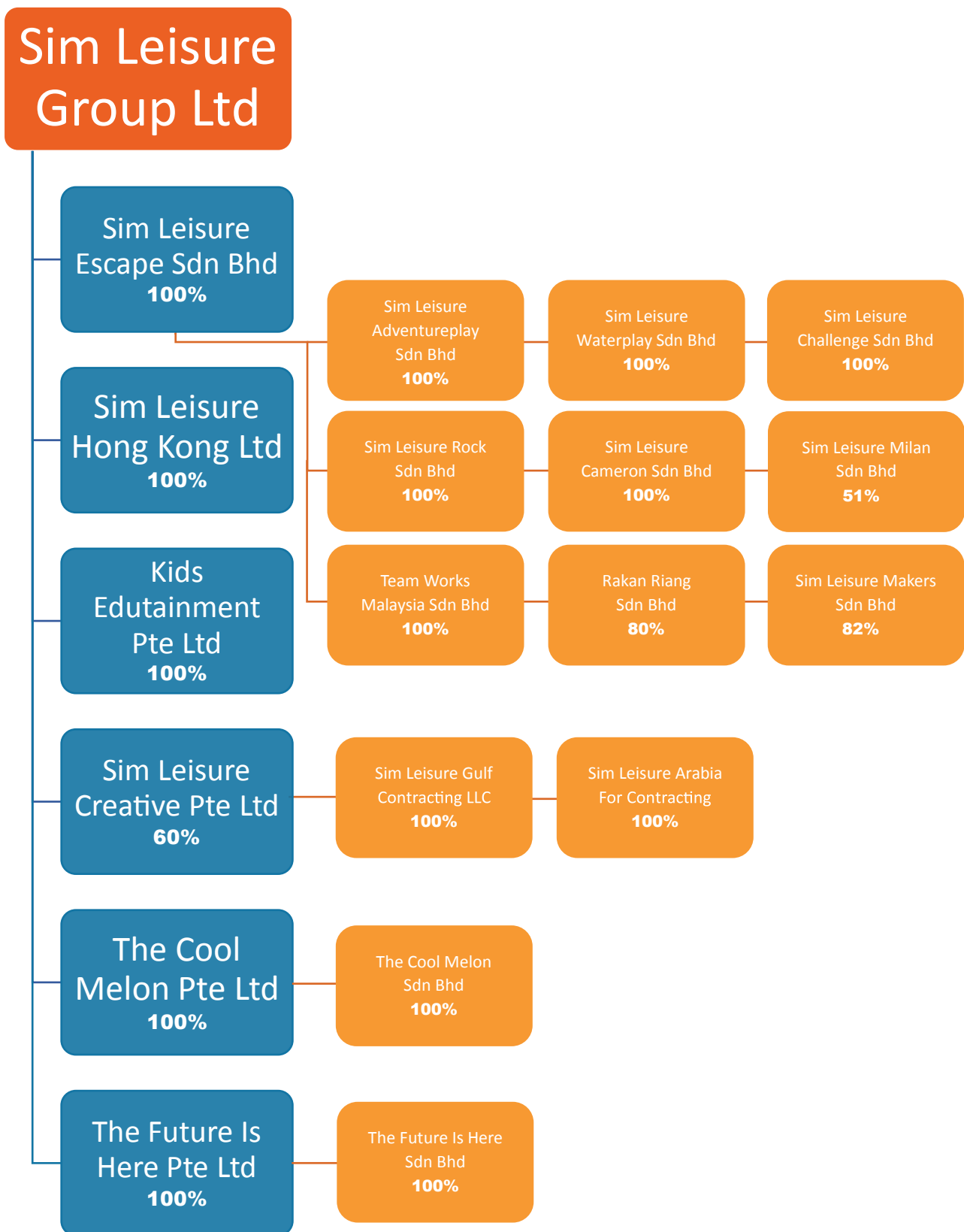


Ms Josie Booth
General Manager

Ms Josie Booth ("Josie") leads Sim Leisure in international business and is responsible for the overall company operations and success in the UAE and KSA. She has over 15 years of experience in marketing, sales and management in the creative design and construction industry in the UAE, KSA and USA. Josie completed her Bachelors of Science Degree at the Georgia Institute of Technology located in Atlanta, Georgia, USA in 2006. She relocated to the UAE in 2010 where she grew her career in the design and construction industry. Joining Sim Leisure in 2013, she has seen and contributed to the growth of the business in the UAE for the past 11 years. She started with Sim Leisure as the Design Manager, progressing to General Manager and now Managing Director of the Middle East business.

Josie has played a vital role in key Middle East projects including Motiongate, SeaWorld Abu Dhabi, Oman Snow Park, Reem Mall Snow Park and Six Flags KSA.

Group Structure



Financial Review

Review of the Group's Performance

The increase in revenue for FY2023 was mainly driven by: (i) increase in theme attractions construction segment from RM0.9mil¹ in FY2022 to RM75.4mil in FY2023 as a result of inclusion of new theme attractions construction segment, Sim Leisure Gulf Contracting L.L.C ("SL Gulf"), Sim Leisure Arabia ("SL Arabia") and Sim Leisure Makers Sdn. Bhd. ("SL Makers") in the financial year (ii) Increase in revenue in theme park business performance from RM58mil in FY2022 to RM60mil in FY2023, mainly contributed by the company's subsidiary Rakan Riang Sdn. Bhd. ("RRSB"), which has achieved a remarkable 18% increase in visitor's volume, resulting in higher revenue from ticketing as well as in park services. Moreover, the growth in sponsorship income implies successful partnership and marketing collaborations, contributing to enhanced brand reputation and additional revenue streams. The increase in revenue is offset by the reduction in royalties revenue of RM8mil as a result of cessation of cooperation fee payment by SL Gulf following the completion of SL Gulf acquisition in FY2023.

Cost of sales

Cost of sales increased from RM23.38mil in FY2022 to RM77.35mil in FY2023 which was mainly contributed by: (i) increase in construction & project costs incurred by the theme attractions construction segment which carries a higher cost base due to its nature of business, as compared to the theme park segment; and (ii) increase in the costs from the theme park segment as a results of increase in usage and higher cost component compared to FY2022 mainly on staff costs and other operational and park maintenance expenses as well as cost of inventories expenses.

Gross Profit

The Group's gross profit increased by 31.5 percentage points from RM44.22mil in FY2022 to RM58.14mil in FY2023. However, the Group's gross profit margin experienced a decline from 65.41% in FY2022 to 42.91% in FY2023, mainly contributed by: (i) inclusion of theme attractions construction segment which yields a lower margin due to its nature of business, ranging between 16% to 33%, as compared to 47% to 60% for the theme park segment. (ii) higher cost arising from the theme park segment primarily due to increased employee benefit expenses.

Other income

Other Income increased significantly from RM3.42mil in FY2022 to RM8.5mil in FY2023, the variance was mainly contributed by: (i) the recognition of a gain on bargain purchase of RM6.73mil arising from the acquisition of SL Gulf during the financial year; (ii) increase in interest earned from fixed deposit placement from RM0.15mil in FY2022 to RM0.58mil in FY2023; (iii) one off other income recorded as a reduction in consideration payable to former owner of a subsidiary of RM0.6mil; and (iv) increase in realised foreign exchange gain of RM0.36mil. This was offset by the absence of government relief provided for Covid and the absence of write off of trade and other payables amounting to RM0.43mil and RM1.77mil respectively.

Administrative expenses

Administrative expenses increased significantly from RM11.01mil in FY2022 to RM27.96mil in FY2023. This increase was mainly attributed to: (i) pre-operating and administrative cost incurred by the newly incorporated subsidiaries during the financial year of RM2.18mil; (ii) increase in administrative expenses in theme park and other business segment mainly on travelling and vehicle expenses and directors remuneration of RM1.94mil; and (iii) inclusion of administrative expenses for themed attraction and construction which is a new segment to the Group of RM12.7mil in FY2023.

Finance costs

Finance costs increased by approximately 33 percent from RM2.41mil in FY2022 to RM3.21mil in FY2023, principally due to inclusion of term loan and lease liabilities interest for new subsidiary in this financial year, RM0.69mil and RM0.25mil from Kids Edutainment Pte. Ltd. ("KEPL") and Sim Leisure Gulf Contracting L.L.C. ("SL Gulf").

Profit after income tax

As a result of the above, the Group recorded a net profit after tax of RM29.07mil for FY2023 as compared to a net profit after tax of RM25.93mil for FY2022, which is a 12.1% increase.

¹ Results for SL Makers in FY22 was reported in Others instead of theme attractions construction segment in view of it not being significant in FY2022, as it only commenced operations in October 22.

Review of Financial Position of the Group

Non-current assets

The Group recorded increases in the non-current assets amounting to RM25.7mil as at 31 December 2023 due to the significant increase in (i) Right-of-use assets of RM16.56mil, mainly driven by the inclusion of the Group's new subsidiary, Kids Edutainment Pte. Ltd. ("KEPL"); (ii) Additionally, there was a RM3.30mil increase in Intangible assets, with The Future Is Here Pte. Ltd. Group ("TFIH") accounting for RM1.31mil of this increase and licensing fee paid to operate Kidzania Singapore under KEPL of RM2mil; (iii) inclusion of trade receivables of RM1.74mil from SL Gulf; (iv) increase in Property, plant and equipment of RM3.64mil as a result of increase in assets as part of expansion plan of RM8.17mil offset with depreciation charge for the year for the group of RM4.53mil ; and (v) inclusion of RM0.28mil deferred tax asset from KEPL.

Current assets

Current assets increase as at 31 December 2023 due to (i) the inclusion of current assets from SL Gulf, SL Makers, SL Arabia and KEPL of RM42.19mil; (ii) additional increase of RM1.15mil of income tax recoverable from theme park business for previous years overpayment to tax authority; and (iii) increase in inventories of RM0.17mil inline with the increase in theme park business activity.

Non-current liabilities

The Group recorded an increase in non-current liabilities as (i) RM24.9mil increase in lease liabilities and RM5.42mil increase in borrowings, primarily due to the inclusion of the Group's new subsidiary, KEPL, which carries RM26.39mil of lease liabilities and RM6.76mil of borrowings offset with a RM5mil decrease in lease liabilities in RRSB as a results of re-assessment of lease period and quantum following the tenancy renewal with the landlord, and (ii) RM0.39mil increase in contract liabilities, and (iii) RM1.04mil decrease in amount due to director, and (iv) RM0.81mil and RM0.58mil decrease in provisions and deferred tax liabilities respectively.

Current liabilities

Current liabilities increased as at 31 December 2023 mainly due to the inclusion of current liabilities from SL Gulf, SL Makers and SL Arabia of RM29.02mil, comprising borrowings from Director of the Company, trade and other payables, contract liabilities and bank borrowings. This is offset by the net decrease in current liabilities for theme park segments of RM3.39mil. Increase in amount due to a director from RM0.89mil to RM6.45mil is due to the consolidation of the existing liabilities of SL Gulf.

Working Capital Position

The Group recorded a positive working capital position of RM45.47mil as at 31 December 2023, which is a significant improvement when compared to the working capital position of RM27.55mil as at 31 December 2022.

Review of Statement of Cash Flow of the Group

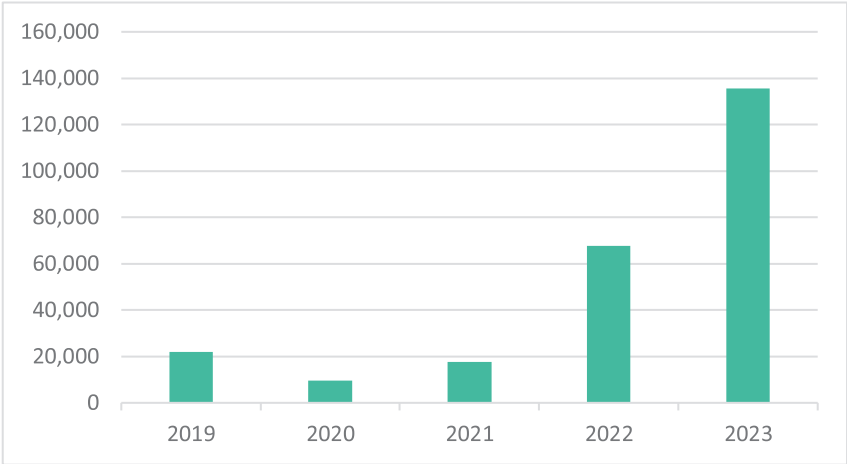
During FY2023, the net cash generated from operations amounted to approximately RM29.62 mil. This comprises positive operating cash flows before changes in working capital of RM40.42 mil, adjusted by net working capital outflow of RM3.93mil and taxes paid of RM6.55mil.

Net cash used in investing activities of RM9.96mil was primarily due to purchase of property, plant and equipment amounting to RM7.98mil off-set by the acquisition of SL Gulf of RM1.6mil.

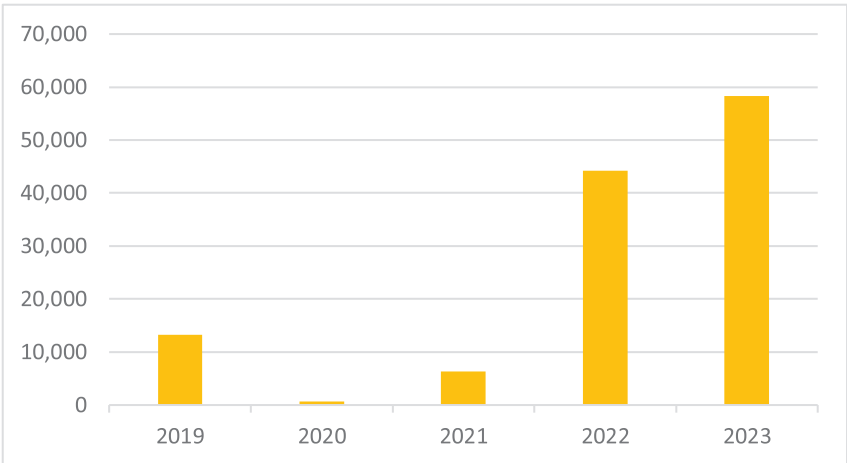
The Group's net cash used in financing activities for FY2023 amounted to approximately RM18.54mil, mainly due to repayment of finance lease obligations, lease liabilities, loans and borrowings, interest and dividend paid as well as cash used in pledged fixed deposits for bankers guarantee for contract entered by SL Arabia for the Six flag project in Kingdom of Saudi Arabia.

Financial Highlights

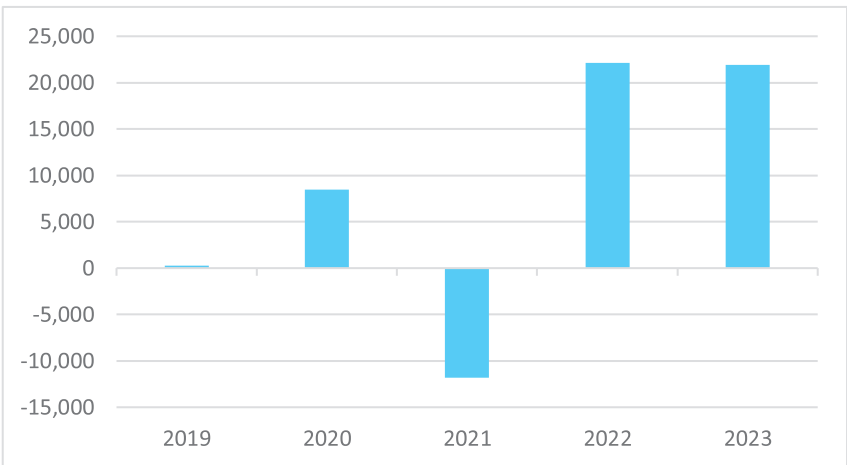
Revenue
(RM'000)



Gross Profit
(RM'000)



Net Profit /
(Loss) After Tax
Attributed to
Owners of the
Parent (RM'000)



Corporate Information

Company Registration Number

201808096D

Board of Directors

Dato' Sim Choo Kheng
Executive Chairman

Datin Silviya Georgieva Georgieva
Executive Director

Chung Yew Pong
Lead Independent Non-Executive Director

Tan Hui Tsu (resigned on 14 March 2024)
Independent Non-Executive Director

Stephen Brian Peet
Independent Non-Executive Director

Darrell Edward Metzger (appointed on 16 May 2023)
Independent Non-Executive Director

Mohamed Nasser Ismail (appointed on 1 March 2024)
Independent Non-Executive Director

Sho Kian Hin, Eric (retired on 13 April 2023)
Independent Non-Executive Director

Tan Boon Seng (resigned on 6 January 2024)
Non-independent Non-Executive Director

Company Secretary

Chua Kern (LLB (Hons))

Registered Office

138 Robinson Road
#26-03, Oxley Tower Singapore 068906
TEL: (+6017) 664 5523

Share Registrar

B.A.C.S. Private Limited
77 Robinson Road
#06-03, Robinson 77
Singapore 068896

Independent Auditors

UHY Lee Seng Chan & Co
Public Accountants and Chartered Accountants
6001 Beach Road
#14-01 Golden Mile Tower
Singapore 199589

Partner-in-charge: Mr Lee Sen Choon
(Appointed with effect from the financial year ended
31 December 2020)

Principal Bankers

Public Bank Berhad, RHB Bank Berhad & DBS Bank Ltd.

Sponsor

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay,
#10-00 Collyer Quay Centre
Singapore 049318

About This Report

Reporting Practice and Statement of Use

This Sustainability Report (“**Report**”) is the Group’s fourth sustainability report, which provides information on the Group’s sustainability performance, taking into account the priorities of our valued key stakeholders while addressing these interests pragmatically.

This Report has been prepared with reference to the Global Reporting Initiative (“**GRI**”) 2021 Standards and it covers the sustainability performance of the Group for the reporting period from 1 January 2023 to 31 December 2023. The GRI Standards were chosen as it is a widely recognised sustainability reporting standard which reflects the global best practices for sustainability reporting on a range of economic, environmental and social impacts.

This Report has been guided by the following GRI reporting principles to ensure quality and proper presentation of the information: *Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability, Context, Timeliness and Verifiability*. For more information on GRI disclosures, please refer to the GRI Content Index.

The Task Force on Climate-Related Financial Disclosures (“**TCFD**”) recommendations have been incorporated into this Report, giving an overview of the potential risks and opportunities faced by the Group as a result of climate change. The Group has evaluated these impacts and has outlined appropriate strategies and management measures. To further support our contributions to sustainable development, the United Nations Sustainable Development Goals (“**UN SDGs**”) have also been incorporated into this Report.

The applicable Sustainability Accounting Standards Board (“**SASB**”) standards have been included for the first time to better evaluate the sustainability-related risks and opportunities pertinent to our industry’s standards.

This Report is in compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B and has drawn reference from the SGX’s Practice Note 7.6 Sustainability Reporting Guide. The Board has thoroughly reviewed and approved the reported information and material topics.

Reporting Scope

The scope of this report provides information on the Group’s as well as its subsidiaries operations in Malaysia and the United Arab Emirates. The table below summarises our businesses covered in this report.

Country	Company Name	Principal Activities
Malaysia	Sim Leisure Escape Sdn. Bhd.	Investment holding and development of theme parks
	Sim Leisure Makers Sdn. Bhd. (“ Sim Leisure Makers ”)	Design and construction of theme attractions and nature-inspired parks of the ESCAPE brand

Country	Company Name	Principal Activities
	Sim Leisure Challenge Sdn. Bhd.	Development and operation of indoor recreation park
	Sim Leisure Adventureplay Sdn. Bhd.	Development and operation of theme parks
	Sim Leisure Waterplay Sdn. Bhd.	Development and operation of theme parks
	Rakan Riang Sdn. Bhd.	Owns and operates Kidzania educational and entertainment facility
United Arab Emirates ("UAE")	Sim Leisure Gulf Contracting L.L.C ("Sim Leisure Gulf Contracting")	Themed attractions contractor

Restatements

One restatement has been made regarding the amount of water consumption reported in previous years. Please refer to *Focus 3: Protecting the Environment-Water Consumption for more information.*

Assurance

The Group has put in place mechanisms for the data compilation and validation to ensure the accuracy of the narratives and data presented in this report. Additionally, we have taken into account the recommendations of an external Environmental, Social, and Governance ("ESG") consultant when identifying material topics and ensuring compliance with GRI Standards, SGX-ST Listing Rules, SASB Standards, as well as alignment with the TCFD recommendations.

Additionally, the Group has conducted an internal review of the sustainability reporting process as an additional scope of our internal audit process. The AC takes cognisance of the findings and recommendations of the internal auditors and has, together with the management, taken steps to enlist the relevant external experts or consultant to further enhance the current framework, processes and procedures in relation to amongst others the risk management and sustainability functions, with a view to progressively adopt and comply with the comprehensive SGX-ST sustainability reporting guidelines and/or rules from the FY2023.

The Board has assessed that external assurance is not required at this juncture.

Availability and Feedback

This Report has been made available online on our website www.simleisuregroup.com. We welcome further feedback from our stakeholders as it will enable us to make improvements to our sustainability efforts and reporting process. Please direct any feedback to info@simleisuregroup.com.

Our Business

The Group has several key business comprising the following:

Theme Parks	Licensee Operator	Design and Contracting	Attractions and Safety Audit
<p>We are the sole owners of our theme parks/leisure brands and intellectual property:</p> <ul style="list-style-type: none">• ESCAPE Theme Park• ESCAPE Challenge Park• ESCAPE Base Camp	<p>We are the licensee of KidZania Kuala Lumpur and Singapore, operating the indoor theme park which combines entertainment and education through realistic role-play.</p>	<p>We have developed the expertise and experience in designing and building theme parks worldwide over the decades.</p>	<p>As safety experts in the industry, our subsidiary Sim Leisure Milan Sdn Bhd provides the following services: safety integration into design & build of rides, safety audits, safety equipment agent.</p>

Sustainability Strategy Overview

Our ESG Strategy and Focus

The Group is dedicated to managing the ESG risks and opportunities across our diverse portfolio, while fostering a positive impact on the environment and society. We continuously assess significant ESG aspects, ensuring continuous alignment with our shareholders' priorities.

To meet the increasingly stringent demands of our stakeholders, the Group has identified the following six focus areas to guide our Sustainability Strategy:

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Focus 1: Upholding Good Governance and Ethics

Our dedication to effective corporate governance practices empowers us to address stakeholder concerns while integrating EESG considerations into our decision-making processes.

Focus 2: Resiliency to Climate Change

The Group has initiated its climate reporting process by incorporating the TCFD Recommendations into this Report and integrating climate-related risks and opportunities into our business strategy.

Focus 3: Protecting the Environment

The Group proactively advocates and integrates environmental conservation and circular economy measures into our operational framework. We prioritize strict adherence to all pertinent environmental laws and regulations within the jurisdictions where our business operates, emphasizing environmental protection as a key aspect of our operations.

Focus 4: Ensuring Health and Safety

We prioritize the safety of our employees working in our theme parks and construction sites, ensuring strict adherence to workplace health and safety protocols. Additionally, we maintain a strong focus on visitor safety across our attractions, implementing rigorous measures to provide a secure and enjoyable experience for all guests.

Focus 5: Developing Human Capital

The Group aims to cultivate an equitable and diverse workplace for our entire staff. We are dedicated to fostering and retaining a varied and robust talent pool, by providing training, fair compensation, and benefits

Focus 6: Contributing to the Local Economy

The Group strives to make a positive difference in local communities by collaborating with them to foster positive outcomes for the economy, environment, and society as a whole.

Awards and Accreditations

ESCAPE Penang

- No. 1 theme park in Malaysia for the last 8 years, as rated by *Tripadvisor*
- No. 3 in Asia for *Tripadvisor's Travellers' Choice 2022 Best of the Best - Asia in the Top Amusement Parks and Water Parks category*

Dato' Sim Choo Kheng (Founder and Executive Chairman)







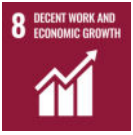

- *World's Top 50 Theme Park Influencers list*, as awarded by *Blooloop*

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Contributions to the UN SDGs

The Group strategically aligns its sustainability focus and operations with the UN SDGs. We recognise that achieving the UN SDGs is an ongoing global effort and is integral to our long-term commitment to sustainability.

The following table illustrates the Group's contributions to the UN SDGs relevant to our operations:

UN SDG	The Group's Contribution	Relevant Focus Area	
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Peace, Justice and Strong Institutions</p>	<p>Uphold high standards of strong governance and transparency [General Disclosures, Customer Privacy]</p>	<p>Focus 1: Upholding Good Governance and Ethics</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Responsible Consumption and Production</p>	<p>Minimise energy and water consumption, and restore and repurpose unused developments [Materials, Waste, Energy and Emissions]</p>	<p>Focus 2: Resiliency to Climate Change</p> <p>Focus 3: Protecting the Environment</p>
 <p>13 CLIMATE ACTION</p>	<p>Climate Action</p>	<p>Strengthened resilience and adaptive capacity to climate change [Energy and Emissions]</p>	
 <p>14 LIFE BELOW WATER</p>	<p>Life below Water</p>	<p>Prudently manage discharge to avoid leakage of effluents into water bodies [Water Consumption]</p>	
 <p>15 LIFE ON LAND</p>	<p>Life on Land</p>	<p>Restore degraded ecosystems and promote tree planting activities [Habitat Restoration]</p>	
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Good Health and Well-being</p>	<p>Ensure high safety standards in our theme parks for all employees and visitors [Occupational Health and Safety]</p>	<p>Focus 4: Ensuring Health and Safety</p> <p>Focus 6: Contributing to the Local Economy</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent work and Economic Growth</p>	<p>Provide work opportunities and a conducive working environment to the local community [Occupational Health and Safety, Communal Living and Shared Responsibility]</p>	
 <p>5 GENDER EQUALITY</p>	<p>Gender Equality</p>	<p>Provide equal work opportunities for males and females [Employee Diversity]</p>	<p>Focus 5: Developing Human Capital</p>

ESG Performance Highlights

Disclosed our inaugural climate risks and opportunities based on the TCFD Recommendations

Launched the ESCAPE GREENIE Program, with investments in eco-literacy programs for an estimated 25,000 primary school children annually

No incidents of major work-related injuries and ill-health.

Water consumption index has decreased by 7% for theme park operations from FY2022 to FY2023.

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Stakeholder Engagement and Materiality Assessment

The Group actively engages our stakeholders through various platforms and communication channels for effective and efficient stakeholder engagement. The Group highly values open and transparent communication with our stakeholders, particularly from our customers and employees, and we strive to respond promptly to feedback while also taking the appropriate course of action to address any concerns.

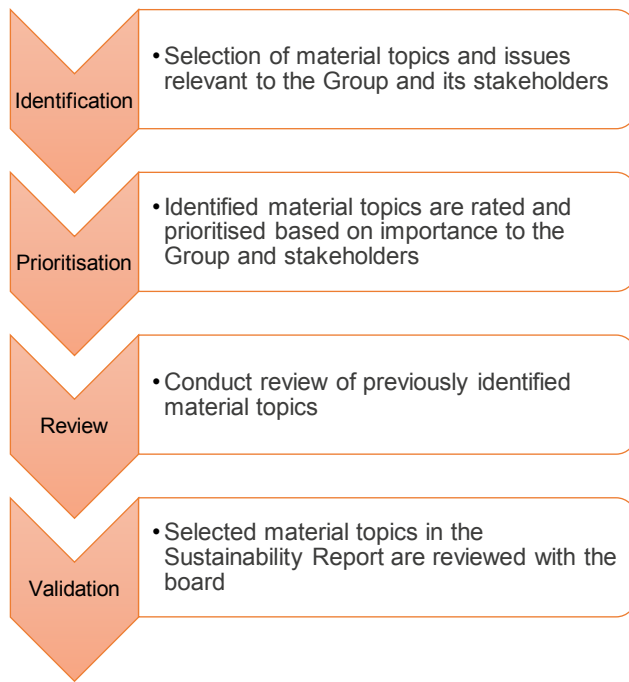
The Group defines our stakeholders as individuals and groups that would have a material impact on and/or be impacted by the Group's business, as listed below:

Stakeholder Group	Mode of Engagement	Key Concerns	Our Response	Focus Area
Customers	<ul style="list-style-type: none"> Face-to-face interactions Email and WhatsApp Online Platforms (social media, review sites) Website 	<ul style="list-style-type: none"> Safety during theme park visits Purchasing of scamfree tickets 	<ul style="list-style-type: none"> Conduct regular health and safety inspections Post educational content on our website and social media 	<ul style="list-style-type: none"> Focus 1: Upholding Governance and Ethics Focus 4: Ensuring Health and Safety
Employees	<ul style="list-style-type: none"> Face-to-face interactions Letters and Memorandums Meetings HR App (Info-Tech) Email and WhatsApp 	<ul style="list-style-type: none"> Health and Safety Training and Development 	<ul style="list-style-type: none"> Implement comprehensive health and safety system Provide regular training and career development opportunities Conduct performance appraisals and provide fair remuneration 	<ul style="list-style-type: none"> Focus 4: Ensuring Health and Safety Focus 5: Developing Human Capital
Suppliers & Partners	<ul style="list-style-type: none"> Face-to-face interactions Phone, email and WhatsApp 	<ul style="list-style-type: none"> Compliance with relevant environmental and labour laws 	<ul style="list-style-type: none"> Assessment of suppliers for environmental and social criteria 	<ul style="list-style-type: none"> Focus 1: Upholding Governance and Ethics
Investors & Shareholders	<ul style="list-style-type: none"> Announcements on SGXNet Annual Reports Corporate Website Annual General Meetings 	<ul style="list-style-type: none"> Economic performance Compliance with laws and regulations Corporate Governance and Ethics 	<ul style="list-style-type: none"> Publish informative and insightful Annual Reports, Sustainability Reports and announcements Disclose identified Climate-related 	<ul style="list-style-type: none"> Focus 1: Upholding Good Governance and Ethics Focus 2: Resiliency to Climate Change

Stakeholder Group	Mode of Engagement	Key Concerns	Our Response	Focus Area
			<ul style="list-style-type: none"> risks and opportunities in TCFD report Engage shareholders through investor relations events 	<ul style="list-style-type: none"> Focus 3: Protecting the Environment Focus 4: Ensuring Health and Safety Focus 5: Developing Human Capital Focus 6: Contributing to the Local Economy
Regulators	<ul style="list-style-type: none"> Reporting Platforms Regular Reports Statutory Reporting 	<ul style="list-style-type: none"> Compliance with laws and regulations 	<ul style="list-style-type: none"> Implement effective policies and procedures 	<ul style="list-style-type: none"> Focus 1: Upholding Good Governance and Ethics Focus 3: Protecting the Environment Focus 4: Ensuring Health and Safety Focus 5: Developing Human Capital

Materiality Assessment

As part of our ongoing monitoring of ESG factors, we have engaged an external ESG consultant to conduct a materiality assessment workshop in FY2023. This workshop was to identify new ESG factors that may have emerged as a result of recent global events, as well as to validate the relevance of existing material ESG factors.



This workshop saw the involvement of our senior management, where we determined our material topics based on the significance of their impact in relation to the primary concerns of both our internal and external stakeholders. The materiality assessment was conducted through a series of engagement sessions with internal stakeholders and studying existing feedback of external stakeholders. Our selected material topics have also taken into consideration a survey comparable industry peers, relevance within the industry, as well as the Group's values and priorities.

The Group has removed the following two GRI topic disclosures in this report:

- GRI 201-1 Direct economic value generated and Distributed, as it is to be cross-referenced with Annual Report 2023.
- GRI 405-2 Ratio of basic salary and remuneration of women to men, due to trade confidentiality reasons.

With an increasing spotlight on the environmental and social impacts of our operations, we have added the following relevant material topics in this Report:

- GRI 202: Market Presence 2016
- GRI 203: Indirect Economic Impacts 2016
- GRI 204: Procurement Practices 2016
- GRI 207: Tax 2019
- GRI 305: Emissions 2016
- GRI 306: Waste 2016
- GRI 308: Supplier Environmental Assessment
- GRI 404: Training and Education 2016
- GRI 406: Non-Discrimination 2016
- GRI 408: Child Labor 2016
- GRI 409: Forced or Compulsory Labor 2016
- GRI 410: Security Practices 2016
- GRI 414: Supplier Social Assessment 2016
- GRI 416: Customer Health and Safety 2016
- GRI 418: Customer Privacy 2016

The following table lists the material topics, relevant focus areas and where the impact occurs.

Focus Area	Material Topics	Where the Impact Occurs
Focus 1: Upholding Good	GRI 205: Anti-corruption 2016	Group-wide
	GRI 207: Tax 2019	Group-wide

Focus Area	Material Topics	Where the Impact Occurs
Governance and Ethics	GRI 308: Supplier Environmental Assessment 2016	Theme Park Operations
	GRI 408: Child Labor 2016	Group-wide
	GRI 409: Forced or Compulsory Labor 2016	Group-wide
	GRI 410: Security Practices 2016	Group-wide
	GRI 414: Supplier Social Assessment 2016	Group-wide
	GRI 418: Customer Privacy 2016	Group-wide
Focus 2: Resiliency to Climate Change	GRI 201: Economic Performance 2016	Group-wide
	GRI 302: Energy 2016	Group-wide
	GRI 305: Emissions 2016	Group-wide
Focus 3: Protecting the Environment	GRI 303: Water and Effluents 2018	Group-wide
	GRI 304: Biodiversity 2016	Theme-park operations
	GRI 306: Waste 2016	Group-wide
Focus 4: Ensuring Health and Safety	GRI 403: Occupational Health and Safety 2018	Group-wide
	GRI 416 Customer Health and Safety 2016	Group-wide
Focus 5: Developing Human Capital	GRI 202: Market Presence 2016	Group-wide
	GRI 401: Employment 2016	Group-wide
	GRI 404: Training and Education 2016	Group-wide
	GRI 405: Diversity and Equal Opportunity 2016	Group-wide
	GRI 406: Non-Discrimination 2016	Group-wide
Focus 6: Contributing to the Local Economy	GRI 203: Indirect Economic Impacts 2016	Group-wide
	GRI 204: Procurement Practices 2016	Group-wide

Focus 1: Upholding Good Governance and Ethics

Strong corporate governance practices are the foundation of the Group's decision-making processes. These principles have empowered the Group to navigate an increasingly volatile and intricate business landscape, while prioritising the interests of all stakeholders.

ESG Governance

The Company has established a clear delegation of responsibilities throughout the organisation to ensure the advancement of the Group's sustainability objectives.

The Board, with the support of the Audit Committee ("AC"), oversees the Group's sustainability initiatives and implementation of framework, processes and procedures to facilitate the adoption of the sustainability guidelines set out in Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules") while ensuring the inclusion of such practices in every aspect of our business. The Board, together with the Management, is committed to managing relevant economic, environmental, social and governance ("EESG") risks and opportunities across our different assets while contributing positively to the environment and society. With the exception of a newly appointed director in the financial year ending 31 December 2024 ("FY2024") who will be attending sustainability training in July 2024, all of our directors have attended sustainability training.

Board Statement

The Board is collectively responsible for ensuring the long-term growth of the Group, including the establishment and implementation of sustainability-focused strategic objectives across its diverse operations.

Acknowledging the evolving business landscape, the Management has conducted a reassessment of our current material topics to ensure their continued importance and relevance. The Board annually reviews and approves all material EESG factors. We have updated this sustainability report for FY2023 with new material topics, in addition to the material EESG topics that were identified from our materiality assessment conducted in the financial year ended 31 December 2022, which remain relevant with regard to our stakeholders and the needs of our environment, albeit with limited quantitative information of performance indicators particularly, in relation to the environmental initiatives.

The Management is responsible for the implementation and execution of EESG initiatives while the Board ensures the proper monitoring and management of these material EESG factors. This dedication extends to its close collaboration with the Management to drive sustainable growth and deliver long-term value for all our stakeholders. To this end, our goals include developing the business responsibly for societal and economic benefit, promoting ethical business conduct, engaging positively with the local community, advocating for equal opportunity in employment and talent development, leading the industry in environmental sustainability, reducing energy consumption through innovative solutions, rehabilitating and preserving the natural habitat and fostering eco-literacy. The Group has set both annual targets, as well as five-year targets implemented in 2020 to continually evaluate our EESG performance.

Corporate Compliance

The Group is subject to a range of laws and regulations, including the Code of Corporate Governance 2018, Listing Rules of the SGX-ST, the Accounting and Corporate Regulatory Authority (“ACRA”) and the Securities and Futures Act, amongst others.

Our employees, our secretarial firm and our auditors regularly review new regulations and updates to existing regulations. Relevant updates are disseminated to relevant staff and processes are in place to monitor the activities and associated performance on a regular basis.

Additionally, updates on relevant legal, accounting and regulatory developments are typically provided to Directors by email, or by way of briefings and presentations. The Company Secretary also circulates articles, reports and press releases issued by the SGX-ST and the ACRA which are relevant to the Directors.

There were no incidents of non-compliance with applicable environmental, social and economic laws and regulations in FY2023.

Policy Commitments

The Group has implemented several policies to maintain strong governance practices throughout our operations. All policies incorporate specified due diligence requirements and the application of the precautionary principle. These include:

1. Code of Conduct and Ethics, covering internationally recognised human rights policies and Anti-Corruption policy
2. Human Resources Privacy Notice
3. Personal Data Protection Act 2010
4. Drug Free Workplace Policy
5. IT Policy

These policies, approved by our Directors, are applicable to all employees, where applicable. They are effectively communicated to relevant workers and business partners through our human resource management system.

While relevant employees are responsible for overseeing our sustainability strategy and ensuring its effective implementation, sustainability performance is not linked to any remuneration yet. Our remuneration policy will consider ESG initiatives / practices implemented by the Senior Management in the subsequent years and introduce formal KPIs for the measurement.

Anti-Corruption Policy

The Group maintains a strict zero-tolerance policy towards any form of corruption, including but not limited to kickbacks, gifts, entertainment, favours, hospitality, and donations. 100% of our operations have been assessed for risks related to corruption. We recognise the widespread corruption in the tourism sector, which impedes honest industry players and ultimately deprives customers of their value and quality of leisure. Therefore, we adopt a strong, vocal stance against corruption.

The Group promotes our ESCAPE theme parks as scam-free tourist attractions to instil confidence among visitors on our ethical business conduct, as well as to raise awareness to the public on the ongoing endemic of corruption. ESCAPE’s website has a dedicated page to inform the public on corruption in this industry, as well as the park’s stance against such practices. We are committed to conducting business ethically in

compliance with all applicable laws (including the Malaysian Anti-Corruption Commission Act 2009) and undertake measures to prevent any acts of corruption within the Group or entities acting on our behalf.

All of our Board members, employees and business partners have been made aware of the Group's anti-corruption policies as part of their on-boarding program when joining our Group.

In FY2023, the Group had zero public cases or incidence of corruption and we will continue to strive to maintain zero incidents of corruption in the subsequent years.

WhistleBlowing Policy

The Group has established and communicated its whistleblowing policy and procedure to employees and the public. The identity of whistle blowers are kept confidential and protected against detrimental or unfair treatment. This channel allows stakeholders to report any improper conduct and/or wrongdoing in good faith and in confidence.

Oversight lies with the AC and employees can make their reports through their Department Head or the AC Chairman. External whistleblowers can contact the Lead Independent Director or AC Chairman via email or written complaint to the Company Secretary. An independent committee, comprising AC members, handles these reports, ensuring whistleblower protection and confidentiality. The AC engages with whistleblowers on necessary actions, maintaining confidentiality unless required by law. If a report concerns a Director, they are excluded from the review and decision-making process.

There were no whistleblowing reports received by the AC in FY2023.

More information on our whistleblowing policy can be found in our Corporate Governance Report in our Annual Report 2023.

Tax Compliance

The Group's strategy and approach to tax is to fully comply with relevant tax laws and regulations in all jurisdictions we operate in. This indirectly supports the local government and authorities in their economic, environmental and social development and objectives. The Group has zero tolerance for any intentional breach of tax laws and regulations.

Tax-related risks are identified within the Group's enterprise risk management framework, which is reported regularly to the AC. Each business unit is responsible for the implementation of relevant tax compliance-related policies and procedures and are monitored by the Group's Head of Finance and Executive Directors.

Relevant staff attend tax related trainings to keep updated on key changes. Qualified tax advisors are engaged in all jurisdictions to ensure compliance at the transaction levels as well as fulfilling required tax filings. Any instances of non-compliance are reported to the AC and resolved promptly.

Supply Chain Management

The Group engages a wide supplier base to support both our theme park and construction segment. Our commitment to good ESG practices extends beyond our own operations and we strive to ensure that all our suppliers adhere to our expected sustainability standards. We assess our suppliers for both environmental and social criteria.

In our theme park operations, we evaluate our suppliers on both social and environmental factors. For outsourced manpower services, such as cleaning and security services, we meticulously screen service providers based on social factors. Our contracted Food and Beverage services within the park are also required to adhere to our green policy and anti-corruption measures.

Within our construction segment in Malaysia, our employees conduct social assessment on our outsourced manpower services. Our suppliers must present valid work permits for contracted foreign workers and ensure that workers are paid at least minimum wage. Similarly, in Dubai, we work closely with our main-contractors who undertake employee inspections for the supplied workforce.

In FY2023, we have screened our principal suppliers/vendors of various fields for ESG criteria. All have indicated that they have adopted and practiced various ESG policies relevant to their organisations, with zero being identified for potential or actual negative social impacts.

The Group operates its business ethically and aims to ensure that no incidents of child labour or use of forced labour occurs across our operations and suppliers. Additionally, 100% of our security personnel have received formal training in our human rights policies. This includes third-party security personnel which the Group has contracted.

Customer Privacy

Given that we operate in the theme park services industry, the Group is aware that we maintain a large data base of customer data. Customers purchase tickets through online platforms and their email address is collected. Moreover, we employ facial recognition technology upon visitors' entry into the park. Additionally, our design and build services for external projects, also retains customers' data.

We strive to safeguard our customers' privacy and data and aim for full compliance with the Decree on Personal Data Protection ("PDPD") or its equivalent regulations. Our focus remains on responsible and ethical data management, steering clear of unethical practices or employing technology in manners that could lead to discrimination, exploitation, or harm.

There were no reported breaches and loss of customer data in FY2023.

Targets and Performance

Goals	Targets for FY2023	FY2023 Status	FY2023 Performance	Five-year Target for FY2025	Five-year Target progress in FY2023
Uphold the Group's zero-tolerance policy towards corruption	Maintaining the record for zero incidents	Met	No recorded incidents of corruption within the Group.	Ensure that the Group maintains a zero corruption record	FY2021 – FY2023: No cases of corruption reported.
	Continuous reinforcement of ESCAPE as a scamfree destination through constant education and content in our website and social media to raise awareness	Met	The Group has continued to reinforce ESCAPE's status of a scamfree destination through constant education and content in our website and social media to raise awareness.		

Goals	Applicable Business Segments	Target	Short Term (FY2024)	Medium Term (FY2025 – FY2028)	Long Term/ Perpetual (FY2030 and beyond)
Uphold the Group's zero-tolerance policy towards corruption	Group-wide	Zero incidents of breaches of customer privacy and loss of customer data	√	√	√
		Zero corruption incidents	√	√	√
		Zero incidents of non-compliance with relevant local laws and regulations	√	√	√
		To conduct annual environment and social assessments on principal suppliers	√	√	√
		No substantial non-compliance of relevant tax regulations	√	√	√
		To maintain as scam free destination	√	√	√

Focus 2: Resiliency to Climate Change

As the impact of climate-change continues to escalate globally, the Group aims to improve on its climate-related reporting. The Group has published its inaugural climate-related financial disclosures which is prepared in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures TCFD and listing requirements from SGX.

Following the TCFD recommendations, we have evaluated the potential impacts of climate-related risks and opportunities on our businesses. In response to these impacts, we have proposed mitigation measures to bolster against the effects of climate change on our operations. The TCFD recommendation's four core pillars offers a structured framework for identifying, disclosing and managing climate-related risks and opportunities. Our assessment for each of these elements are summarised in the table below:

TCFD Recommended Disclosures	FY2023 Status	Summary and Next Steps
Governance		
Describe the Board's oversight of climate-related risks and opportunities	Commenced	The Board, together with the support of the AC, have oversight over sustainability initiatives in the Group. All targets are approved by the Board which meets twice a year to discuss relevant updates on climate-related disclosures and performance against targets set.
Describe management's role in assessing and managing climate-related risks and opportunities	Commenced	The management is responsible for the implementation and execution of climate-related initiatives. Climate risks are identified through workshops facilitated by an external ESG consultant. All identified risks are managed by relevant business units with an assigned material impact owner.
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Commenced	Please refer to the " <i>Climate-related risks and opportunities</i> " section below for more information.

TCFD Recommended Disclosures	FY2023 Status	Summary and Next Steps
Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Commenced	Please refer to the "Climate-related risks and opportunities" section below for more information.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Not commenced	In line with SGX's phased implementation approach for TCFD adoption, the Group will incorporate scenario analysis in our subsequent sustainability reports.
Risk Management		
Describe the organisation's processes for identifying and assessing climate-related risks	In-progress	<p>The Group has conducted two discussions on climate change risks and opportunities involving senior management across business units. This is facilitated by an outsourced ESG consultant to determine the key sustainability issues that are crucial to our stakeholders.</p> <p>The Group has identified the relevant climate-related risks and opportunities as outlined in the Climate Risks and Opportunities section below. Each identified risk is assessed based on: 1) the likelihood of occurrence; and 2) the severity of potential impacts arising from the risk.</p>
Describe the organisation's processes for managing climate-related risks	Not commenced	The climate risk assessment process detailed above provides input for the Group to determine our risk management strategy. In addition to the likelihood and impact of the risk, we have also taken into consideration other relevant factors such as cost and time period involved.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Not commenced	The Board and management team will undertake a periodic review of the identified climate-related risks and the risk management approach.

TCFD Recommended Disclosures	FY2023 Status	Summary and Next Steps
Metrics and Targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	In-progress	The Group monitors and reports various climate-related metrics including energy consumption and Scope 1 and Scope 2 GHG emissions. We have also integrated carbon emissions targets, which further incentivises action to reduce energy intensity and consumption. We have yet included other metrics related to climate-related risks.
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	In-progress	Scope 1: 41.0 tonnes CO ₂ e Scope 2: 1,339.4 tonnes CO ₂ e In line with SGX's phased implementation approach for TCFD adoption, the Group shall evaluate the need to quantify and monitor Scope 3 emissions in our subsequent sustainability reporting.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	In-Progress	To manage climate-related risks, the Group is evaluating other metrics that may potentially warrant inclusion as targets.

Climate-related Risks and Opportunities

In line with the TCFD recommendations, our identification and assessment of climate-related risks considers:

- **Transition risks:** include changes to policy and legal obligations, technological innovation, changing market demand for products, and changing stakeholder expectations.
- **Physical risks:** risks relating to the physical impacts of climate change (both acute and chronic). Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods, while chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

The table below outlines our assessment of the most critical and pertinent climate-related risks. Acknowledging that this list may not encompass all potential risks, the Group is committed to further refining our comprehension and strategies in addressing these concerns.

Risk	Descriptions	Risk Mitigation
Transition Risk – Policy and Legal	<p>To achieve Malaysia Nationally Determined Contribution's to reduce its greenhouse gas emissions intensity, the government may introduce carbon tax and improve energy efficiency of facilities</p> <ul style="list-style-type: none"> Facilities operated by the Group in Malaysia might be subjected to carbon tax or energy efficiency improvement requirements. This could lead to an increase in electricity prices. 	<ul style="list-style-type: none"> The Group will continue to monitor any updates with the regulations and implement changes in our operations, when necessary. The Group will continue monitoring the use of centrifugal pumps at the water park attractions that would only operate at 50% capacity as they are manually turned to match the intensity of pool use by visitors, resulting in lower energy consumption.
	Impacted Business Segment(s): Theme Park Operations	
	Time period ¹ : Medium, Long	
	Likelihood ² : Possible	
	<p>Financial impact:</p> <ul style="list-style-type: none"> Increased operational expenses Potential penalty fines from failure to comply with new regulations 	
Physical Risk – Acute	<p>Extreme weather may disrupt theme park operations and result in the damage of assets leading to higher insurance cost</p> <ul style="list-style-type: none"> Extreme rainfall and increased flooding events can lead to physical infrastructure damage to the theme park rides, requiring more frequent maintenance work. 	<ul style="list-style-type: none"> The Group shall continue to consider factors such as temperature, rainfall, flash floods events, and water supply in Malaysia and UAE when planning projects and developing contractual agreements. This is in addition to other factors such as location of the Group's properties, energy consumption and building materials. The Group reviews its insurance policies regularly to ensure adequate coverage.
	<p>Impacted Business Segment(s):</p> <ul style="list-style-type: none"> Theme Park Operations Construction 	
	Time period: Short, Medium, Long	
	Likelihood: Likely	
	Financial impact:	

¹ Definition of time period used in this Report: Short: Less than 5 years, Medium: Between 5 and 10 years, Long: More than 10 years

² Three categories of likelihood have been used in this Report (in decreasing order of likelihood): Certain, Likely and Possible.

Risk	Descriptions	Risk Mitigation
	<ul style="list-style-type: none"> • Damaged to asset • Increased operational costs • Decline in revenue due to low visitor count • Physical injuries to visitors and employees 	
Physical Risk – Chronic	<p>Rising temperatures and prolonged rainfall arising from climate change may lead to increase in operation cost</p> <ul style="list-style-type: none"> • Extreme temperature changes may also affect employees' and visitors' health and impact on the developments of theme park facilities. • The increase in temperature would shorten the working hours of the employees and affect the productivity of staff. • Prolonged rainfall and flooding may impact theme park operations, especially our businesses that only operate with outdoor facilities. <p>Impacted Business Segment(s):</p> <ul style="list-style-type: none"> • Theme Park Operations • Construction <p>Time period: Short, Medium, Long</p> <p>Likelihood: Likely</p> <p>Financial impact:</p> <ul style="list-style-type: none"> • Damaged to asset • Increased operational costs • Decline in revenue due to low visitor count • Physical injuries to visitors and employees 	<ul style="list-style-type: none"> • The Group has designed its ESCAPE theme parks around the motto of “Low-tech, high-fun”. This entails non-mechanical and simple structures, which are less vulnerable to changing weather patterns. • ESCAPE Penang has been designed for outdoor usage and 90%-95% of games can continue being played by visitors in the event of rainfall. • The Group regularly reviews its business continuity plan to better facilitate its operations without facing long downtime and to expand our indoor park operations which is likely to continue attracting visitors during hotter or wet weather seasons.

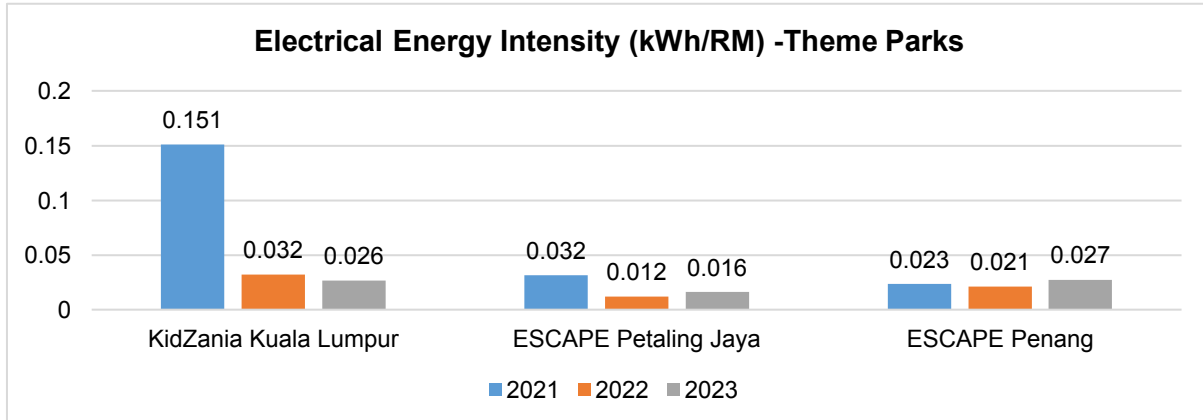
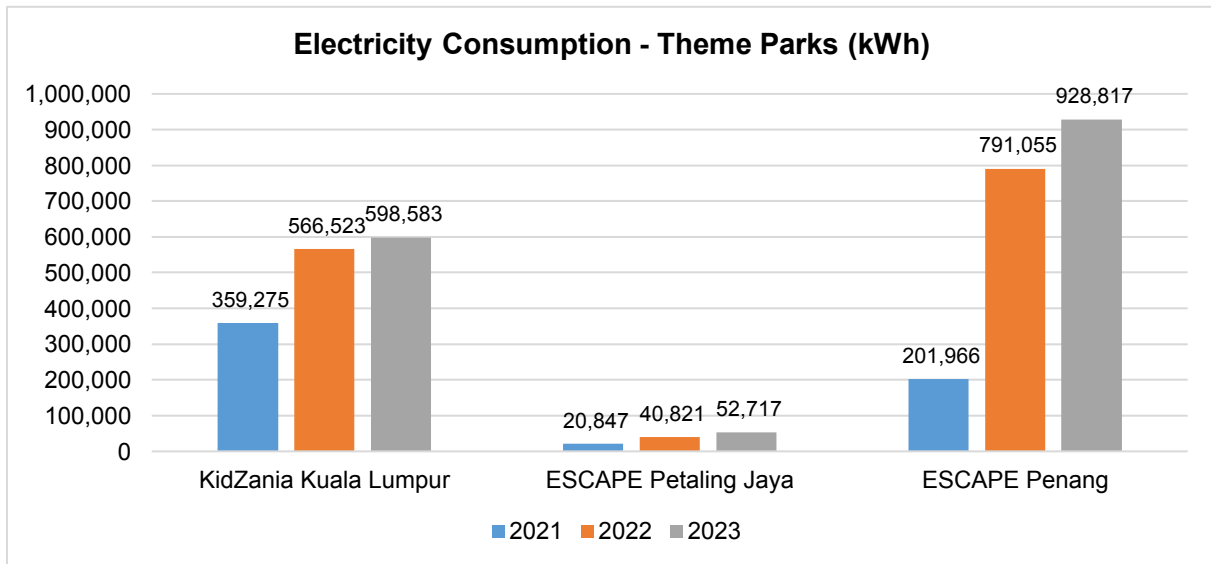
The Group has centered its focus on environmental considerations, embodying a low-tech, high-fun approach in designing rides and attractions. With this ethos, it is positioned favorably to leverage emerging opportunities in the green economy, aligning with the increasing trend towards adopting low-carbon technologies. Below, we present an overview of the diverse avenues accessible for capturing these opportunities.

Opportunities	Description	Management's Response
Market	<p>Implementation of eco-friendly features in parks to attract more visitors and secure green financing</p> <ul style="list-style-type: none"> Developers are increasingly embracing green or sustainability-linked loans or bonds, while local banks are taking a closer look at ESG risks when providing project financing, indicating the growing mainstream adoption of green financing. The Group can increase its access to funding by complying with sustainability practices and meeting investor expectations. 	<ul style="list-style-type: none"> The Group shall explore green loans and continue to improve our ESG disclosures to meet investor expectations for sustainability-related information. The Group will also explore possibilities to make our assets more environmentally friendly and integrate low-carbon features wherever feasible.
	<p>Impacted Business Segment(s):</p> <ul style="list-style-type: none"> Theme Park Operations Construction 	
	<p>Time period: Short, Medium, Long</p>	
	<p>Likelihood: Certain</p>	
	<p>Financial impact:</p> <ul style="list-style-type: none"> Lower costs of financing Increased access to capital 	
Products and Services	<p>Increase revenue through the positive expectations of consumers with sustainability efforts</p> <ul style="list-style-type: none"> The Group can promote the eco-friendly initiatives incorporated in its theme parks, warranting visits from consumers that value such efforts. 	<ul style="list-style-type: none"> The Group shall continue to explore ways to incorporate sustainability features throughout our portfolio and implement green building certifications wherever feasible with our construction projects.
	<p>Impacted Business Segment(s):</p> <ul style="list-style-type: none"> Theme Park Operations Construction 	
	<p>Time period: Short, Medium, Long</p>	
	<p>Likelihood: Likely</p>	
	<p>Financial impact:</p> <ul style="list-style-type: none"> Increased revenue due to increased theme park visitors 	
Market	<p>Access to Malaysia's carbon market with the plantation of trees</p> <ul style="list-style-type: none"> The Group has carried out tree planting in its Penang and Ipoh theme parks. These efforts include: <ul style="list-style-type: none"> Establishing a nursery to grow tree seedlings 	<ul style="list-style-type: none"> The Group shall continue to monitor the carbon market and identify companies that may need access to carbon credits in offsetting their carbon footprint.

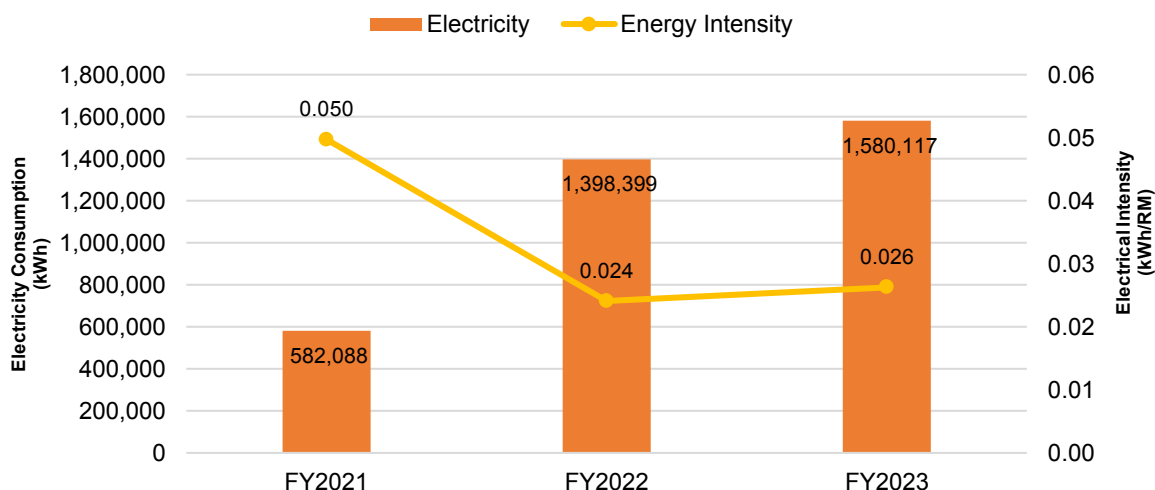
Opportunities	Description	Management's Response
	<ul style="list-style-type: none"> ○ Transplanting of unwanted, matured trees from surrounding villages and nearby project development sites • The Group could capitalise on securing carbon credits which could increase our revenue. • The revenue could serve as an access to additional funds to support the new investments in fulfilling the 'Green' market demands and enhance efficiency of the Group's operations. <p>Impacted Business Segment(s):</p> <ul style="list-style-type: none"> • Theme Park Operations <p>Time period: Medium, Long</p> <p>Likelihood: Likely</p> <p>Financial impact:</p> <ul style="list-style-type: none"> • Increased access to capital 	
Market	<p>Investments into eco-literacy programs for children and youth</p> <ul style="list-style-type: none"> • The Group has invested in eco-literacy programs (GREENIE Program), and plans to expand this program to more than 150,000 primary schools across Malaysia. • This program aims to educate children and youth about sustainability, encouraging youth to develop a love of nature. • It also involves corporate partners which fund underprivileged children in schools to educate eco-literacy message. • The program could attract increased investments from investors who are attuned to impactful sustainability initiatives. <p>Impacted Business Segment(s):</p> <ul style="list-style-type: none"> • Theme Park Operations <p>Time period: Short, Medium, Long</p> <p>Likelihood: Certain</p> <p>Financial impact:</p> <ul style="list-style-type: none"> • Increased access to capital 	<ul style="list-style-type: none"> • The Group shall continue to carry out and promote its eco-literacy programs. • The Group shall continue to work with corporate partners who are interested in investing in the program.

Energy and Emissions

To align with TCFD recommendations, the Group tracks and reports its energy consumption and carbon emissions performance. These data are collected from their respective utility bills, and carbon emissions are calculated by the relevant Grid Emission Factors. While our electrical consumption has increased across our theme parks operations from 1,398,399 kWh in FY2022 to 1,580,117 kWh in FY2023, this is primarily due to an increase in revenue. Our total electrical consumption intensity for theme park operations has increased slightly from 0.024 kWh/RM in FY2022 to 0.026 kWh/RM in FY2023.



Total Electricity Consumption - Theme Parks

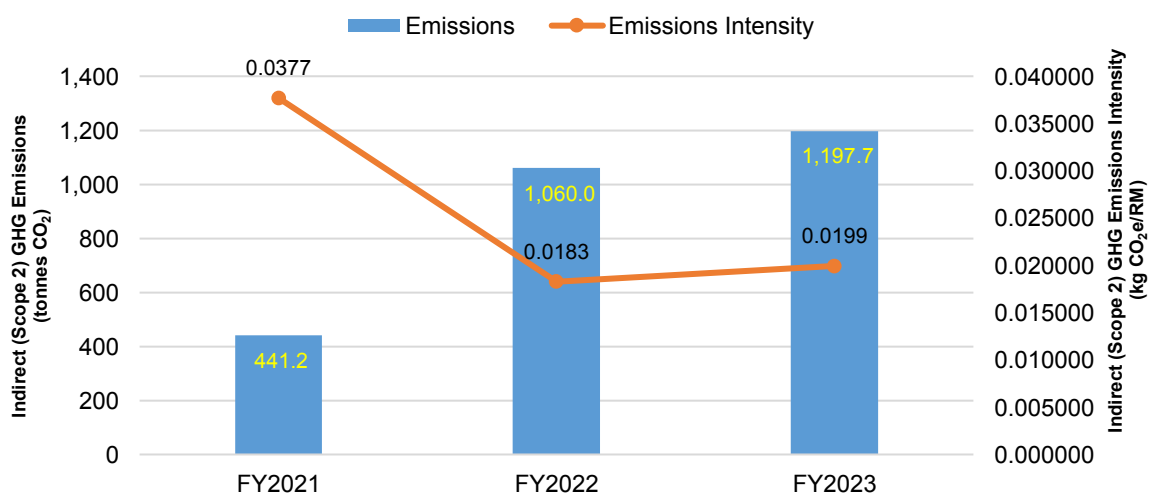


In FY2023, we have also started monitoring and reporting on electricity consumption for our construction segment.

Electricity Consumption - Construction			
	Sim Leisure Makers	Sim Leisure Gulf Contracting	Total
Total Electricity Consumption (kWh)	3,941	217,065	221,006
Electrical Energy intensity (kWh/RM)	0.0002	0.0051	0.0034

As illustrated in the graph below, the Group's Indirect (Scope 2) Emissions³ in our theme parks has also remained relatively constant from 0.0183 kg CO₂e/RM in FY2022 to 0.0199 kg CO₂e/RM FY2023.

Total Indirect (Scope 2) GHG Emissions - Theme Parks



³ In FY2023, Grid Emission Factors (GEF) in Malaysia (0.758 tonnes CO₂/MWh) has been utilised for computation. The GEF was obtained from Malaysia Energy Commission at [cdddb88f-aaa5-4e1a-9557-e5f4d779906b \(st.gov.my\)](https://www.st.gov.my).

Total Indirect (Scope 2) GHG Emissions - Construction	Total
Total Indirect (Scope 2) GHG Emissions (tonnes CO ₂)	141.7
Total Indirect (Scope 2) GHG Emissions (kg CO ₂)	141,691.8
Indirect (Scope 2) GHG Emissions Intensity (kg CO ₂ /RM)	0.0022

In FY2023, we have begun quantifying our scope 1 emissions from the use of diesel and petrol. Our primary consumption derives from diesel and petrol usage for vehicles and generators in our theme parks.

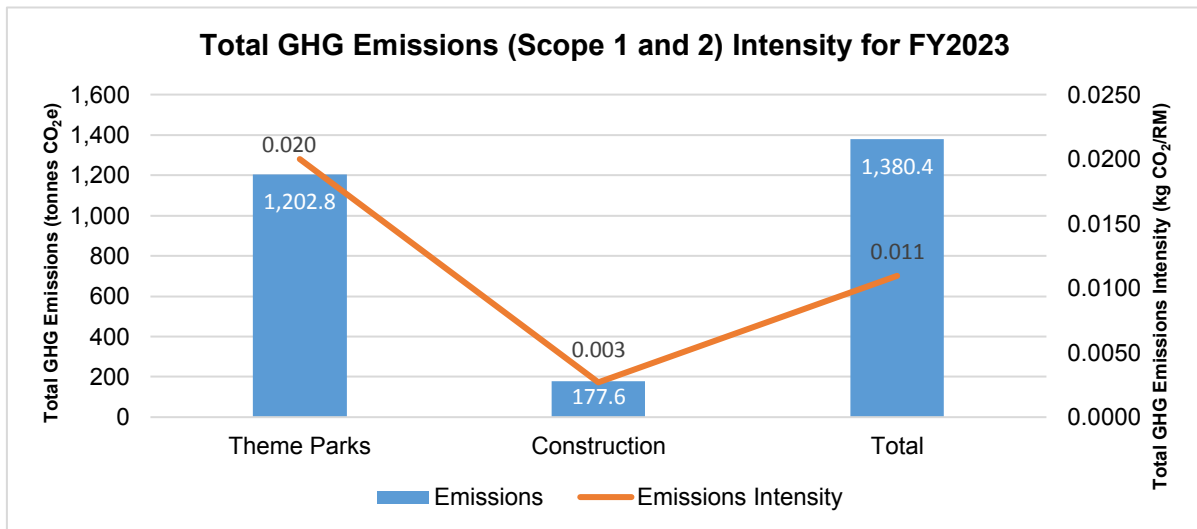
Theme Parks				
	KidZania KL	ESCAPE Penang	ESCAPE Petaling Jaya	Total
Total Direct Energy Consumption (kWh)	-	21,541	-	21,541
Total Direct Energy intensity (kWh/RM)	-	0.0006	-	0.0004

Construction			
	Sim Leisure Makers	Sim Leisure Gulf Contracting	Total
Total Direct Energy Consumption (kWh)	158,025	-	158,025
Total Direct Energy intensity (kWh/RM)	0.0067	-	0.0024

We have also quantified the Direct (Scope 1) GHG emissions emitted from our petrol and diesel consumption. Direct energy consumption has resulted in 5.1 tonnes CO₂e for our theme park operations and 35.9 tonnes CO₂e for our construction operations.

	Theme Park	Construction
Direct (Scope 1) GHG emissions (tonnes CO ₂ e)	5.1	35.9
Direct (Scope 1) GHG emissions (kg CO ₂ e)	5,082.5	35,897.0
Direct (Scope 1) GHG emissions intensity (kgCO ₂ e/RM)	0.0001	0.0005

The Group's total Scope 1 and Scope 2 GHG emissions and emissions intensity is illustrated in the graph below.



Energy Conservation

Conventional theme parks traditionally consume a substantial amount of energy, resulting in significant carbon emissions and high operational expenses. However, our development approach diverges from sophisticated high-tech rides. Instead, we embrace a low-tech, high-fun approach in designing our rides and attractions, placing an emphasis on self-powered and self-directed play to re-introduce the outdoor play experiences of yesteryear to today's generation. The Group believes that fun comes from play and all it needs is imagination and creativity, which are key in developing and operating our attractions to minimize our carbon footprint.

Many of ESCAPE's attractions operates entirely without electricity. For instance, our rope and obstacle courses have guests navigating through the rainforest, flying trapeze and zipline attractions, while our new Zip Coaster and a tubing ride uses artificial ski tracks from our Gravityplay hilltop.

The use of centrifugal pumps at our water park attractions necessitate a large amount of energy to ensure the entire water volume is circulated, sanitized, and filtered every 2 hours to maintain water hygiene. However, we optimise energy usage of the series of pumps by only operating the pumps at 50% capacity as they are manually monitored and tuned to match the intensity of pool use by visitors.

Traditional pumps, when functioning at low speed, often encounter issues like lower air flow and oscillatory instabilities as they are typically "brushless". This causes overheating and demands more energy to operate the pumps. To overcome this inefficiency, ESCAPE Penang's filtering and pumping systems are enhanced with an artificial intelligence based sensorless Vector Control Drive to reduce electromagnetic interference, provide superior regulation at low speed, and better dynamic response.

Targets and Performance

Goals	Targets for FY2023	FY2023 Status	FY2023 Performance	Five-year Target for FY2025	Five-year Target progress in FY2023
Achieve carbon-neutral status at ESCAPE Penang by FY2025	Reduce carbon emissions index by 5%	Not met	Scope 2 emissions intensity for theme parks operations has increased by 9%	Reduce carbon emissions intensity, from FY2023 baseline ⁴	% change from FY2021 to FY2022: 51% decrease % change from FY2022 to FY2023: 9% increase

Goals	Applicable Business Segments	Target	Short Term (FY2024)	Medium Term (FY2025 – FY2028)	Long Term/ Perpetual (FY2030 and beyond)
Achieve carbon-neutral status at ESCAPE Penang by FY2025	Group-wide	Maintain carbon emissions intensity	√		
		Reduce carbon emissions intensity by 5% by FY2025		√	

⁴ We have adjusted our five-year target from our previous Report due to the inclusion of Scope 1 emissions as well as our construction businesses.

Focus 3: Protecting the Environment

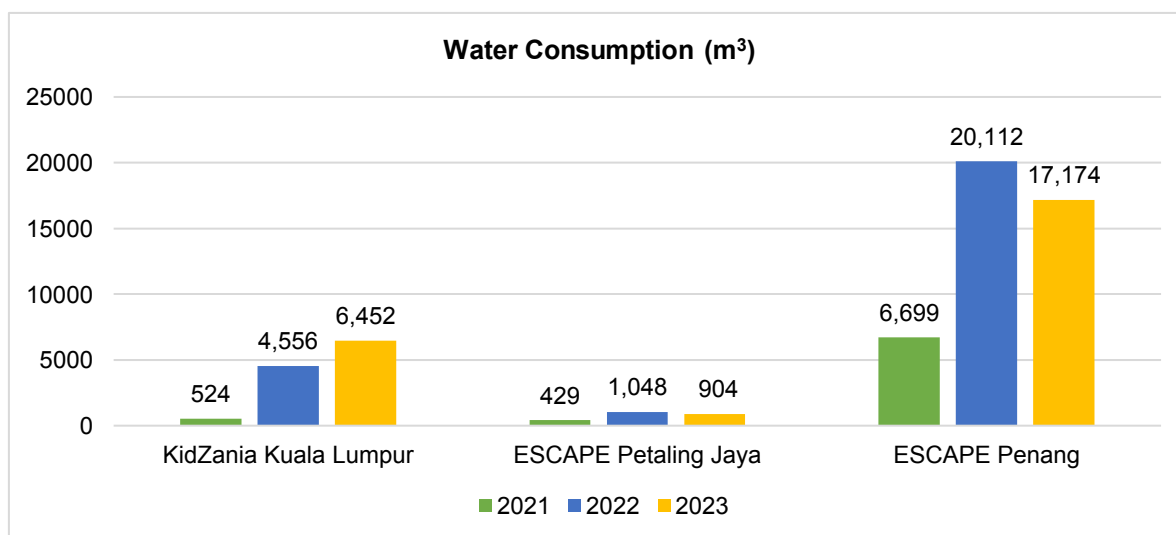
Environmental conservation and sustainable practices steer the developmental and operational facets of the Group's theme parks. Our approach involves the incorporation of innovative rainwater harvesting techniques, biomimicry landscaping, circular economy principles and the adoption of low-impact development strategies, among other initiatives. Moreover, we prioritise nurturing an appreciation for nature among our visitors, particularly children. To this end, we have instituted an eco-literacy program within our parks.

Water Consumption

We primarily utilise water for our water theme parks and to maintain the greenery in our parks nestled in nature. Our sources of water includes freshwater from nearby lakes and streams. The Group aims to reduce its reliance on the use of town water across all of its ESCAPE parks by identifying and selecting suitable sites with natural water sources, as well as employing rainwater harvesting and ballast tanks, among others.

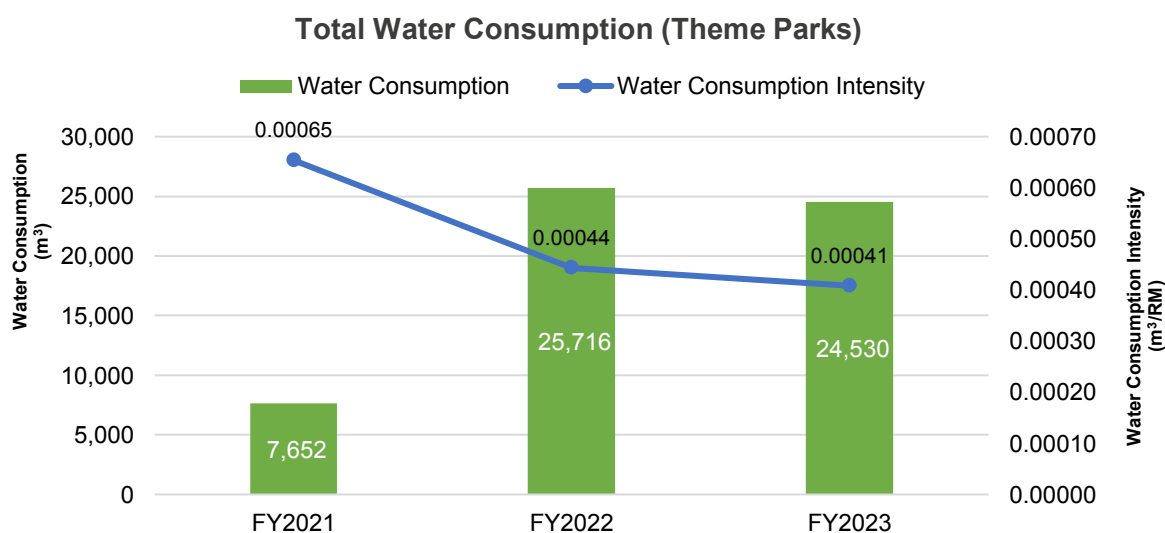
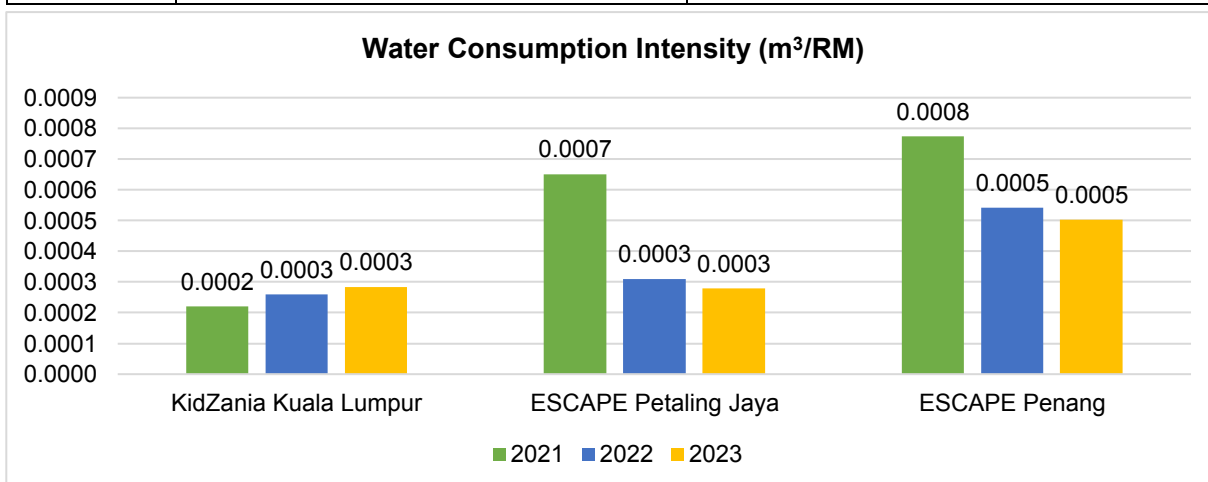
We ensure that all water discharged into natural lakes and streams are treated in our static tanks which have filtration processes based on guidelines from the local authorities. The Group builds its own Sewage Treatment Plant (“STP”) in each site which follows local authority standards and guidelines. The STP employs the use of natural water treatment through use of plant life in water bodies for sediment trapping, nutrient removal and chemical detoxification and pools are filtered through the use of recycled crushed glass in filtration systems. We transform the existing water bodies on site by clearing them of rubbish and debris and treating the water through natural water treatment through use of plants.

Our water consumption performance is illustrated in the following graphs.



Restatement: FY2021 and FY2022 water consumption in ESCAPE Petaling Jaya have been restated because of a change in methodology used. In FY2021 and FY2022, the amount of chilled water used was included in the water consumption amount. The values have been restated as follows:

	Water Consumption (m ³) – Published	Water Consumption (m ³) – Corrected
FY2021	20,414	429
FY2022	50,597	1,048



In FY2023, we have also started monitoring and reporting on water consumption for our construction segment.

	Sim Leisure Makers	Sim Leisure Gulf Contracting	Total
Total Water Consumption (m³)	985	289,080	290,065
Water Consumption Intensity (m³/RM)	0.00004	0.00684	0.00441

Biomimicry Landscaping

As part of the Group's efforts to incorporate nature-based solutions into our parks, ESCAPE Penang vegetates its roofing with native grass and shrub species. These green roofs offer a multitude of advantages: its substrate retains rain water, its drained water is cleaner from substrate filtration, cools roofs, its roofing

materials have longer lifespans due to insulation against tropical heat and sunlight, sound reduction, and reduced costs to cool down buildings. Rainwater is also harvested from the grass roofs for uses such as watering plants and flushing toilets. Thanks to the biomimicry interventions, 90% of raw water utilised by ESCAPE Penang's play pools are harvested on-site.

Rainwater Harvesting

In most land development projects, the prevalence of concrete, asphalt, building roofs, and compacted vegetated sites which result in an increase of rainwater runoff and consequently decreased surface water quality and groundwater infiltration. ESCAPE Penang's biomimicry approach allows rainwater to seep into the ground to support groundwater recharge.

Rather than constructing its pathways and bare surfaces with cement or asphalt, ESCAPE Penang uses layers of natural sand, pebbles, and small rocks amounting to at least 20cm deep. This slows rainwater runoff, enabling microorganisms in the substrates to digest any water-borne pollutants, purifying the water on its path back into the aquifer, minimising any water-related impacts from our operations.

Circular Economy

Departing from conventional practices in the theme park industry, the Group employs a circular economy approach in the design and development of its attractions. We aim to create a system that prioritises waste reduction while maximising resource utilisation by fostering a culture of reusing and recycling, wherever feasible.

Low-Impact Development

In line with our commitment to optimise resource consumption, we were purposeful in utilizing leftover buildings during the development of ESCAPE Penang Phase 1 (Adventureplay). What were previously workshops, pump houses, worker quarters, and storage warehouses during the Teluk Bahang Dam construction period were restored and repurposed into staff offices, function halls, bathrooms, cafeterias, and other facilities.

The Group opted for shipping containers as substitutes for conventional building structures as they are quicker and easier to assemble, while emitting less pollution and reducing the need for new building materials. Their standardised sizes provide endless possibilities of configurations and interventions to suit different uses. Moreover, containers can relocate easily with minimal labour and energy, playing into ESCAPE's low-impact development mantra.

In May 2022, the Group set a 2nd Guinness World Record for the Longest Zip Coaster at 1,135 metres. Similar to the installation of the Longest Tube Water Slide in 2019, no heavy machinery were utilised for the Zip Coaster's installation due to the terrain's accessibility issues and to preserve the environment. The entire installation was performed manually with steel track components lifted by erecting scaffolds and using chain hoists. Notably, the entire steel track structure is suspended onto trees and existing poles installed for the Longest Tube Water Slide.

In addition to that, the Group introduced another novel attraction — Ski Slope —in November 2022. The ski slope track is on an existing road within the park that has been decommissioned, where artificial ski slope tracks were laid on the sloped track, allowing skiers to ski along the track.

Some other games in which we have incorporated our sustainability initiatives include:

- Discovery Dig; where users can learn about the use of natural water sources.
- Double Trouble and Jumping Jack; which are powered by solar energy.
- Zoom Bug, Family Trail and Snow Tube; which utilise gravity to enable self-directed and self-powered play, reducing the need for energy consumption.

Habitat Restoration

The Group recognises that our theme park development process poses potential impact on biodiversity due to its close proximity to nature areas.



We have pioneered the ESCAPE brand of theme parks based on outdoor play in a natural environment while taking a green, low-impact approach to our development because it is the most natural approach — regardless of the prom and pageantry of green certification. This has attracted a wide variety of local birds and wildlife to our ESCAPE parks.

Our stance in developing ESCAPE theme parks hinges on our deliberate choice of selecting leftover brownfield sites rather than primary forest sites, allowing us to rejuvenate the land with ESCAPE theme parks. This transformation is evident in the case of ESCAPE Penang, which was previously a leftover brownfield site comprising abandoned office buildings, workers' quarters and warehouses from the Teluk Bahang Dam construction in 1998. We then adopted a low-impact, green approach to building ESCAPE Penang to revitalise the neglected site.

Habitat Restoration

ESCAPE Penang (44 acres) has planted more than 4,000 trees in the park, including approximately 300 coconut trees, Angsana (*Pterocarpus indicus*), Ketapang (*Terminalia catappa*), and Acacia. So far, our Penang theme park has transplanted 104 trees in the playpark at a cost of some RM6,800 per tree. These trees were originally from construction sites and would have been cut down. Weighing between 15 and 42 tonnes each, they are on average 50 years old.

Similarly, more than 4,000 trees have been planted in ESCAPE Ipoh (120 acres) and the detention pond has been cleared of debris and rubbish. The water quality has been restored through the diversion of upstream pollution from the water body and the water body has been treated naturally with plant life and earth drains.

We have also launched our “tree adoption” programme in ESCAPE Penang which will encourage land owners to contact ESCAPE Penang for transplanting unwanted trees from their lands to sites operated by ESCAPE. We hope that through these initiatives, we can not only extend the life of these trees but also contribute to the preservation and enrichment of natural landscapes within our parks.

Waste

The primary waste streams across our operations encompass green waste and general waste. This includes waste generated from visitors to our theme parks. We are committed to effectively manage our waste, focusing on reduction and recycling initiatives whenever viable. We have employed recycling bins throughout our theme parks to encourage visitors to recycle waste, where applicable. Furthermore, we work with our external F&B contractors to minimise the use of single-use plastics in their operations in our theme parks. Specifically addressing green waste, we compost where possible, and use the waste for soil rehabilitation and enrichment to aid in plant growth.

Regarding the treatment and disposal of operational waste, the Group ensures that all general waste is handled by the licensed waste contractors. These contractors adhere to industry best practices and local regulations, disposing of the waste in line with established standards.

As this is the first year Waste has been identified as a material topic, the Group has yet quantified the amount of waste generated. We will continue to monitor our waste management measures before setting any targets.

Promoting Eco-Literacy

With sustainability at the core of our ESCAPE brand, it is imperative for us at the Group to champion eco-literacy to our visitors and educate them about sustainable principles and environmental conservation practices. We truly believe that people absorb information most effectively in moments of enjoyment.

To communicate ESCAPE's environmental initiatives and thought-provoking ideas, these messages are printed on signage placed throughout the park for visitors to see as they play. These messages surround the visitors, sending a subtle message all over our parks.

Encouraging eco-literacy from an early age is paramount, especially where children learn best through play and immersive experience. The Group encourages primary school field trips to ESCAPE Penang by selling school group tickets at significantly lowered rates for better access, especially among students of lower-income households, who might not otherwise have such opportunities.

Central to promoting eco-literacy is nurturing a genuine appreciation for the natural environment. This is where the immersive experience of playing in nature is vital to our visitors. At ESCAPE, the visitor absorbs these messages and draw their own conclusions through due thought and self-determination. We won't pressure visitors to become more environmentally aware and sensitive but by introducing nature to children, we hope that they will form an intrinsic desire to protect the environment.

The GREENIE Program, covering five key areas of eco-literacy education, has been included in every school visit. It includes both theoretical knowledge as well as practical application. The five areas covered are:

- 1) Recycling
- 2) Tree Planting
- 3) Water Conservation
- 4) Renewable Energy
- 5) Sustainable Food Cycles

Extending our efforts beyond our own operations, we have also partnered with corporations such as A&W Malaysia Sdn. Bhd., Etika Sdn. Bhd. and RHB Bank Berhad, to expand our eco-literacy education program to primary school children across Malaysia. Our efforts include working on ocean and land clean-up projects to nurture an appreciation for biodiversity and encourage the protection of our natural environments.

Targets and Performance

Goals	Targets for FY2023	FY2023 Status	FY2023 Performance	Five-year Target for FY2025	Five-year Target progress in FY2023
Achieve carbon-neutral status at ESCAPE Penang by FY2025	Reduce water consumption index by 5%*	Met	Water consumption index has decreased by 7% for theme park operations from FY2022 to FY2023.	-	-
Improve eco-literacy among the youth	Continue quarterly publishing of SLG's green initiatives on its social media platforms and other digital fronts.	Partially met	SLG promptly publishes updates on green events and initiatives conducted, including relevant articles such as the GREENIE program.	Maintain social media and website content on green initiatives on a regular basis	Introduced regular social media and website content on green initiatives since 2021.
Transplant trees at ESCAPE theme parks	Transplant another 50 trees at ESCAPE's theme parks	Met	Approximately 100 trees have been transplanted at ESCAPE's theme parks.	Transplant 200 trees overall throughout ESCAPE's theme parks	<p>Total number of trees transplanted to date: <u>150 trees</u> FY2021: Nil</p> <p>FY2022: ESCAPE Ipoh has had over <u>50 trees</u> transplanted from surrounding areas</p> <p>FY2023: <u>100 trees</u> transplanted at ESCAPE's theme parks.</p>

Goals	Targets for FY2023	FY2023 Status	FY2023 Performance	Five-year Target for FY2025	Five-year Target progress in FY2023
	Set up a formal channel for tree transplanting	In-progress	Informal communication channels such as community-based approaches, have been conducted.	-	-
Develop new attractions with minimal impact to the environment	Install Obstacleplay at ESCAPE Penang	Met	Obstacleplay, pet-friendly base camp and addition of dry tube slides to outdoor ski slope have been installed at ESCAPE Penang.	Develop 5 new attractions for ESCAPE theme parks which require minimal environmental impact #	<p>FY2021: Zip Coaster was installed without cutting down a single tree.</p> <p>FY2022: Ski Slope was installed on a pre-existing service road.</p> <p>FY2023: (a) Addition of dry tube slides to outdoor Ski Slope, (b) pet-friendly base camp and (c) Obstacleplay have been completely installed in January 2024 at ESCAPE Penang.</p>

*These refer to goals set under section "Our Environment Footprint" in the sustainability report for FY2022, now categorised under "Focus 3: Protecting the Environment" for FY2023.

No heavy machinery used during installation of games and activities at existing theme parks.

Goals	Applicable Business Segments	Targets	Short Term (FY2024)	Medium Term (FY2025 – FY2028)	Long Term/ Perpetual (FY2030 and beyond)
Achieve carbon-neutral status at ESCAPE Penang by FY2025	Theme Park Operations	Reduce water consumption index by 5%	√		
Improve eco-literacy among the youth	Theme Park Operations	Maintain social media and website content on green initiatives at least twice a year	√	√	√
Transplant trees at ESCAPE theme parks	Theme Park Operations	Transplant another 50 trees at ESCAPE's theme parks	√		
		Set up a formal channel for tree transplanting and post relevant contact channels on our website, community halls, notice boards and other communication platforms.	√	√	√
Develop new attractions with minimal impact to the environment	Construction Operations	Two new games and activities to be built in ESCAPE Penang	√	√	

Focus 4: Ensuring Health and Safety

Safety is at the heart of the Group and we prioritise safety amongst both our workers and our visitors. To uphold benchmark international standards in its workplace safety, the Group takes a proactive approach in preventing workplace accidents by implementing several measures in our occupational health and safety management operations at our attractions and in our construction segment.

Workers' Health and Safety

Our staff form the foundation of our operations and we strive to create a safe working environment for all. To this end, we have established an Occupational Safety and Health management (“OSH”) system that covers all employees. We have adopted the Sistem Keselamatan Dan Kesihatan Pekerjaan Malaysia (“MyKKP”), in line with the requirements of the Department of Occupational Safety and Health (“DOSH”) in Malaysia.

Our comprehensive OSH system includes the following procedures:

- A Health and Safety Committee comprising management, representatives of workers and representatives of employer, and define the Committee’s roles, responsibilities and authorities;
 - The Committee meets quarterly to provide relevant updates on the OSH system.
- Conduct Hazards Identification, Risk Assessment and Risk Control (“HIRARC”) study to identify potential risks, identify current safety controls, and take necessary action factoring in likelihood and severity in judging risks;
- Conduct general safety and health inspections at least every three months on general safety and health issues, potential unsafe conditions or unsafe situations;
 - Daily routine checks are done by a safety officer in the theme parks. Regular training is provided to our safety officers and safety audits are conducted to ensure the quality of our safety checks.
- Establish procedures for employees to immediately and efficiently report to the management workplace incidents, internal or external, that could have (potential) or had (actual) resulted in safety and health hazards including: death, bodily injury and disease;
 - Our HR Policies ensure that workers who report any incident or hazard are treated fairly and protected by our whistle-blowing policy.
- Conduct regular safety briefings and fire drills for employees to be familiar with required procedures;
 - OSH general guidelines are communicated to staff through on-boarding and induction and general training.
 - Specific safety training on hazardous and non-hazardous situations is conducted by Safety Officers in each park.
- Promote a workplace culture that prioritises health & safety by training all employees on the Group Occupational Health and Safety Policy and communicating workplace safety procedures relevant to their job scope.

In the event of any incidents, our safety officers will conduct thorough investigations and report to the management for corrective actions. Safety trainings are updated and relevant Standard Operating Procedure (“SOP”) are reviewed and revised to address the incident.

The Group’s ESCAPE parks comply with all legal requirements in Malaysia in respect of occupational safety and health procedures and employee’s health records including:

- Occupational Safety and Health Act 1994 e Factory and Machinery Act 1967
- Fire Services Act 1988
- Penang Island Municipal Council By-laws
- Personal Data Protection Act 2010

In FY2023, there were zero incidents of major work-related injuries⁵ and ill-health, zero incidents of work-related near misses, and zero incidents of work-related fatalities in both our theme park and construction operations.

Customers' Health and Safety

As developers and operators of theme park attractions, the safety and well-being of our visitors are central to our mission. We firmly believe that our park experiences should deliver not only excitement but also a sense of security. Through our stringent safety protocols, we prioritize and invest in ensuring that every guest enjoys our attractions within a safe and secure environment.

The attractions across ESCAPE theme parks have been built according to the Association for Challenge Course Technologies (ACCT) installation guidelines and all relevant requirements of the latest Euro Norm Standards: EN 15567 for rope courses and EN 12572 for artificial climbing structures.

The Group implements rigorous safety audits and preventative maintenance schedules at ESCAPE parks to ensure that all attractions are inspected and serviced on a regular basis and prior to each opening day. Although there are no local regulatory authorities specifically catered to oversee games and activities, the Group is certified and complies with the ACCT International Standards (9th Edition). Additionally, we have applied the American National Standards Institute ("ANSI")/ACCT 03-2019 Standards for our safety inspections at our theme parks. In FY2023, we have conducted two inspections at ESCAPE Penang and ESCAPE PJ. Based on the FY2023's park attendance, there was virtually zero (0.002%) incidents relating to customer injuries while there was no incidents of non-compliance with regulations and voluntary codes.

Targets

Targets for FY2023	FY2023 Status	FY2023 Performance
Strives to aim for zero work place incidents recorded	Met	No incidents of major work-related injuries and ill-health.

Applicable Business Segments	Targets	Short Term (FY2024)	Medium Term (FY2025 – FY2028)	Long Term/ Perpetual (FY2030 and beyond)
Group-Wide	Achieve zero work place incidents	√	√	√
Theme Park Operations	Achieve zero cases of fatalities or major incidents resulting in permanent disability for visitors	√	√	√
Theme Park Operations	Safety assessment is performed on a yearly basis for selected games.	√	√	√

⁵ The Group has defined "major injuries" as per the Ministry of Manpower Singapore's definition as "non-fatal but severe injuries". Source: <https://www.mom.gov.sg/faq/wsh-act/what-are-major-injuries-and-minor-injuries>

Focus 5: Developing Human Capital

The Group strives foster a fair and diverse working environment for all of our staff and workers. Recognizing the priorities of our employees and workers, such as training, fair compensation, and benefits, we pledge our commitment to invest in nurturing and retaining a diverse, resilient talent pool. This investment aligns with our aim to support the ongoing growth and advancement of all our employees in the long run.

Diversity and Equal Opportunity

The Group is an equal opportunity employer, and staunchly opposes discrimination based on factors such as gender, age, race or religion for both employees and applicants. This creates a diverse, healthy and productive organisation. To this end, it is the Group's policy to provide equal opportunity in recruitment of employees, career development, training, promotion and rewards for all employees. This is essential in upholding a meritocratic environment and developing talent for the long-term success of the organisation.

In FY2023, there were no incidents of discrimination reported.

Diversity of Employees

In FY2023, we had a total of 482 (306 for theme parks operations and 176 for construction operations) employees. There were a total of 169 new hires⁶ and 121 leavers⁶, resulting in a new hire rate and turnover rate of 35.1% and 25.1%, respectively. All employees were hired from the respective countries where our operations are based.

Theme Parks			
Age Group	No. of Employees	New Hires	Turnover
Below 30 years old	218 (71%)	51 (56%)	31 (55%)
30 – 50 years old	78 (26%)	39 (42%)	24 (43%)
Over 50 years old	10 (3%)	2 (2%)	1 (2%)
Gender			
Male	159 (52%)	45 (49%)	26 (46%)
Female	147 (48%)	47 (51%)	30 (54%)
Total	306	92	56

⁶ Calculation of number and new employees and leavers only includes permanent and contract employees.

Construction			
Age Group	No. of Employees	New Hires	Turnover
Below 30 years old	78 (44%)	13 (38%)	19 (86%)
30 – 50 years old	88 (50%)	19 (56%)	3 (14%)
Over 50 years old	10 (6%)	2 (6%)	0 (0%)
Gender			
Male	150 (85%)	28 (82%)	17 (77%)
Female	26 (15%)	6 (18%)	5 (23%)
Total	176	34	22
Methodology used	All employees have been recorded using the headcount method, at the end of the reporting period.		

Due to the varied nature of our businesses, we have employees who are hired for different employment arrangements. A breakdown of these arrangements can be found in the table below.

Breakdown of employees by type of employment					
Theme Parks					
Gender	Permanent, Full-time	Contract, Full-time	Temporary (Intern)	Non-guaranteed hours ⁷	Total
Male	36 (43%)	36 (58%)	35 (48%)	52 (60%)	159 (52%)
Female	48 (57%)	26 (42%)	38 (52%)	35 (40%)	147 (48%)
Total	84	62	73	87	306
Construction					
Gender	Permanent, Full-time	Contract, Full-time	Temporary, Intern	Non-guaranteed hours ⁷	Total
Male	90 (79%)	3 (60%)	NA	57 (100%)	150 (85%)
Female	24 (21%)	2 (40%)	NA	0 (0%)	26 (15%)
Total	114	5	NA	57	176

Additionally, we have disclosed our employees according to their employment categories. We have defined our 'Management' as the Executive Directors, Chief Executive Officer and Head of Finance, as well as managers who have a leadership role in the Group. All other employees not in the 'Management' have been categorised as 'Other Employees'.

⁷ This refers to short-term employees hired to support our construction segment during major construction activities or peak seasons.

Breakdown of employees by Employee Categories		
Theme Parks		
	Management	Other Employees
By age group		
Below 30 years old	5 (15%)	213 (78%)
30 – 50 years old	23 (70%)	55 (20%)
Over 50 years old	5 (15%)	2 (2%)
By Gender		
Male	23 (70%)	136 (50%)
Female	10 (30%)	137 (50%)
Total	33	273
Construction		
	Management	Other Employees
By age group		
Below 30 years old	3 (23%)	75 (44%)
30 – 50 years old	9 (69%)	79 (50%)
Over 50 years old	1 (8%)	9 (6%)
By Gender		
Male	10 (77%)	140 (85%)
Female	3 (23%)	23 (15%)
Total	13	163

Diversity of Board Members

Amongst our Board of Directors, there are 4 independent directors (57%), 1 non-independent non-executive director (14%) and 2 executive directors (29%) who are senior management employees as at end of the FY2023. For more information on our Board, please refer to the Board Composition and Guidance Section of our Corporate Governance report in our Annual Report 2023.

Age Group	No. of Individuals	Percentage
Below 30 years old	0	0%
30 – 50 years old	2	29%
Over 50 years old	5	71%
Gender		
Male	5	71%
Female	2	29%
Total	7	100%

Training and Education

Our employees engage in a wide range of career development initiatives and training programs, including our Customer Training Program and KidZania Training Company Induction.

In FY2023, our employees attended a total of 507 hours of training and an average of 1.05 hours of training per employee. The table below shows the breakdown of average hours training per employee by gender and employee category.

Theme Park	Total hours of training	Average hours of training
Management	24	0.73
Other Employees	323	1.18
Gender		
Male	180	1.13
Female	167	1.14
Construction	Total hours of training	Average hours of training
Management	80	6.15
Other Employees	80	0.49
Gender		
Male	80	0.53
Female	80	3.08

In addition to training and development programs, permanent, full-time employees undergo scaling performance evaluations. These evaluations help ensure that our employees are aligned with our organizational objectives, while also paving the way for career advancement. Our performance reviews are conducted twice a year for permanent staff. We recognise that some of our construction employees did not receive a performance review in FY2023. This was mainly because some employees were still under probation when performance reviews were conducted and other employees were engaged in on-site construction activities.

Employees who have received performance reviews			
Theme Parks			
	Number of Employees eligible for Performance Reviews	Number of Employees who received Performance Reviews	Percentage of Employees who received Performance Reviews
Employee Categories			
Management	23	17	74%
Other Employees	61	52	85%
Gender			
Male	36	30	83%
Female	48	39	81%
Total	84	69	82%

Construction			
	Number of Employees eligible for Performance Reviews	Number of Employees who received Performance Reviews	Percentage of Employees who received Performance Reviews
Employee Categories			
Management	13	6	46%
Other Employees	101	77	76%
Gender			
Male	90	74	82%
Female	24	9	38%
Total	114	83	73%

Employee Benefits

All full-time employees are covered by our healthcare insurance and medical benefits. In addition, full-time employees are entitled to medical and annual leave, as well as free entry into the theme park. Eligible full-time employees are also entitled to parental leave. The table below illustrates the breakdown of employees from our theme parks segment who took parental leave in FY2023.

	Theme Parks		Construction	
	Male	Female	Male	Female
No. of employees that took parental leave	1	1	1	0
No. of employees due to return in FY2023	1	1	1	0
No. of employees who returned to work after parental leave ended	1	1	1	0
No. of employees who returned to work after leave ended and were still employed after 12 months	1	1	1	0
Return to work rate	100%	100%	100%	N/A
Retention rate	100%	100%	100%	N/A

Market Presence

The Group uphold best practices concerning employee engagement, including equitable remuneration and meeting minimum wage standards as stipulated by local labor regulations. In FY2023, the ratio of entry-level wages compared to the local minimum wage⁸ for both female and male staff 1.37 : 1 for theme parks employees and 1.67 : 1 for construction employees.

The Group acknowledges the invaluable advantages of recruiting local talent, which not only enriches our business operations but also strengthens our economic contributions within each region. Actively pursuing this commitment, we prioritise the hiring of senior management from the local talent pool across our key operational regions. In FY2023, 73% of theme park's Management and 92% of construction's Management were hired locally⁹.

Targets and Performance

Targets for FY2023	FY2023 Status	FY2023 Performance	Five-year Target for FY2025	Five-year Target progress in FY2023		
					Male	Female
1 is to 1 male-to-female employee ratio	Not met	The ratio of male to female employees in FY2023 is 1.8:1.	1.5 is to 1 male-to-female employee ratio			
				FY2021	1.4	1
				FY2022	0.87	1
				FY2023	1.8	1

Applicable Business Segments	Targets	Short Term (FY2024)	Medium Term (FY2025 – FY2028)	Long Term/ Perpetual (FY2030 and beyond)
Group-Wide	No significant non-compliance with labour laws	√	√	√
Group-Wide	To provide at least average three hours of training per employee by FY2026		√	
	To provide at least six hours of training per employee from FY2030			√
Theme Park Operations	Ensure safety trainings for all relevant staff at the theme park.	√	√	√

⁸ Minimum wage is only applicable to operations in Malaysia, which has a local minimum wage of RM1,500 in FY2023.

⁹ We have defined 'local' as individuals who live in the city or town of the entity they are managing.

Focus 6: Contributing to the Local Economy

The Group is dedicated to fostering a positive influence within the communities neighbouring its operational sites. This commitment is exemplified through various initiatives such as actively endorsing local enterprises, providing employment opportunities to community members, catalysing tourism revenue, and prioritizing local suppliers whenever feasible. By aligning with and supporting the growth of indigenous businesses and sourcing talent from the area, we aim to fortify the socio-economic fabric of the nearby communities we operate in.

Communal Living and Shared Responsibility

The Group always strives to bring a positive impact to the local communities it operates in and engages with. An example is ESCAPE Penang, which is situated within the Teluk Bahang community.

When developing ESCAPE Penang, the Group factored in the consideration of ethics, social responsibility, and reducing dependency on external resources. ESCAPE Penang desires to be transparent and is committed to its local community by supporting local businesses and employing local staff. ESCAPE Penang is currently the community's largest employer, and in fact, the majority of ESCAPE Penang's workforce comprises those from the Teluk Bahang community.

The Group intends to replicate the communal impact in other regions of expansion domestically and internationally, as this approach can yield a greater return beyond commercial gain, making communities more economically equitable and resilient.

Indirect Economic Impacts

The Group's operations have increased tourism and brought about increased revenue for local communities around the parks. Based on our estimation assumptions and basis, we believe in FY2023, our operations have supported an estimated 4,460 local jobs and also generated more than RM68 million in indirect spending in the local economy through transport, accommodation, and F&B businesses.

Additionally, we have made a significant impact on community engagement. This includes promoting positive self-directed play and physical activity to over 280,000 individuals through ESCAPE parks, as well as contributing to career education and life skills development for over 120,000 primary-aged children through KidZania Kuala Lumpur. Furthermore, our commitment extends to hosting over 30,000 school children at heavily discounted prices across our theme parks and providing over 3% (around 9,000 tickets) of theme park tickets free to seniors and Orang Kurang Upaya groups.

Local Procurement

The Group actively supports the local economy by procuring from local suppliers, whenever possible. We prioritise sourcing from local goods and services suppliers, engaging overseas suppliers only in instances where eligible local options are unavailable.

Proportion of Spending on Local Suppliers	
Theme Parks segment	99%
Construction segment	93%

Targets

No targets set for FY2023.

Applicable Business Segments	Targets	Short Term (FY2024)	Medium Term (FY2025 – FY2028)	Long Term/ Perpetual (FY2030 and beyond)
Theme Park Operations	Minimum 60% of procurement made locally	√	√	√
	Increase 5% of visitorships (i.e. number of ticket sold) to theme parks	√	√	√

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SGX Six Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> Stakeholder Engagement and Materiality Assessment
2	Climate-related disclosures consistent with the TCFD recommendations	<ul style="list-style-type: none"> Focus 2: Resiliency to Climate Change
3	Policies, Practices and Performance	<ul style="list-style-type: none"> Sustainability Strategy Overview Focus 1: Upholding Governance and Ethics Focus 2: Resiliency to Climate Change Focus 3: Protecting the Environment Focus 4: Ensuring Health and Safety Focus 5: Developing Human Capital Focus 6: Contributing to the Local Economy
4	Board Statement	<ul style="list-style-type: none"> Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Board Statement
5	Targets	<ul style="list-style-type: none"> Focus 1: Upholding Governance and Ethics Focus 2: Resiliency to Climate Change Focus 3: Protecting the Environment Focus 4: Ensuring Health and Safety Focus 5: Developing Human Capital Focus 6: Contributing to the Local Economy
6	Framework	<ul style="list-style-type: none"> About This Report

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GRI Content Index

Statement of use	Sim Leisure Group Ltd. has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards 2021.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Section Reference and/or Reason for Omission
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Our Business
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	About This Report
	2-5 External assurance	About This Report
	2-6 Activities, value chain and other business relationships	Our Business
	2-7 Employees	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Diversity of Employees
	2-8 Workers who are not employees	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Diversity of Employees
	2-9 Governance structure and composition	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> ESG Governance
	2-10 Nomination and selection of the highest governance body	Annual Report 2023
	2-11 Chair of the highest governance body	Annual Report 2023
	2-12 Role of the highest governance body in overseeing the management of impacts	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> ESG Governance
	2-13 Delegation of responsibility for managing impacts	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> ESG Governance
	2-14 Role of the highest governance body in sustainability reporting	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> ESG Governance

GRI Standard	Disclosure	Section Reference and/or Reason for Omission
	2-15 Conflicts of interest	Annual Report 2023
	2-16 Communication of critical concerns	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Whistle-Blowing Policy
	2-17 Collective knowledge of the highest governance body	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> ESG Governance
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2023
	2-19 Remuneration policies	Annual Report 2023
	2-20 Process to determine remuneration	Annual Report 2023
	2-21 Annual total compensation ratio	Annual Report 2023
	2-22 Statement on sustainable development strategy	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Board Statement
	2-23 Policy commitments	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Policy Commitments
	2-24 Embedding policy commitments	Focus 1 – 6
	2-25 Processes to remediate negative impacts	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Whistle-Blowing Policy Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	2-26 Mechanisms for seeking advice and raising concerns	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Whistle-Blowing Policy
	2-27 Compliance with laws and regulations	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Corporate Compliance
	2-28 Membership associations	The Group is a member of the following associations: <ul style="list-style-type: none"> International Association of Amusement Parks and Attractions, since 2007 World Waterpark Association Association for Challenge Course & Technology
	2-29 Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment

GRI Standard	Disclosure	Section Reference and/or Reason for Omission
	2-30 Collective bargaining agreements	Not applicable. Employees are not covered by collective bargaining agreements.
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Focus 1 – 6
	3-2 List of material topics	Focus 1 – 6
Focus 1: Upholding Governance and Ethics		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Focus 1: Upholding Governance and Ethics
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Anti-Corruption Policy
	205-2 Communication and training about anti-corruption policies and procedures	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Anti-Corruption Policy
	205-3 Confirmed incidents of corruption and actions taken	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Anti-Corruption Policy
GRI 207: Tax 2019	207-1 Approach to Tax	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Tax Compliance
	207-2 Tax Governance, Control and Risk Management	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Tax Compliance
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not applicable – we will start screening new suppliers using environmental criteria and document it as part the new supplier evaluation process from FY2024 onwards.
	308-2 Negative environmental impacts in the supply chain and actions taken	308-2 (b), (c), (d), (e): Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Supply Chain Management 308-2 (a), This metric is under evaluation.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at signing risk for incidents of child labor	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Supply Chain Management Information relating to our suppliers is not available – our current supplier evaluation system does not include our suppliers’ practices and/or policies relating to child labor.

GRI Standard	Disclosure	Section Reference and/or Reason for Omission
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents or forced or compulsory labor	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Supply Chain Management
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Supply Chain Management
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not applicable – we will start screening new suppliers using social criteria and document it as part the new supplier evaluation process from FY2024 onwards.
	414-2 Negative social impacts in the supply chain and actions taken	414-2 (b), (c), (d), (e): Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Supply Chain Management 414-2 (a): This metric is under evaluation.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Focus 1: Upholding Governance and Ethics <ul style="list-style-type: none"> Customer Privacy
Focus 2: Resiliency to Climate Chan		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Focus 2: Resiliency to Climate Change
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Climate-related Risks and Opportunities
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions
	302-3 Energy intensity	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions
	302-4 Reduction of energy consumption	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions
	305-4 GHG emissions intensity	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions

GRI Standard	Disclosure	Section Reference and/or Reason for Omission
	305-5 Reduction of GHG emissions	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions
Focus 3 : Protecting the Environment		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Focus 3: Protecting the Environment
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Focus 3: Protecting the Environment <ul style="list-style-type: none"> Water and Effluents
	303-2 Management of water discharge-related impacts	Focus 3: Protecting the Environment <ul style="list-style-type: none"> Water and Effluents
	303-5 Water consumption	Focus 3: Protecting the Environment <ul style="list-style-type: none"> Water and Effluents
GRI 304: Biodiversity 2016	304-2 Significant Impacts of Activities Products and Services on Biodiversity	Focus 3: Protecting the Environment <ul style="list-style-type: none"> Habitat Restoration
	304-3 Habitats Protected or Restored	Focus 3: Protecting the Environment <ul style="list-style-type: none"> Tree Planting
GRI 306: Waste 2016	306-1 Waste generation and significant waste-related impacts	Focus 3: Protecting the Environment <ul style="list-style-type: none"> Waste
	306-2 Management of significant waste-related impacts	Focus 3: Protecting the Environment <ul style="list-style-type: none"> Waste
Focus 4: Ensuring Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Focus 4: Ensuring Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	403-3 Occupational health services	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	403-5 Worker training on occupational health and safety	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety

GRI Standard	Disclosure	Section Reference and/or Reason for Omission
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	403-9 Work-related injuries	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
	403-10 Work-related ill health	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Customers' Health and Safety
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Customers' Health and Safety
Focus 5: Developing Human Capital		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Focus 5: Developing Human Capital
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Market Presence
	202-2 Proportion of senior management hired from the local community	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Market Presence
GRI 401: Employment	401-1 New employee hires and employee turnover	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Diversity of Employees
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Employee Benefits
	401-3 Parental leave	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Diversity of Employees
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Training and Education
	404-2 Programs for upgrading employee skills and transition assistance programs	404-2(a): Focus 5: Developing Human Capital

GRI Standard	Disclosure	Section Reference and/or Reason for Omission
		<ul style="list-style-type: none"> Training and Education <p>404-2(b): Not applicable. The Group does not have any transition assistance programs.</p>
	404-3 Percentage of employees receiving regular performance and career development reviews	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Training and Education
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Diversity of Employees
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Focus 5: Developing Human Capital <ul style="list-style-type: none"> Diversity and Equal Opportunity
Focus 6: Contributing to the Local Economy		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Focus 6: Contributing to Local Economy
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Focus 6: Contributing to Local Economy <ul style="list-style-type: none"> Communal Living and Shared Responsibility Indirect Economic Impacts
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Focus 6: Contributing to Local Economy <ul style="list-style-type: none"> Local Procurement

SASB Index

Topic	Metric	Section Reference
Energy Management	1) Total energy consumed, 2) Percentage grid electricity and 3) Percentage renewable	Focus 2: Resiliency to Climate Change <ul style="list-style-type: none"> Energy and Emissions
Customer Safety	1) Fatality rate and 2) Injury rate for customers	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Customers' Health and Safety
	Percentage of facilities inspected for safety, percentage of facilities that failed inspection	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Customers' Health and Safety
Workforce Safety	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) permanent employees and (b) seasonal employees	Focus 4: Ensuring Health and Safety <ul style="list-style-type: none"> Workers' Health and Safety

ACTIVITY METRIC	
Attendance	Approximately 550,000 visitors in FY2023.
Number of customer-days	Generally half of the operating hours in a day.

TCFD Index

Please refer to **FOCUS 2: Resiliency to Climate Change** for our climate-related disclosures in line with TCFD recommendation.

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Corporate Governance Report

The board of directors (the “**Board**” or the “**Directors**”) and the management (“**Management**”) of Sim Leisure Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) are committed to upholding a high standard of corporate governance, business integrity and professionalism within the Company and the Group by reference to the principles and provisions as set out in the Code of Corporate Governance 2018 (the “**Code**”). This report outlines the Group’s corporate governance framework and practices adopted by the Company during the financial year ended 31 December 2023 (“**FY2023**”), with specific reference made to the principles and provisions of the Code, which forms part of the continuing obligations pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

The Board is pleased to report that, for FY2023, the Company has complied with the principles of the Code, and substantially with the provisions of the Code. In areas where the Company’s practices vary from any provisions of the Code, the Company has stated herein the provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

Board Matters

The Board’s Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1

The Company is headed by an effective Board to lead and control its operations and affairs. The principal function of the Board is the overall management and corporate governance of the Group including establishing strategic objectives and providing entrepreneurial leadership. The Board’s key responsibilities include charting and reviewing the Group’s overall business strategy, supervising the Management as well as reviewing the Group’s financial performance and managerial performance while considering sustainability issues as part of its strategic formulation.

In addition, the Board has an obligation to the shareholders of the Company (the “**Shareholders**”) and other stakeholders of the Company to safeguard their interests and the Company’s assets by establishing a framework of prudent and effective controls which enables risk to be assessed and managed, setting the Company’s values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and being met, as well as identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation.

All Directors, expected to exercise due diligence and independent judgment, are obliged to act in good faith and objectively in the best interests of the Company and hold Management accountable for performance. The

Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Provision 1.2

During FY2023, the Management has kept the Board up-to-date on all pertinent developments in the business of the Group during Board and/or Board Committee meetings to facilitate the discharge of duties by the Directors. All Directors are also provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (“ACRA”) which are relevant to the Group and/or Directors are circulated to the Board.

To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo regular training and participate in conferences, seminars or any training programme in connection with their duties.

In the FY2023, the Company has appointed Mr Darrell Edward Metzger as its new Independent Director.

Mr Darrell Edward Metzger (“**Mr Darrell**”) age 75, Independent Non-Executive Director, was appointed to the Board on 16 May 2023 and has no prior experience as a director of public-listed companies in Singapore. Mr Darrell is a 45 plus-year veteran of theme park and water park project development, maintenance, and operations at some of the leading theme parks in the world including Ocean Park Hong Kong, Sentosa Leisure Group, Atlantis Hawaii, Tokyo Disney Resort and Legoland Resort Malaysia. He is the past chairman and board member of the International Association of Amusement Parks and Attractions (**IAAPA**) and Visiting Professor of Singapore Management University. Mr Darrell was inducted into the globally prestigious IAAPA Hall of Fame in recognition of his lifelong commitment to the attractions industry. Mr Darrell has completed the training syllabus as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules in March 2024.

As newly appointed Director, Mr Darrell was briefed on and provided with background information about the Group’s history, strategic direction, industry-specific knowledge and the Group’s governance practices. The Company has also provided Mr Darrell with a formal letter of appointment setting out his duties and obligations as a Director of the Company.

The training courses attended by the Directors of the Company for FY2023 and up to the date of this report are as follows:

Name of Director	Designation	Training and/or Course
Dato’ Sim Choo Kheng	Executive Chairman	<ul style="list-style-type: none"> Listed Entity Director programme (“LED”) – Environmental, Social and Governance Essentials (Core)
Datin Silviya Georgieva Georgieva	Executive Director	<ul style="list-style-type: none"> LED - Environmental, Social and Governance Essentials (Core)

Mr Chung Yew Pong	Lead Independent Director	<ul style="list-style-type: none"> • Megatrends shaping the future of boards • LED - Environmental, Social and Governance Essentials (Core) • OpenAi: Early Lessons and Issues for Board Directors
Mr. Stephen Brian Peet	Independent Director	<ul style="list-style-type: none"> • LED – Environmental, Social and Governance Essentials (Core) • LED – Listed Entity Director Essentials • LED – Board Dynamics • LED – Board Performance • LED – Audit Committee Essentials • LED – Remuneration Committee Essentials • LED – Stakeholder Engagement
Mr. Darrell Edward Metzger ⁽¹⁾	Independent Director	<ul style="list-style-type: none"> • LED - Environmental, Social and Governance Essentials (Core) • LED – Listed Entity Director Essentials • LED – Board Dynamics • LED – Board Performance • LED – Stakeholder Engagement • LED – Nominating Committee Essentials
Ms. Tan Hui Tsu ⁽⁴⁾	Independent Director	<ul style="list-style-type: none"> • LED – Environmental, Social and Governance Essentials (Core)
Mr Tan Boon Seng ⁽³⁾	Non-Executive Non-Independent Director	<ul style="list-style-type: none"> • LED - Environmental, Social and Governance Essentials (Core)
Mr. Sho Kian Hin, Eric ⁽²⁾	Independent Director	<ul style="list-style-type: none"> • LED – Environmental, Social and Governance Essentials (Core)

Notes:

⁽¹⁾ Mr Darrell Edward Metzger, was appointed as Independent Non-Executive Director with effect from 16 May 2023. He will not be seeking re-election as director at the forthcoming AGM.

⁽²⁾ Mr Sho Kian Hin, Eric retired as the Independent Non-Executive Director and relinquished his role as Chairman of the Audit Committee on 28 April 2023.

⁽³⁾ Mr Tan Boon Seng resigned as Non-Independent Non-Executive Director with effect from 5 January 2024

⁽⁴⁾ Ms Tan Hui Tsu resigned as Independent Non-Executive Director with effect from 14 March 2024.

The Directors will continue to endeavour to participate in courses and training that enhance and maintain their skills and knowledge to facilitate effective and efficient discharge of their duties while the Company will continue to review and recommend available professional development programme and training to all Directors.

Provision 1.3

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters that require the approval of the Board include, but are not limited to, the following:

- (a) matters that involve a conflict of interest of a controlling Shareholder or a Director or persons connected to such Shareholder or Director;

- (b) approval of announcements to be released via the Singapore Exchange Network (“**SGXNet**”), including half yearly and full year financial results announcements;
- (c) approval of operating budgets, internal annual and interim reports, financial statements, Directors’ statements and annual report;
- (d) share issuance, dividends and other returns to Shareholders;
- (e) authorisation of banking facilities and corporate guarantees;
- (f) approval of change in corporate business strategy and direction;
- (g) appointment/cessation, and remuneration packages of the Directors and key management executives;
- (h) any matters relating to the Company’s general meetings, Board and Board Committees (as defined below); and
- (i) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

Provision 1.4

The Board has, without abdicating its responsibilities, delegated certain matters to three (3) main sub-committees, namely the Audit Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (collectively, the “**Board Committees**”), which operate under clearly defined written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The Board Committees play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance. The respective Chairmen of the Board Committees report the outcome of the Board Committee meetings to the Board. The composition, description (including the terms of reference) and activities of each Board Committee are set out in the Board Membership section, Procedure for Developing Remuneration Policies section and Audit Committee section of this report respectively.

Provision 1.5

The schedule of all the Board and Board Committee meetings as well as the annual general meeting of the Company (“**AGM**”) for the next calendar year is planned well in advance. The Board will meet at least twice yearly and whenever warranted by circumstances. Ad-hoc, non-scheduled Board or/and Board Committee meetings may be convened to deliberate on urgent substantial matters. In addition to these meetings, corporate events and actions requiring the Board’s approval may be discussed over the telephone or video-conference, followed by Directors’ resolutions in writing being passed. Regulation 110(A) of the Company’s Constitution (the “**Constitution**”) allows a Board and Board Committee meeting to be conducted by way of tele-conference and video conference.

Two (2) Board meetings were held in FY2023 to review and discuss, amongst others, the financial performance of the Group and the announcements for the unaudited half yearly financial results of the Group for the FY2023 and the unaudited full year financial results of the Group for the financial year ended 31 December 2022

("FY2022"). Directors attend and actively participate in Board and Board Committee meetings. The attendance of the Directors at the meetings of the Board and the Board Committees during FY2023 is as follows:

	AGM	Board	Board Committees		
			Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held during the year	1	2	2	1	1
Number of meetings attended					
Dato' Sim Choo Kheng	1	2	-	-	-
Datin Silviya Georgieva Georgieva	1	2	-	-	-
Mr Chung Yew Pong (Mr Chung)	1	2	2	1	1
Mr Stephen Brian Peet (Mr Peet)	1	2	1	-	1
Mr Darrell Edward Metzger ⁽¹⁾	-	1	-	-	-
Ms Tan Hui Tsu (Ms Tan) ⁽⁴⁾	1	2	2	1	1
Mr Tan Boon Seng ⁽³⁾	1	2	-	-	-
Mr Sho Kian Hin, Eric ⁽²⁾	1	1	1	1	1

Notes:

- ⁽¹⁾ Mr Darrell Edward Metzger, was appointed as Independent Non-Executive Director with effect from 16 May 2023. He will not be seeking re-election as director at the forthcoming AGM.
- ⁽²⁾ Mr Sho Kian Hin, Eric retired as the Independent Non-Executive Director and relinquished his role as Chairman of the Audit Committee on 28 April 2023.
- ⁽³⁾ Mr Tan Boon Seng resigned as Non-Independent Non-Executive Director with effect from 5 January 2024.
- ⁽⁴⁾ Ms Tan Hui Tsu (Ms Tan) resigned as Independent Non-Executive Director with effect from 14 March 2024.

Provision 1.6

Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Detailed Board and Board Committee papers are prepared and circulated to the Directors before each Board and Board Committee meeting. The Board and Board Committee papers include sufficient information on financial, budgets, projections, business and/or corporate issues (where applicable) to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committee meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Key personnel who can provide additional insight into the matters at hand would be present at the relevant time during the Board and Board Committee meetings.

The Board receives half year and full year financial performance results, annual budgets and explanation on material forecasts variances to enable them to oversee the Group’s operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group’s business operations.

All Directors have unrestricted access to the Company’s records and information. The Directors may also liaise with the Management as and when required to seek additional information.

Provision 1.7

All Directors have separate and independent access to the Management and the Company Secretary through electronic mail, telephone, videoconference as well as face-to-face meetings where appropriate. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or his representatives attend all the Board and Board Committees meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Should the Directors, whether as a group or individually, need independent professional advice, the Company will appoint such professional adviser to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this report, the Board comprises six (6) members, four (4) of whom are Non-Executive Independent Directors, details of the Board’s composition (including the Board Committee membership) are as follows:

Name of Director	Designation	Board Committee Membership		
		Audit Committee (“AC”)	Nominating Committee ⁽³⁾ (“NC”)	Remuneration Committee ⁽³⁾ (“RC”)
Dato’ Sim Choo Kheng (Dato’ Sim)	Executive Chairman	-	-	-
Datin Silviya Georgieva Georgieva (Datin Silviya)	Executive Director	-	-	-
Mr Chung Yew Pong	Lead Independent Director	Chairman	Member	Chairman
Mr Stephen Brian Peet	Independent Director	Member	Member	Member

Mr Darrell Edward Metzger ⁽¹⁾	Independent Director	-	Member	-
Mr Mohamed Nasser Bin Ismail ⁽²⁾	Independent Director	Member	Chairman	Member

Notes:

- ⁽¹⁾ Mr Darrell Edward Metzger, was appointed as Independent Non-Executive Director with effect from 16 May 2023. He will not be seeking re-election as director at the forthcoming AGM.
- ⁽²⁾ Mr Mohamed Nasser Bin Ismail (“**Mr Nasser**”) was appointed as Independent Non-Executive Director with effect from 1 March 2024. Mr Nasser has registered to attend the training syllabus as prescribed by the SGX-ST pursuant to Practice Note 4D of Catalist Rules in July 2024.

Provision 2.1

The independence of each Director is reviewed by the NC, based on the guidelines as provided in the Code as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. The independence of each Director is assessed and will be reviewed at least annually by the NC. In its deliberation as to the independence of a Director, the NC takes into account examples of relationships as set out in the Code. There is no policy to prohibit or require Independent Directors to hold shares in the Company. As at the date of this report, Mr Chung holds 10,000 shares in the Company amounting to approximately 0.006% of the total issued shares in the Company of 165,365,200. The NC and the Board are of the view that the holding of shares by Independent Directors of less than 5.0% of the total issued shares in the Company encourages the alignment of their interests with the interests of Shareholders without compromising their independence. The NC has reviewed, determined and confirmed the independence of each Director for FY2023.

Save as disclosed above, the Independent Directors (namely Mr Chung, Ms Tan, Mr Peet and Mr Darrell) as at end of the FY2023 have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules for the FY2023. The Independent Directors were not in foreseeable situations that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent for FY2023.

As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment.

Provision 2.2 and 2.3

As the Chairman of the Board is not an Independent Director, the Company maintains an Independent Director-majority Board. The Board as at the date of the report, comprises a total of six (6) members, four (4) of whom are Independent Non-Executive Directors. A Lead Independent Director was appointed among the four (4) Independent Directors to enable the Board to discharge its function, duties, and responsibilities effectively and efficiently as well as to facilitate the compliance of the Code.

Following the cessation of Mr Darrell as the Independent Director at the forthcoming AGM, the Board will comprise a total of five (5) members, three (3) of whom are Independent Directors.

In respect of FY2023, prior to the appointment of Mr Nasser and the departure of Mr Tan Boon Seng and Ms Tan, the Board has an independent element of 57% comprising four (4) Independent Directors, one (1) of whom was appointed as the Lead Independent Director to facilitate the Board to attend to the interest of Shareholders and other stakeholders effectively and efficiently. This majority-independent position will allow. and ensure effective representation for Shareholders and that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of Shareholders, employees, customers, suppliers, other stakeholders and the industry in which the Group conducts its businesses.

Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and rigorously examined and take into account the long-term interests of not only the Shareholders, but also of the employees and reviewing the performance of the Management in achieving agreed goals and objectives. The NC considers the Independent Directors to be of sufficient calibre and number and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

Provision 2.4

The key information of the Directors (as at the date of this report), including their academic and professional qualifications, shareholding interests in the Group, Board Committees served on, first appointment dates, last re-appointment dates, present directorships in other listed companies, and their other principal commitments, are set out in this report, as well as in the sections entitled "Board of Directors" and "Directors' Statement" of this Annual Report. None of the Directors is related to one another, with the exception of Dato' Sim and Datin Silviya, who are spouses.

The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Board Diversity Policy support the principle that its Board members collectively possess the balance of skills, knowledge, experience which are broadly classified into three (3) core competency categories 1) Accounting /Finance /Legal /Corporate governance; 2) Industry /Customer based knowledge or experience and 3) Strategic planning experience and other aspects of diversity including gender and age that will facilitate the Group's pursuit of its long term strategic and business objectives. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

The NC reviews and assesses Board composition and recommends the appointment of new Directors apart from overseeing the conduct of the annual assessment of Board effectiveness. In determining the optimum composition and size of the Board and Board Committees, the NC based on the guidance of the Board Diversity Policy, will consider the benefits of all aspects of the diversity in order to maintain an appropriate range and balance of skills, knowledge and experience and background on the Board. Newly identified candidate(s) will be subject to NC's interview before any recommendation is made to the Board including the appointment to the appropriate Board Committees.

To maintain or enhance the balance and diversity of the Board, the NC will review the size and composition of the Board and the Board Committees annually to ensure that the Board and the Board Committees are of an appropriate size, and comprise persons who as a group provides the appropriate balance and mix of skills, knowledge, expertise and experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate and to enable the Management to benefit from a diverse perspective of issues that are brought before the Board and the Board Committees.

The Board taking into consideration the views from the NC, will assess if the existing attributes and core competencies, age, gender, and other aspects of the diversity of the Directors are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance the balance and diversity within the Board.

The NC has reviewed the size, diversity and composition of the Board and the Board Committees, and together with the Board, taking into account the scope and nature of the operations of the Group, are of the view that the current size, diversity and the composition of the Board and the Board Committees are sufficient and appropriate to meet the Company's objectives and facilitates effective and informed decision-making. Summary details of the Board composition as at the date of this report and the diversity targets for the FY2024 in relation to the diversity of the Board, are as follows:

Description of principle	No. of Directors	Proportion of Board	Diversity Targets for FY2024	
a) Core Competencies <ul style="list-style-type: none"> ○ Accounting/Finance/Legal/Corporate governance ○ Industry/Customer based-knowledge or experience ○ Strategic planning experience 	3 3 6	50% 50% 100%	For each core competency at 40% or more.	
b) Gender Diversity <ul style="list-style-type: none"> ○ Male ○ Female 	5 1	83% 17% ⁽¹⁾		Female director representation at 20%.
c) Age Group <ul style="list-style-type: none"> ○ 40 – 49 years ○ 50 – 59 years ○ 60 – 69 years ○ 70 years and above 	1 3 1 1	17% ⁽¹⁾ 59% 17% ⁽¹⁾ 17% ⁽¹⁾		
d) Independence <ul style="list-style-type: none"> ○ Independent ○ Non-Independent 	4 2	67% ⁽¹⁾ 33%	Independent-majority Board	

Note:

⁽¹⁾ Round-up

The NC and Board are further of the view that the Board and the Board Committees are satisfied with the current diversity of the Board. Please refer to the table below in relation to the diversity targets and progress in FY 2023.

	Targets and Progress in FY2023
a) Ensuring diversity of Core Competencies	<p>o Industry/Customer based-knowledge or experience</p> <p>Mr Darrell was appointed to the Board on 16 May 2023. Mr Darrell is a 45 plus-year veteran of theme park and water park project development, maintenance, and operations at some of the leading theme parks in the world. He has served and engaged with Ocean Park Hong Kong, Sentosa Leisure Group, Atlantis Hawaii, Tokyo Disney Resort and Legoland Resort Malaysia, the country in which the Group operates.</p> <p>The above appointment has contributed positively to and enhanced the diversity of skill, knowledge and experience and in-depth understanding of the theme park business of the Board for FY2023. This has also enabled the Board to achieve balanced composition of members with core competencies of 1) Accounting /Finance /Legal /Corporate governance; and 2) Industry /Customer based knowledge or experience, for the FY2023.</p> <p>With the network of our existing Board members and through our outsourced executive search and human resource firm, the NC and Board have identified and will continue to identify suitable candidate(s) with in-depth knowledge and geographical experience of the attractions industry in which the Group operates as well as in various professional fields. Such candidate(s) will be observed and tracked for future consideration and evaluation to enable the Company to progress towards and achieving all the diversity targets.</p>
b) Gender diversity	<p>The Company will strive to maintain an appropriate level of female director representation of 15% - 20% which was duly achieved in FY2023, considering the industry in which the Group operates. The NC and Board will continue to identify female candidates as part of the Board succession planning process for such diversity with primary focus on female candidate(s) for maintaining diversity of the core competency of Accounting /Finance /Legal /Corporate governance.</p>

Provision 2.5

The Non-Executive Directors (including Independent Directors) have the necessary experience and expertise to assist the Board in decision-making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. The Company will coordinate informal meeting sessions to be led by the Lead Independent Director (whichever is applicable) or such other Independent Director as appropriate, for the Non-Executive Directors to meet regularly without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Director and Executive Chairman. The chairman of such meetings provides feedback to the Board as appropriate. In FY2023, the Non-Executive Directors had one (1) meeting without the presence of the Management.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, Shareholders and other stakeholders effectively and efficiently.

Provision 3.1 and 3.3

The Chairman of the Board is Dato' Sim, an Executive Director and the Chief Executive Officer ("CEO") of the Company is Mr Philip John Whittaker ("Mr Phil"). Mr Phil, the CEO is not a Board member of the Company and is not related to and does not have any business relationship with Dato' Sim. Dato' Sim, the Executive Chairman remains as a part of the Management team and is responsible for overseeing the overall business development and general management of the Group and formulating the Group's strategic direction and expansion plans. The Chairman of the Board and the CEO are separate persons in order to provide an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making.

To facilitate clear division of responsibilities between leadership of the Board and Management pursuant to the Code, the Company maintains an Independent Director-majority Board with Mr Chung, an Independent and Non-Executive Director designated as the Lead Independent Director of the Company.

In respect of Provision 3.3 of the Code, the Lead Independent Director shall be available at all times to Shareholders and Non-Executive Directors when they have concerns and for which contacts through the normal channels of communication with the Executive Chairman, CEO or Management are inappropriate or inadequate. There was no query or request on any matter which requires the Lead Independent Director's attention, received in FY2023.

Provision 3.2

There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the Chairman of the Board and CEO.

The Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and the Management while together with the Lead Independent Director, ensures effective communication with Shareholders and other stakeholders. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with the Management, as well as facilitates effective contribution from Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:

- (a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary) and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (b) ensuring that all agenda items are adequately and openly debated at the Board meetings;
- (c) ensuring that all Directors receive complete, adequate and timely information; and
- (d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

The Chairman is an Executive Director of the Company, who remain as part of the Management team and responsible for overseeing the overall business development and general management of the Group and formulating the Group's strategic direction and expansion plans. The CEO has full executive responsibilities in the business directions and operation efficiency of the Group. He is responsible for the execution of the Group's corporate and business strategies and the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Chairman and the AC. The CEO's performance and appointment will be reviewed periodically by the NC and his remuneration package is reviewed annually or periodically based on the term of his employment by the RC. As each of the AC, NC and RC consist of all Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

The terms of reference of the NC sets out its duties and responsibilities. Amongst others, the NC is responsible for:

- (a) recommending to the Board on relevant matters relating to (i) the review of Board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel; (ii) the process and criteria for evaluation of the performance of the Board, the Board Committees and the Directors; (iii) the review of training and professional development programs for the Board; and (iv) the appointment and reappointment of the Directors (including alternate Directors, if applicable);
- (b) reviewing and determining annually, and as when circumstances require, if a Director is independent, in accordance with the Code, and any other salient factors;
- (c) reviewing and approving any new employment of persons related to the Directors, the CEO or substantial Shareholders and the proposed terms of their employment;
- (d) reviewing the size and composition of the Board and Board Committees annually to ensure that the Board and the Board Committees comply with the Code and the Catalist Rules;
- (e) implementing a process to assess the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution by each individual Director and the Chairman to the effectiveness of the Board. The Chairman will act on the results of the performance evaluation of the Board and the Board Committees as well as each individual Director, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors; and
- (f) where a Director has multiple board representations, to decide whether or not the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representation, the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments.

The NC is scheduled to meet at least once a year and at such other times as may be necessary. In respect of FY2023, one (1) NC meeting was held. The purpose of the NC meeting was primarily to review the performance of the Board and to confirm matters regarding the re-election of Directors at the forthcoming AGM as reported below.

Each member of the NC shall abstain from voting on any resolutions in respect of his or her re-nomination as a Director.

Provision 4.2

In respect of FY2023, the NC comprises three (3) Independent Directors, and the NC members as at end of FY2023 are Ms Tan (Chairperson of the NC), Mr Chung and Mr Darrell. The Lead Independent Director, Mr Chung is a member of the NC. At the date of this report, the NC members are Mr Nasser (Chairman of the NC), Mr Chung, Mr Darrell and Mr Peet, following the appointment of Mr Nasser and departure of Ms Tan subsequent to the FY2023.

Provision 4.3

The Company has put into place a process for selecting, appointing new Directors and re-appointing Directors to the Board. Where there is a need to appoint a new Director, the NC will evaluate the balance and mix of skills, knowledge and experience and other aspects of diversity of the Board and Board Committees by reference to the Board Diversity Policy in order to identify the essential and desirable competencies of the candidate. The NC has also encouraged the Board to go beyond their immediate circle of contacts, including using third party search firms and institutions, to identify a broader range of suitable candidates. The NC will then meet up with the candidates to assess his or her suitability based on certain objective criteria such as integrity, independent mindedness and the ability to commit time, before making its recommendation to the Board.

The NC is charged with the responsibility of re-nomination having regard to a Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. With effect from 1 January 2019, pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Company's Constitution and in particular to Regulation 102 therein, at least one-third of the Directors shall retire by rotation at every AGM and a retiring Director shall be eligible for re-election. In addition, Regulation 108 of the Company's Constitution requires any person so appointed by the Directors to hold office only until the next AGM and shall then be eligible for re-election.

In this regard, Datin Silviya and Mr Peet retiring under Regulation 102 of the Company's Constitution at the forthcoming AGM, as well as Mr Darrell and Mr Nasser, retiring under Regulation 108 of the Company's Constitution at the forthcoming AGM (collectively, the "**Retiring Director**"), have been nominated by the NC for re-appointment at the forthcoming AGM. Mr Darrell who is due for retirement at the forthcoming AGM, has decided not to seek re-election as the Director to focus on personal and family commitments. As such, Mr Darrell will be stepping down as Director of the Company at the conclusion of the forthcoming AGM. In making the recommendation, the NC had considered, among others, the Retiring Directors' contribution and performance to the Board and the Group. Mr Nasser and Mr Darrell, being the chairman and the member of the NC respectively, have abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own performance or re-election as a Directors.

Mr Peet will, upon re-election as a Director, remain as Independent Director of the Company, and a member of the AC, the NC and the RC of the Company. Mr Nasser will, upon re-election as a Director, remain as Independent Director of the Company and Chairman of the NC, a member of the AC and the RC of the Company. The Board considers Mr Peet and Mr Nasser to be independent for the purpose of Rule 704(7) of the Catalist Rules. Datin Silviya will, upon re-election as a Director, remain as Executive Director of the Company.

The NC has conducted the annual review of the size, diversity and composition of the Board and the Board Committees, and together with the Board, taking into account the scope and nature of the operations of the Group, are of the view that the current size, diversity and the composition of the Board and the Board Committees are appropriate to meet the Company's objectives and facilitates effective and informed decision-making. Further, the Board has strong independent elements that safeguard against an uneven concentration of power and authority in a single individual.

Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections of the Retiring Directors, as well as detailed information on each Retiring Director as set out in the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report.

Provision 4.4

The NC determines the independence of Directors annually in accordance with the guidelines as set out in the Code as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. Save for Mr Chung, who holds 10,000 shares in the Company amounting to approximately 0.006% of the total issued shares in the Company as at the date of this report, none of the Independent Directors or their immediate family members has any relationship with the Company, its related corporations, its substantial Shareholders or its officers, if any, that may affect their independence. The NC has reviewed and determined that the Independent Directors (namely Mr Sho Kian Hin, Eric (retired on 28 April 2023), Mr Chung, Ms Tan, Mr Peet and Mr Darrell) are independent for FY2023.

Provision 4.5

The NC ensures that new Directors are aware of their duties and obligations. The NC will further decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company, as well as sufficient time and attention have been given by the Director to the affairs of the Company. The NC considers that the multiple board representations held presently by the Directors and/or their other principal commitments do not impede their performance in carrying out their duties to the Company. The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold at any point in time is six (6) for Director(s) who does not hold any other full-time position, and four (4) for Director(s) who holds other full-time position in other corporations. The Board, based on the review conducted by the NC, has considered and is satisfied that each Director is able to and has adequately carried out his or her duties as a Director of the Company, as well as sufficient time and attention are given by each Director to the affairs of the Company, in FY2023. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments.

All Directors are required to declare their board representations at the Board meeting of the Company and to inform the Board as and when there are new board representations.

Other than the key information regarding the Directors (as at the date of this report) set out below, information pertaining to the Directors' interests in shares, options and other convertible securities are set out in the section entitled "Directors' Statement" of this Annual Report, and information in relation to the background and principal commitments of the Directors are set out in the section entitled "Board of Directors" of this Annual Report.

Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
Dato' Sim	Executive Chairman	8 March 2018	28 April 2023	<p><u>Present Directorships</u></p> <p>Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> · Sim Leisure Adventureplay Sdn Bhd · Sim Leisure Escape Sdn Bhd · Sim Leisure Waterplay Sdn Bhd · Sim Leisure Consultants Sdn. Bhd. · Sim Leisure Milan Sdn. Bhd. · Sim Leisure Challenge Sdn. Bhd. · Sim Leisure Rock Sdn. Bhd. · Sim Leisure Creative Pte. Ltd. · Rakan Riang Sdn. Bhd. · Sim Leisure Cameron Sdn. Bhd. · The Cool Melon Pte. Ltd. · The Cool Melon Sdn. Bhd. · Sim Leisure Makers Sdn. Bhd. · Sim Leisure Hong Kong Limited · Team Works Malaysia Sdn. Bhd. · Sim Leisure Gulf Contracting L.L.C. · Gabrovo Sdn. Bhd. · The Future Is Here Pte. Ltd. · The Future Is Here Sdn. Bhd. · Nha Hang Viet Nam Sdn. Bhd. · Kids Edutainment Pte. Ltd.

Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
Datin Silviya	Executive Director	24 December 2018	29 April 2022 (shall retire and be subject to re-election at the forthcoming AGM)	<p><u>Present Directorships</u></p> <p>Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> · Sim Leisure Adventureplay Sdn Bhd · Sim Leisure Escape Sdn Bhd · Sim Leisure Waterplay Sdn Bhd · Sim Leisure Consultants Sdn. Bhd. · The Cool Melon Sdn. Bhd. · The Cool Melon Pte. Ltd. · Sim Leisure Challenge Sdn. Bhd. · Sim Leisure Rock Sdn. Bhd. · Sim Leisure Creative Pte. Ltd. · Rakan Riang Sdn. Bhd. · Sim Leisure Cameron Sdn. Bhd. · Team Works Malaysia Sdn. Bhd. · Sim Leisure Hong Kong Limited · Kids Edutainment Pte. Ltd. · The Future Is Here Pte. Ltd. · The Future Is Here Sdn. Bhd.
Mr Chung	Independent Director	24 December 2018	28 April 2023	<p><u>Present Directorships</u></p> <p>Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> · True Vine Capital Partners Pte. Ltd. · CPA Australia Ltd. · Incitable Digital Asia Sdn. Bhd.
Mr Peet	Independent Director	5 August 2022	28 April 2023	<p><u>Present Directorships</u></p> <p>Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> · Peet Leisure Pty Ltd.

Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
Mr Darrell	Independent Director	16 May 2023	Not Applicable (shall retire and be subject to re-election at the forthcoming AGM)	<u>Present Directorships</u> Nil <u>Other Principal Commitments</u> · IAAPA Advisory Board · L'Anima Holdings Panama
Mr Nasser	Independent Director	1 March 2024	Not Applicable (shall retire and be subject to re-election at the forthcoming AGM)	<u>Present Directorships</u> Nil <u>Other Principal Commitments</u> · Enterprise Singapore · Action Community for Entrepreneurship (ACE) Ltd. · Hydrax Pte. Ltd. · Wong Partnership LLP · Raya Advisors Pte. Ltd. · SG HER Empowerment Limited · Surfin Meta Digital Technology Pte. Ltd. · Madrasah Alsagoff Al-Arabiah

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that each of its board committees and individual directors.

Provision 5.1 and 5.2

The NC has implemented a self-assessment process that requires each Director to assess the performance and effectiveness of the Board as a whole and the Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board, for each financial year. The self-assessment process takes into consideration, amongst others, board structure and composition, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with Shareholders and other stakeholders. The NC will continue to review the objective performance criteria, and where circumstances

deem it necessary for any of the criteria to be changed. The performance criteria has been approved by the Board and is not subject to change unless otherwise necessary, in which case the onus will be on the Board to justify the change.

Although the Board's performance evaluation does not include a benchmark index of its industry peers, the Board assesses its effectiveness holistically through the completion of a questionnaire by each individual Director, which includes questions covering the above-mentioned areas of assessment. The questionnaire takes into consideration the guidelines contained in the Code. The questionnaire has to be completed individually by each Director. The NC will collate and review the responses and results of the questionnaire and discuss collectively with other Board members to address or recommend any areas for improvement and follow-up actions.

The review of the effectiveness of the Board as a whole, its Board Committees and the contribution of the Chairman and each individual Director has been undertaken collectively by the Board for FY2023 without the engagement of an external facilitator.

For FY2023, the Board is satisfied that the present Chairman and each individual Director has allocated sufficient time and attention to the affairs of the Company, and is of the view that the effectiveness of the Board as a whole and of each of the Board Committees, as well as the contribution of each Director to the effectiveness of the Board and Board Committees has been satisfactory.

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

The terms of reference of the RC sets out its duties and responsibilities. Amongst others, the RC is responsible for:

- (a) reviewing and recommending to the Board, in consultation with the Chairman, for endorsements, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and key management personnel;
- (b) reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the Directors and key management personnel;
- (c) reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans;
- (d) reviewing the remuneration of employees related to Directors and/or substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

- (e) in the case of service contracts, reviewing the Group's obligations in the event of termination of the Executive Directors' or key management personnel contracts of service, to ensure that such service contracts include fair and reasonable termination clauses, which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- (f) approving the performance targets for assessing the performance of each of the key management personnel and recommending the performance targets as well as employee specific remuneration packages for each of such key management personnel, for the endorsement of the Board.

Provision 6.2

In respect of FY2023, the RC comprises three (3) Independent Directors and the RC members as at the end of the FY2023 are, Mr Chung (Chairman of the RC), Ms Tan and Mr Peet. At the date of this report, the RC members are Mr Chung (Chairman of the RC), Mr Peet and Mr Nasser, following the appointment of Mr Nasser and departure of Ms Tan subsequent to the FY2023.

Provision 6.3

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Chairman, Executive Director, CEO and the key management personnel based on the performance of the Group, the individual Director, CEO and the key management personnel. No Director individually decides or is involved in the determination of his or her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the service agreement entered into with the Executive Chairman, Executive Director, CEO and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

An annual review of the compensation will be carried out by the RC to ensure that the remuneration of the Executive Chairman, Executive Director, CEO and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group and the terms of the service or employment contracts (if any). The performance of the Executive Chairman/Director (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

In respect of FY2023, the RC met on 21 February 2023 to discuss, amongst others, the framework of remuneration for the Directors and key management personnel and Directors' fees. During the meeting, the RC had reviewed the Directors' fees for the Independent Directors for FY2023 and determined that there was no change to the Directors' fees for the Independent Directors. The Directors' fees for the Independent Directors for FY2023 were tabled by the RC to the Board for endorsement and recommendation to Shareholders for approval at the AGM held in April 2023. The RC had also reviewed and determined that there was no material change to the remuneration of the key management personnel for FY2023.

Provision 6.4

The RC has access to advice from the internal human resource department and, if necessary, may seek external expert advice of which the expenses will be borne by the Company. No remuneration consultant was engaged by the RC in FY2023.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provision 7.1, 7.2 and 7.3

The Group's remuneration policy is to provide compensation packages based on market rates which reward successful performance and to attract, retain and motivate Directors and key management personnel. The remuneration packages take into account the performance of the Group, the individual Directors and individual key management personnel.

The Company has adopted an employee share option scheme known as the "Sim Leisure Employment Share Option Scheme" ("ESOS") and a performance share plan known as the "Sim Leisure Performance Share Plan" ("PSP") in conjunction with the Company's listing. Executive and Non-Executive Directors and key management personnel are eligible to participate in the ESOS and the PSP in accordance with the respective rules. The ESOS and the PSP comply with the relevant rules as set out in Chapter 8 of the Catalist Rules. The ESOS and the PSP will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the ESOS and the PSP are administered by the RC. Details of the ESOS and the PSP were set out in the Company's Offer Document dated 22 February 2019 in connection with the listing ("**Offer Document**"). Since the commencement of the ESOS and the PSP to the end of FY2023, no options and/or awards were granted and no shares were issued under the ESOS and the PSP respectively.

A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performances. Performance-related remuneration is aligned with the interests of Shareholders and other stakeholders and promotes the long-term success of the Company. The Executive Chairman and Executive Director of the Company do not receive any Directors' fees.

The Independent Directors receive Directors' fees in accordance with their contributions. Directors' fees for the Independent Directors are proposed by the Executive Chairman/Executive Director/CEO and reviewed and recommended by the RC, based on the effort, time spent and the responsibilities of the individual Independent Directors. No Director is involved in deciding his or her own remuneration. The Independent Directors have not been over-compensated to the extent that their independence is compromised. The total remuneration of the Independent Directors is recommended for Shareholders' approval at the AGM.

Save for the ESOS and the PSP, there are no other share-based compensation schemes in place for Independent Directors.

The RC is of the view that there is presently no urgent need to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group. The Executive Chairman and Executive Director owe a fiduciary duty to the Company. The Company would be able to avail itself of remedies against the Executive Chairman/Executive Director in the event of such breach of fiduciary duties.

The RC is of the view that the current remuneration structure for the Executive Chairman, Executive Director, Independent Directors and key management personnel are appropriate to attract, retain and motivate the 1) Directors to provide good stewardship of the Company, and 2) key management personnel to successfully manage the Company for the long term.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

The compensation packages for employees including the Executive Chairman/Executive Director and key management personnel comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Chairman, Executive Director and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Chairman, Executive Director and CEO of the Company (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, as well as the need for the compensation to be symmetric with the risk outcomes.

Dato' Sim (the present Executive Chairman of the Company) and Datin Silviya ((the present Executive Director of the Company), have an ongoing service agreement with the Company for a period of three (3) years with effect from 1 March 2022 and 2 January 2023 respectively.

Aggregate Directors' fees for the Non-Executive Directors of S\$204,000 for FY2024 (with payment to be made in arrears) have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2023 is as follows:

Name of Director (All in %)	Salary	Bonus and/or profit sharing	Director's fee	Allowances and other benefits	Total
<u>S\$500,000 to S\$750,000</u>					
Dato' Sim	47%	53%	–	–	100%
<u>Below S\$250,000</u>					
Datin Silviya	93%	7%	–	–	100%
Mr Chung	–	–	100%	–	100%
Mr Peet	–	–	100%	–	100%
Mr Darrell ⁽¹⁾	–	–	100%	–	100%
Ms Tan ⁽⁴⁾	–	–	100%	–	100%
Mr Tan Boon Seng ⁽³⁾	–	–	100%	–	100%
Mr Sho ⁽²⁾	–	–	100%	–	100%

Notes:

- (1) Mr Darrell Edward Metzger, was appointed as Independent Non-Executive Director with effect from 16 May 2023. He will not be seeking re-election as director at the forthcoming AGM.
- (2) Mr Sho Kian Hin, Eric retired as the Independent Non-Executive Director and relinquished his role as Chairman of the Audit Committee on 28 April 2023.
- (3) Mr Tan Boon Seng resigned as Non-Independent Non-Executive Director with effect from 5 January 2024.
- (4) Ms Tan Hui Tsu (Ms Tan) resigned as Independent Non-Executive Director with effect from 14 March 2024.

The Company is of the view that in a small and medium size enterprise environment, disclosure of the Directors' remuneration in bands of S\$250,000 should be sufficient to provide an insight into the link between compensation and performance of the Directors and further details are deemed to be not in the interest of the Company due to the sensitivities and confidentiality of remuneration.

A breakdown, showing the level and mix of the top key management personnel (who are not Directors of the Company) for FY2023, is as follows:

Name of Key Management (All in %)	Salary	Bonus and/or profit sharing	Fee	Allowances and other benefits	Total
Below S\$250,000					
Mr Phil	88%	12%	–	–	100%
Mr Wesley Rae	100%	–	–	–	100%
Ms Josie Booth	100%	–	–	–	100%
Mr Milan Vanek	92%	8%	–	–	100%
Mr Johann Lim Noordin	89%	11%	–	–	100%
Mr Looi Tuck Meng ⁽²⁾	100%	–	–	–	100%
Ms Ch'ng Winn Nie ⁽³⁾	89%	11%	–	–	100%

Notes:

⁽¹⁾ There were seven (7) key management personnel for the Group in FY2022

⁽²⁾ Mr Looi Tuck Meng was appointed as the Interim Head of Finance of the Company on 16 January 2023

⁽³⁾ Ms Ch'ng Winn Nie resigned as the Human Resource and Administration Manager on 1 December 2023

The Code recommends that:

- (a) the company should fully disclose the amounts and breakdown of remuneration of each individual director and the CEO on a named basis; and
- (b) the company should disclose in aggregate the total remuneration paid to the top five (5) key management personnel (who are not directors or the CEO).

The Board has decided not to disclose the aforementioned details as recommended by the Code, given the competitive business environment and possible negative impact on the Group's business interests and ability to retain and nurture the Group's talent pool. After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

All Directors and key management personnel are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2023.

The Board has not included a separate annual remuneration report to Shareholders in this Annual Report on the remuneration of the Directors and the key management personnel (who are not Directors or the CEO) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Annual Report and in the financial statements of the Company.

Provision 8.2

Save for Dato' Sim and Datin Silviya, who are spouses, there is no employee of the Group who is a substantial Shareholder, or is an immediate family member of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S\$100,000 during FY2023.

Provision 8.3

Please refer to Principle 7 of this report for information on the ESOS and PSP adopted by the Company. As at the date of this report, no options have been granted under the ESOS and no awards have been granted under the PSP by the Company.

Accountability and Audit

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.

Provision 9.1

The Board determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives and value creation.

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the adequacy and effectiveness of the Company's overall internal control framework. The Board also recognises that an adequate and effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

As the Group does not have a risk management committee, the AC assumes the responsibility of the risk management function. The AC has reviewed, with the assistance of the internal auditors, and the external auditors, the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

The Company has put in place risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the AC, internal auditors and external auditors.

The Group has an Enterprise Risk Management Framework in place to manage its exposure to risks that are associated with the conduct of its business. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal control and risk management systems.

Provision 9.2

In respect of FY2023, the Company has engaged an outsourced qualified accountant ("**Outsourced Accountant**") to handle the Group's financial requirements which includes, inter alia, the financial accounts and reporting of the Group as well as the handling of the daily finance function. In addition to the Outsourced Accountant, the Company also appointed a senior finance person with financial audit background and commercial experience as the Interim Head of Finance to overseeing the Group's finance and corporate function

("Interim HOF"), whilst the Company continues its search for suitable candidates and finalises the appointment of the person who will be heading the finance function of the Company.

For FY2023, the Board has received assurance from:

- (a) the Executive Chairman and CEO (with the assistance of the Outsourced Accountant and Interim HOF), who are overseeing the finance function in the interim, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Executive Chairman, CEO and the other key management personnel that the Group's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

Based on the work performed by the internal auditors and external auditors, the review undertaken by the Management, the existing management internal controls in place and the assurance from the Executive Chairman, CEO and other key management personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2023.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

The terms of reference of the AC sets out its duties and responsibilities. Amongst others, the AC is responsible for:

- (a) assisting the Board in the discharge of its statutory responsibilities on financing and accounting matters;
- (b) reviewing significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- (c) reviewing the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (d) reviewing the adequacy, effectiveness, scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- (e) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, their management letter and the Management's response;

- (f) reviewing and discussing with auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (h) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- (i) reviewing at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems, and discussing issues and concerns, if any, arising from the internal auditors;
- (j) reviewing the assurance from the Executive Chairman and CEO on the financial records and financial statements;
- (k) reviewing the scope and results of the internal audit procedures, and at least annually, the independence, adequacy and effectiveness of the Group's internal audit function, and whether the Group's internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;
- (l) reviewing and approving transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
- (m) reviewing any interested person transactions and monitor the procedures established to regulate interested person transactions, and any deviations from the procedures will be subject to the AC's review and approval;
- (n) making recommendations to the Board on: (i) the proposals to Shareholders on the appointment, reappointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of external auditors;
- (o) review and oversee the Group's sustainability reporting framework and initiatives and implementation of framework, processes and procedures to facilitate the inclusion of such practices in every aspect of the Group's business;
- (p) undertaking generally such other functions and duties as may be required by law or the Catalist Rules; and
- (q) met with the external auditors, other committees, and management, in separate executive sessions to discuss matters that these groups believe should be discussed privately with the AC.

The AC has full access to and co-operation from the Management and has full discretion to invite any Director or key management personnel to attend the meetings and has reasonable resources to enable it to discharge

its functions. The external auditors have unrestricted access to the AC. The AC is kept updated on new changes to the accounting and financial reporting standards by the external auditors during the year.

Provision 10.2 and 10.3

In respect of FY2023 and as at end of FY2023, the AC comprises three (3) Independent Directors and the AC members are Mr Chung (Chairman of the AC), Ms Tan and Mr Peet. At the date of this report, the AC members are Mr Chung (Chairman of the RC), Mr Peet and Mr Nasser, following the appointment of Mr Nasser and departure of Ms Tan subsequent to the FY2023.

The AC is established to assist the Board with discharging its responsibility of safeguarding the Group's assets, maintaining adequate accounting records, and developing and maintaining effective systems of risk management and internal controls.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years from the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

External Audit

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services. The AC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to Shareholders' approval at the AGM.

The Company's external auditor is UHY Lee Seng Chan & Co which was re-appointed at the previous AGM.

The aggregate amount of audit fees paid/payable to the current external auditors of the Company, UHY Lee Seng Chan & Co, and its network firms for FY2023 was approximately RM548,000 while the non-audit fees paid/payable to UHY Lee Tax Services Pte Ltd was at approximately RM20,000 for FY2023.

In reviewing the nomination of UHY Lee Seng Chan & Co for re-appointment as external auditors of the Company for FY2023, the AC has considered the adequacy of the resources and experience of the external auditors' firm and the audit partner-in-charge assigned to the audit, the external auditors' firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, and the Audit Quality Indicators Disclosure Framework published by ACRA. The AC also noted that UHY Lee Seng Chan & Co has confirmed its independence and that it is approved under the Accountants Act (Chapter 2 of Singapore). The audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act (Chapter 2 of Singapore). Taking into consideration the above, the AC with the concurrence of the Board, nominates the appointment of UHY Lee Seng Chan & Co as the external auditors for the Company's audit obligations for FY2024 at the forthcoming AGM. The Company has complied with Rules 712 and 715 of the Catalist Rules in the appointment of its external auditors.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the Management and the external auditors, and were reviewed by the AC.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.
For the Financial Year Ended 31 December 2023

Key Audit Matters

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition</p> <p>The Group's business segments include theme attractions construction and theme park operations. Revenue is derived from theme attractions construction, ticketing, food and beverages, merchandising sales and services from operating theme parks in Malaysia.</p> <p><u>Admission Fees to Theme Parks</u></p> <p>Customers are able to purchase tickets in advance, which gives rise to the possible cut-off errors relating to the period in which revenue is recorded.</p> <p>As at 31 December 2023, deferred revenue amounting to RM838,000 (2022: RM934,230) was disclosed under contract liabilities in Note 22(b).</p> <p>We have determined this to be a key audit matter due to the significance of revenue to the financial statements and the risks surrounding the cut-off of revenue.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Discussed with local management so as to understand the Component and consideration of the composition of the Component's revenue and its attributes and to identify specific risks associated with revenue recognition; • Performed walkthrough test over revenue and receipts cycle to understand the business and identify component management's control procedures in the key operating cycles; including assessment of significant streams of revenue and documentation of management's application of client's application of the five- step model under SFRS(I) 15 Revenue from Contracts with Customers; • Performed analytical review procedures; • Performed test of transactions over revenue recorded; • Performed sale cut-off procedures as at year end; • Reviewed journal entries for significant unusual revenue transactions near or after year-end including post- closing journal transactions; • Performed substantive testing of the transactions; • Performed cut-off test related to purchases and revenue to ascertain that proper cut off has been adhered to; and • Ensure disclosure requirements according to SFRS(I) 15 have been complied.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.
For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition (Continued)</p> <p><u>Construction Revenue</u></p> <p>For construction contracts, the Group recognises revenue overtime using both the input and output method for measuring progress for different performance obligations and for different contracts that best depicts the transfer of control of goods or services promised to the customer.</p> <p>For construction projects measured using input method, the performance obligation milestone is measured based on actual costs incurred to-date relative to the total budgeted costs for each project.</p> <p>If the unavoidable costs of meeting the obligations under a contract exceed the expected economic benefits to be received from the contract, a provision for onerous contract is recognised.</p> <p>For construction projects measured using output method, the performance obligation milestone is measured by reference to the value of work done certified by a third-party assessor engaged by the customer and acknowledgement by the customers.</p> <p>The uncertainty and subjectivity involved in determining the budgeted costs and progress towards completion including variation orders and claims may have a significant impact on the amount of revenue recognised and the results of the Group, including the provision of onerous contract.</p> <p>Accordingly, we have determined this to be a key audit matter.</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <p><u>Construction revenue</u></p> <ul style="list-style-type: none"> • Traced total contract sums to contracts and variation orders entered into by the Group with its customers; • Reviewed the contractual terms for all contracts with customers and verified project revenue and costs incurred against underlying supporting documents on a sampling basis; • Assessed the reasonableness of the revenue recognised via discussions with the project teams and obtaining corroborating evidence such as correspondence with the customers; and • Assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs. <p>For construction projects measured using output method.</p> <ul style="list-style-type: none"> • Obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondence with customers); and • Checked the contract revenue recognised to the value of work done certified by a third - party assessor on a sampling basis.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition (Continued)</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <p><u>Construction revenue (Continued)</u></p> <p>For construction projects measured using input method.</p> <ul style="list-style-type: none"> • Obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, total budgeted costs and profit margin on a sampling basis; • Checked the contracts revenue recognised to the stage of completion of each project measured by reference to actual contract costs incurred for work performed to date relative to the estimated total budgeted cost; • Assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects; • Perused customers' and subcontractors' correspondences and discussed the progress of the projects with the Group's various project management personnel for signs of any potential disputes, variation order claims, known technical issues, delays, penalties, cost overrun or significant events that could impact the estimated total budgeted costs; • Assessed the reasonableness of the total estimated contract costs and costs to complete, taking into consideration past performance (where applicable);

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition (Continued)</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <p>For construction projects measured using input method: (Continued)</p> <ul style="list-style-type: none"> • Checked the mathematical accuracy of the revenue recognised based on the input method calculations; • Reviewed management's assessment and assessed the reasonableness of the provision for onerous contracts provided by management for projects which are expected to be loss-making (where applicable); • Reviewed and challenged management's assessment of the outstanding projects' estimated costs to complete and the reasonableness of provisions for rectification costs and onerous contract, where needed.
<p>2. Impairment assessment of trade receivables</p> <p>As at 31 December 2023, trade receivables due from external customers amounted to RM21,430,724 before allowance for impairment of RM1,668,693. Details of the trade receivables and its credit risks are disclosed in Notes 9 and 32.1 to the financial statements.</p> <p>Management has relied on the following observed data in assessing the level of allowance for impairment losses on trade receivables:</p> <ul style="list-style-type: none"> • customers' payment profiles of past sales and corresponding historical credit losses; • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. 	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewed receivable balances on a sampling basis and discussed with management the expected credit loss for receivables; • Reviewed the ageing analysis of receivables and tested the reliability of the underlying accounting records on a sampling basis; • Reviewed subsequent cash collections for major receivables and overdue amounts; • Made inquiries of management regarding the action plans to recover overdue amounts;

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.
For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>2. Impairment assessment of trade receivables (Continued)</p> <p>The impairment assessment involves significant judgements and estimations and there is inherent uncertainty in the assumptions applied by management to determine the level of allowance.</p> <p>Hence, we considered this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of trade receivables.</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <ul style="list-style-type: none">• Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc.; and• Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised.

Whistleblowing policy

The Company has publicly disclosed, and clearly communicated to employees and the public, the existence of a whistleblowing policy and procedures that serves to provide a channel to report in good faith and in confidence about any improper conduct and/or wrongdoing within the Group which will help to foster an environment where integrity and ethical behaviour is maintained. The AC is responsible for oversight and monitoring of whistleblowing activities. Complaints and reports from employees may be made through the Head of Department and/or the AC Chairman while whistle blowers other than employees may report via email to the Lead Independent Director and/or AC Chairman or via written complaint to the Company Secretary at our registered address, who will forward any such report to the AC Chairman.

The Company has designated an independent committee (comprising AC members) to investigate whistleblowing reports made in good faith ensuring that the identity of the whistle blower is kept confidential and that the whistle blower is ensured protection against detrimental or unfair treatment. Any disclosure or report made in good faith, even if it is not subsequently confirmed by an investigation, the whistle blower concerned shall be eligible for protection. Whistle blowers' reports are investigated in a timely manner and their identities will not be disclosed without prior consent (except where disclosure obligations are required under law and regulations). In instances where the disclosure becomes necessary, the AC will engage with the whistle blower on the approach to proceed further on the said concern or matter. All complaints will be treated as confidential. In the event that the report is about a Director, that Director will not be involved in the review and any decision making with respect to that report.

There were no whistleblowing reports received by the AC in FY2023

Provision 10.4

Internal Audit

The current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The internal audit function of the Group has been outsourced to RSM Corporate Consulting (Malaysia) Sdn Bhd, an independent accounting and auditing firm. The Board and the AC will ensure that the internal audit function is sufficiently resourced and internal audits are to be performed by competent professional staff with the relevant qualifications and experience. The primary reporting line of the internal audit function is to the AC.

The AC will review annually the independence, adequacy and effectiveness of the internal audit function, and ensure that it has appropriate standing within the Group. The AC will also approve the appointment, removal, evaluation and compensation of the internal audit function. The internal audit function has unfettered access to all of the Company's documents, records, properties and personnel, including the AC.

In respect of FY2023, the AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls and has evaluated their audit findings and Management's responses to those findings, the adequacy and effectiveness of material internal controls, (including financial, operational, compliance and information technology controls) and risk management systems of the Company and the Group.

The AC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The Audit Committee is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to professional standards including those promulgated by The Institute of Internal Auditors.

Provision 10.5

To create an environment for open discussion on audit matters, the AC will meet with the external auditors and internal auditors, without the presence of the Management, at least once a year.

In respect of FY2023, the AC has met with the external auditors and the internal auditors once, without the presence of the Management.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

Shareholders are encouraged to attend all general meetings of the Company to ensure a high level of participation and accountability. The Company will inform Shareholders on the rules governing general meetings of Shareholders. The AGM is the principal forum for dialogue with Shareholders and the Company recognises the value of feedback from Shareholders.

Shareholders are informed of AGMs and/or Extraordinary General Meetings ("**EGM**") through notice contained in the Company's annual report or circulars sent to all Shareholders via SGXNet. These notices are also published on the Company's corporate website. In 2023, due to the COVID-19 pandemic, the Company's AGM (in respect of FY2022) held on 28 April 2023 ("**2022 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means". Voting at the 2022 AGM was by live casting at the AGM and proxy, with Shareholders who wish to vote by proxy, appointing the Chairman of the general meeting as their proxy. Shareholders participated in the 2022 AGM via electronic means, were able to ask questions in relation to any resolution set out in the said Notice of the 2022 AGM by submitting text-based questions during the AGM within a certain prescribed time limit ("**Live Queries**") and by sending their queries to the Company in advance of the 2022 AGM ("**Advance Queries**"). The Company provided their responses to the Live Queries (if any) at the 2022 AGM while the Company publishes its responses to the Advance Queries via SGXNet and the Company's website, together with the minutes of the 2022 AGM.

All the Directors will endeavour to attend the AGMs and EGMs, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues in advance.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day on SGXNet.

In presenting the annual financial statements and half year and full year financial statements announcements to Shareholders, it is the aim of the Board to provide Shareholders with a balanced assessment of the Group's performance, position and prospects. Financial reports and other price-sensitive information are disseminated to Shareholders through announcements via SGXNet and releases via the press. The Management currently provides the Executive Chairman/Executive Director/CEO with detailed management accounts of the Group's performance, position and prospects on a monthly basis. Non-Executive Directors are also briefed on significant matters when required and receive management reports on a half-yearly basis.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In line with the Catalist Rules, the Board will provide Shareholders with a negative assurance statement in its half-yearly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

Provision 11.2

Matters which require Shareholders' approval are presented and proposed as each substantially separate resolution. The Company practises having separate resolutions at general meetings for each substantially separate issue unless such issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. For the 2022 AGM held in FY2023, there was no "bundled" resolutions. In addition, each item of special business in the notice of general meeting will be accompanied by an explanatory note, where appropriate. Proxy form will also be sent with the notice of general meeting to all Shareholders.

Provision 11.3

At general meetings of the Company, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The Management, as well as the respective Chairmen of the Board, AC, RC and NC will be present and available to address all comments or queries raised by Shareholders at general meetings of the Company. The external auditors of the Company will also be present at the AGM to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report. Please refer to Provision 11.1 for more information of the proceedings of the 2022 AGM in view of the COVID-19 pandemic.

All Directors were present virtually at the 2022 AGM. Save for the 2022 AGM, there were no other general meetings of the Company held during FY2023.

Provision 11.4

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until such issues as security and integrity, and other pertinent issues are satisfactorily resolved.

Provision 11.5

The proceedings of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available for the inspection of Shareholders upon their request and such minutes of general meetings are also published on the Company's corporate website as soon as practicable, and within one (1) month from the date of the general meeting. For the 2022 AGM, the Company had published the minutes of the general meeting on its corporate website and the SGXNet within one (1) month from the date of the 2022 AGM.

Provision 11.6

Dividend Policy

The Company currently does not have a fixed dividend policy. As disclosed in the Offer Document for the Listing, the Directors intend, subject to the factors stated in the section entitled "Dividend Policy" of the Offer

Document and in the absence of any circumstances which might reduce the amount of revenue reserves available to pay dividends, whether by losses, capital reductions or otherwise, to recommend an annual dividend of a minimum of 30 percent of the Group's net profit attributable to owners of the parent in respect of the then financial year ending 31 December 2019 ("FY2019") and 2020 ("FY2020"). For the FY2019, the Company has paid a one-tier tax exempt special cash dividend of RM0.03 per ordinary share in the capital of the Company and no dividend was recommended by the Board for FY2020 and the financial year ended 31 December 2021 as the Company conserved cash for the Group's business operations which were impacted by the COVID-19 pandemic.

Since the uplifting of the COVID-19 related restrictions toward the end of the calendar year 2021, the Group has experienced substantial upswing in visitor volume and results for the FY2022 which enabled the Company to reward its Shareholders with a first and final one-tier tax exempt dividend payment of RM0.05 per ordinary share in the capital of the Company for the FY2022.

The performance momentum continued through the FY2023 that facilitated the Board to take the initiative to work on a dividend flow and track record while takes cognisance of the need to conserve cash for the Group's ongoing expansions. For the FY2023, the Board is recommending a first and final one-tier tax exempt dividend of RM0.03 per ordinary share in the capital of the Company, for approval by Shareholders at the forthcoming AGM.

Any future dividends that the Directors may recommend or declared in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

- (a) the level of the Group's cash and retained earnings;
- (b) the Group's actual and projected financial performance;
- (c) the Group's projected levels of capital expenditure and other investment plans;
- (d) the dividend yield of similar-sized companies with similar growth listed on the Catalist board of the SGX-ST; and
- (e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any).

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1, 12.2 and 12.3

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Singapore Companies Act 1967. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:

- (a) annual reports or circulars to Shareholders (which include notices of general meetings) that are prepared and provided to all Shareholders by post and/or via SGXNet and the Company's website (where applicable) within the mandatory period;
- (b) annual and half-yearly financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;
- (d) disclosures to the SGX-ST via SGXNet; and
- (e) press releases.

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with Shareholders. The investor relations policy sets out the mechanism through which Shareholders may contact the Company with questions and through which the Company may respond to such questions. The public can provide feedback to the Company Secretary via the contact number (65) 6236 9346 or the Company's registered address at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906.

Outside of the financial announcement periods, when necessary and appropriate, the Lead Independent Director, Executive Chairman, Executive Director and/or CEO will meet all stakeholders, Shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

Managing Stakeholders Relationships

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1 and 13.2

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors.

The Group key focus areas during the reporting period are ensuring customer satisfaction and memorable experience at our park, enhancing employees' well-being, engaging in responsible and ethical business practices and managing supply chain sustainability.

The Group keeps its suppliers informed of the Group's business ethics and practices to ensure suppliers, sponsors and vendors understand its principles and comply with the ethics and standards the Group operates by. Feedback is gathered from suppliers, sponsors and vendors through dialogues and surveys.

Further to the above, the Company also undertakes an annual review in identifying its material stakeholders. It assesses the material environmental, social and governance factors that affects the Group. Please refer to the Company's latest sustainability reporting in this annual report for the assessment process and how such relationships with stakeholders are identified and managed.

Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders. The Company's website can be accessed at <https://www.simleisuregroup.com>.

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Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person and has set out the procedures for review and approval of the Company's interested person transactions ("IPT").

All IPT are properly documented and reported in a timely manner to the AC and are subject to the review and approval of the AC when a potential conflict of interest arises. The IPT are carried out on normal commercial terms and on arm's length basis and are not prejudicial to the interests of the Group or the Company and its minority Shareholders. The Director(s) concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC reviews, on a regular basis, all IPT, to ensure that the prevailing rules and regulations of Chapter 9 of the SGX-ST Catalyst Rules are complied with. Details of the IPT for FY2023 are as follows:

Name of Interested Person / Description of Transactions	Nature of Relationship	Aggregate value of all IPT during the FY2023 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT during the FY2023 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Mr Tan Boon Seng / Interest charged on loan granted to a wholly-owned subsidiary of the Company ⁽¹⁾	Controlling shareholder and Non-Executive Non-Independent Director ⁽²⁾	100 ⁽³⁾	-
Dato Sim / disposal of shares to a 60% owned subsidiary of the Company ⁽⁴⁾	Executive Chairman and Executive Director of the Company	651 ⁽⁵⁾	-
Total		751	-

Notes:

⁽¹⁾ Pursuant to the loan agreement entered into between Company's wholly-owned subsidiary, Sim Leisure Escape Sdn Bhd, and Mr Tan Boon Seng on 20 November 2020 (as supplemented from time to time), which has been announced by the Company on 24 November 2020. Please refer to the Company's announcements dated 24 November 2020, 30 November 2020, 17 February 2021 and 30 December 2021 for information on the loan agreement.

⁽²⁾ Mr Tan Boon Seng resigned as Non-Executive Non-Independent Director with effect from 5 January 2024.

⁽³⁾ Based on RM349,800, converted at an exchange rate of S\$28.72:RM100 on 29 December 2023 published by Monetary Authority of Singapore.

⁽⁴⁾ The Company's 60% owned subsidiary, Sim Leisure Creative Pte. Ltd. has on 30 November 2022 entered into a conditional sales and purchase agreement ("Agreement") with Dato Sim Choo Kheng to acquire 300 shares of AED1,000 each in Sim

Leisure Gulf Contracting L.L.C. (“**SL Gulf**”) representing the entire issued and paid-up share capital of SL Gulf for a cash consideration of RM2,100,000, upon the terms and subject to the conditions in the Agreement (“**Proposed Acquisition**”) as announced on 30 November 2022 via SGXNet. The Proposed Acquisition was completed on 31 January 2023. Detailed information is available in the Company’s announcements dated 30 November 2022 and 31 January 2023.

⁽⁵⁾ Based on RM2,100,000, converted at an exchange rate of S\$31.00:RM100 on 30 January 2023 published by Monetary Authority of Singapore.

Save as disclosed above, the Company and its subsidiary corporations have not entered into any IPT exceeding S\$100,000 during the FY2023.

Material Contracts

Save as disclosed above in the section entitled “Interested Person Transactions”, the service agreements between the Company and the Executive Chairman and the Executive Director respectively, and the Directors’ Statement and Financial Statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2023 or if not then subsisting, entered into since the end of the previous FY2022.

Dealings in Securities

The Company has adopted an internal securities code of compliance to provide guidance to the Directors, officers and all employees of the Group with regard to dealing in the Company’s securities pursuant to Rule 1204(19) of the Catalist Rules, in relation to the best practices on dealings in the securities, as follows:

- (a) the Company had devised and adopted its own internal compliance code to provide guidance to its Directors and officers with regards to dealings by the Company, its Directors and its officers in its securities, as well as to set out the implications on insider trading;
- (b) Directors and officers of the Company are discouraged from dealing in the Company’s securities on short-term considerations; and
- (c) the Company, the Directors and its officers are prohibited from dealing in the Company’s securities
 - (i) during the periods commencing one month before the announcement of the Company’s half year and full year financial statements and ending on the date of the announcement of the relevant financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

Non-sponsorship Fees

No non-sponsorship fees were paid/payable to the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2023.

Use of Proceeds from Placement Exercises

The Company refers to its announcements dated 1 September 2021, 8 October 2021, 15 October 2021 and 19 October 2021 as well as the Company’s circular to shareholders dated 23 September 2021 (the “PP

Circular”) in relation to the proposed issue of 17,717,700 new ordinary shares at an issue price of S\$0.205 per new ordinary share in the capital of the Company (the “**Subscription**”). Pursuant to the Subscription, the Company raised net proceeds amounting to approximately S\$3,592,000, after deducting expenses incurred in connection with the Subscription as set out in the Company’s announcement dated 1 September 2021 and the PP Circular (the “**Net Proceeds**”).

As at the date of this report, the Company has fully utilised the net proceeds from the placement exercises as detailed below:-

Use of Net Proceeds (All in S\$'000)	Allocation of Net Proceeds	Net Proceeds utilised up to 31 March 2024	Balance of Net Proceeds as at 31 March 2024
Funding of potential growth and expansion or diversification	2,514	(2,514) ⁽¹⁾	-
General working capital	1,078	(1,078) ⁽²⁾	-
Total	3,592	(3,592)	-

Notes:

⁽¹⁾ This amount has been utilised for the expansion of the Group’s attractions and facilities at its theme parks located in Penang and Kuala Lumpur, Malaysia.

⁽²⁾ The proceeds earmarked for general working capital has been fully utilised as at 31 March 2022 as reported in the Annual Report 2021. Please refer to the Annual Report 2021 for more information on breakdown of the utilisation.

The above utilisation of the Net Proceeds is in accordance with the intended use and allocation as set out in the Company’s announcement dated 1 September 2021 and the PP Circular.

Additional Information on Directors Nominated for Re-election

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to the Retiring Directors (namely Datin Silviya, Mr Peet and Mr Nasser) who are retiring in accordance with the Company’s Constitution at the forthcoming AGM and nominated for re-election, is set out below:

Name of Director	Datin Silviya	Mr Peet
Date of first appointment	24 December 2018	5 August 2022
Date of last re-appointment	29 April 2022	Nil

Name of Director	Datin Silviya	Mr Peet
(if applicable)		
Age	44	68
Country of principal residence	Malaysia	Australia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Datin Silviya as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Datin Silviya's qualifications, skills, expertise, past experiences, and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Peet as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Peet's qualifications, skills, expertise, past experiences, independence and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Datin Silviya is responsible for the provision of management direction for the Group, primarily in areas such as human resources, information technology and finance, towards its current and long-term goals and objectives.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director	Independent Director, and member of the AC, NC and RC.
Professional qualifications	<ul style="list-style-type: none"> • Bachelor of Business Administration • Master of Economics/ Marketing 	<ul style="list-style-type: none"> • Licenced Aircraft Maintenance Engineer. • Chair of the Australian Amusement, Leisure and Recreation Association (AALARA) Landborne Inflatables Safety Committee
Working experience and occupation(s) during the past 10 years	December 2013 to Present: Sim Leisure Group Ltd, Sim leisure Escape Sdn. Bhd. and subsidiaries – Executive Director	September 2014 to Present: Peet Leisure Pty Ltd, Managing Director.

Name of Director	Datin Silviya	Mr Peet
Shareholding interest in the listed issuer and its subsidiaries	665,395 shares (or 0.40%) in the Company.	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	As at the date of this report, Datin Silviya holds 665,395 shares in the Company representing about 0.40% of the issued share capital of the Company. Datin Silviya is the spouse of Dato' Sim (Executive Chairman as well as a controlling shareholder of the Company).	No
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other		
Past (for the last 5 years)	Directorships: · Sim Leisure Builders Sdn. Bhd.	Directorships: Nil
Present	Directorships: · Sim Leisure Group Ltd. · Sim Leisure Adventureplay Sdn Bhd · Sim Leisure Escape Sdn Bhd · Sim Leisure Waterplay Sdn Bhd · Sim Leisure Consultants Sdn. Bhd. · Sim Leisure Challenge Sdn. Bhd. · Sim Leisure Rock Sdn. Bhd. · Sim Leisure Creative Pte. Ltd.	Directorships: · Sim Leisure Group Ltd. · Peet Leisure Pty. Ltd.

Name of Director	Datin Silviya	Mr Peet
	<ul style="list-style-type: none"> · Rakan Riang Sdn. Bhd. · Sim Leisure Cameron Sdn. Bhd. · The Cool Melon Pte. Ltd. · The Cool Melon Sdn. Bhd. · Sim Leisure Hong Kong Limited · Team Works Malaysia Sdn. Bhd. · Kids Edutainment Pte. Ltd · The Future Is Here Pte. Ltd. · The Future Is Here Sdn. Bhd. 	
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
<p>a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No	No
<p>b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date</p>	No	No

Name of Director	Datin Silviya	Mr Peet
<p>he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>		
<p>c) Whether there is any unsatisfied judgment against him?</p>	No	No
<p>d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No	No
<p>e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</p>	No	No

Name of Director	Datin Silviya	Mr Peet
<p>f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</p>	No	No
<p>g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</p>	No	No
<p>h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</p>	No	No

Name of Director	Datin Silviya	Mr Peet
<p>i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</p>	No	No
<p>j) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p>	No	No

Name of Director	Datin Silviya	Mr Peet
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a	Not applicable. This is a re-election of directors.	Not applicable. This is a re-election of directors.

Name of Director	Datin Silviya	Mr Peet
director of a listed issuer as prescribed by the Exchange.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable.	Not applicable.

Name of Director	Mr Nasser
Date of first appointment	1 March 2024
Date of last re-appointment (if applicable)	Nil
Age	51
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Nasser as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Nasser's qualifications, skills, expertise, past experiences, independence and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Director, AC member, NC Chairman and RC member

Name of Director	Mr Nasser
Professional qualifications	<ul style="list-style-type: none"> • Bachelor of Laws (LLB) (Hons Upper Division)
Working experience and occupation(s) during the past 10 years	<p>October 2014 to October 2023. SGX-ST – Executive Director, Global Head of Equity Market.</p> <p>February 2012 to September 2014: SGX-ST – Senior Vice President of Head of Issuer Regulations.</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other	
Past (for the last 5 years)	<p>Directorships:</p> <ul style="list-style-type: none"> • CapBridge Pte. Ltd. • 1x Exchange Pte. Ltd. • Singapore Exchange Securities Trading Limited.
Present	<p>Directorships:</p> <ul style="list-style-type: none"> • Sim Leisure Group Ltd. • Enterprise Singapore. • Action Community for Entrepreneurship (ACE) Ltd. • Hydrax Pte. Ltd. • Wong Partnership LLP. • Raya Advisors Pte. Ltd. • SG HER Empowerment Limited. • Surfin Meta Digital Technology Pte. Ltd. • Madrasah Alsagoff AL-Arabiah

Name of Director	Mr Nasser
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>	
<p>l) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	<p>No</p>
<p>m) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	<p>No</p>
<p>n) Whether there is any unsatisfied judgment against him?</p>	<p>No</p>
<p>o) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	<p>No</p>
<p>p) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</p>	<p>No</p>
<p>q) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been</p>	<p>No</p>

Name of Director	Mr Nasser
the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	
r) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
s) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
t) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
<p>u) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No

Name of Director	Mr Nasser
v) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of directors.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable.

Directors' Statement

The Directors of Sim Leisure Group Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Dato' Sim Choo Kheng
Datin Silviya Georgieva Georgieva
Chung Yew Pong
Stephen Brian Peet
Darrell Edward Metzger (Appointed on 16 May 2023)
Mohamed Nasser Ismail (Appointed on 1 March 2024)

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the Act), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

Name of Directors and companies in which interests are held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of year or date of appointment	At end of year	At beginning of year or date of appointment	At end of year
	<u>No. of ordinary shares</u>		<u>No. of ordinary shares</u>	
The Company				
<u>Sim Leisure Group Ltd.</u>				
Dato' Sim Choo Kheng	91,434,730	91,434,730	-	-
Datin Silviya Georgieva Georgieva	665,395	665,395	-	-
Chung Yew Pong	32,000	10,000	-	-
Tan Boon Seng (resigned on 6 January 2024)	2,000,000	2,000,000	43,016,700	43,016,700

By virtue of Section 7 of the Act, Dato' Sim Choo Kheng is also deemed to have an interest in the shares of all related corporations of the Company to the extent the Company or its related corporations have an interest at the beginning and at the end of the financial year. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2024 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2023.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

6. Audit committee

The Audit Committee (“AC”) of the Company is chaired by Chung Yew Pong, the lead Independent Non-Executive Director, and includes Stephen Brian Peet and Tan Hui Tsu, who are both Independent Non-Executive Directors. The AC has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external and internal auditors of the Company.

The principal responsibilities of the AC include, amongst others:

- (a) assist the Board of Directors in the discharge of its statutory responsibilities on financing and accounting matters;
- (b) review significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (c) review the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (d) review the adequacy, effectiveness, scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- (e) review the external auditor’s audit plan and audit report, and the external auditor’s evaluation of the system of internal accounting controls, their management letter and the management’s response;
- (f) review and discuss with auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group’s operating results or financial position and the management’s response;
- (g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (h) review the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors;
- (i) review at least annually the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance controls, information technology controls and risk management sections and discuss issues and concerns, if any, arising from the internal auditors;
- (j) review the scope and results of the internal audit procedures, and at least annually, the independence, adequacy and effectiveness of our internal audit function, and whether our internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;
- (k) review and approve transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
- (l) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

6. Audit committee (Continued)

The principal responsibilities of the AC include, amongst others: (Continued)

- (m) review any interested person transactions and monitor the procedures established to regulate interested person transactions, and any deviations from the procedures will be subject to the AC's review and approval;
- (n) review the assurance from the Executive Chairman and Chief Executive Officer on the financial records and financial statements;
- (o) make recommendations to the Board of Directors on the proposals to shareholders on the appointment, reappointment and removal of the external auditor; and
- (p) undertake generally such other functions and duties as may be required by law or the Catalyst Rules.
- (q) review and oversee the Group's sustainability reporting framework and initiatives and implementation of framework, processes and procedures to facilitate the inclusion of such practices in every aspect of the Group's business;

The AC confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and Executive Officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the Board of Directors the nomination of UHY Lee Seng Chan & Co for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

Further details regarding the AC are disclosed in the Corporate Governance Report.

7. Independent auditors

The independent auditors, UHY Lee Seng Chan & Co, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Dato' Sim Choo Kheng
Director

Datin Silviya Georgieva Georgieva
Director

28 March 2024

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sim Leisure Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Key Audit Matters

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition</p> <p>The Group's business segments include theme attractions construction and theme park operations. Revenue is derived from theme attractions construction, ticketing, food and beverages, merchandising sales and services from operating theme parks in Malaysia.</p> <p><u>Admission Fees to Theme Parks</u></p> <p>Customers are able to purchase tickets in advance, which gives rise to the possible cut-off errors relating to the period in which revenue is recorded.</p> <p>As at 31 December 2023, deferred revenue amounting to RM838,000 (2022: RM934,230) was disclosed under contract liabilities in Note 22(b).</p> <p>We have determined this to be a key audit matter due to the significance of revenue to the financial statements and the risks surrounding the cut-off of revenue.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Discussed with local management so as to understand the Component and consideration of the composition of the Component's revenue and its attributes and to identify specific risks associated with revenue recognition; • Performed walkthrough test over revenue and receipts cycle to understand the business and identify component management's control procedures in the key operating cycles; including assessment of significant streams of revenue and documentation of management's application of client's application of the five-step model under SFRS(I) 15 Revenue from Contracts with Customers; • Performed analytical review procedures; • Performed test of transactions over revenue recorded; • Performed sale cut-off procedures as at year end; • Reviewed journal entries for significant unusual revenue transactions near or after year-end including post-closing journal transactions; • Performed substantive testing of the transactions; • Performed cut-off test related to purchases and revenue to ascertain that proper cut off has been adhered to; and • Ensure disclosure requirements according to SFRS(I) 15 have been complied.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition (Continued)</p> <p><u>Construction Revenue</u></p> <p>For construction contracts, the Group recognises revenue overtime using both the input and output method for measuring progress for different performance obligations and for different contracts that best depicts the transfer of control of goods or services promised to the customer.</p> <p>For construction projects measured using input method, the performance obligation milestone is measured based on actual costs incurred to-date relative to the total budgeted costs for each project.</p> <p>If the unavoidable costs of meeting the obligations under a contract exceed the expected economic benefits to be received from the contract, a provision for onerous contract is recognised.</p> <p>For construction projects measured using output method, the performance obligation milestone is measured by reference to the value of work done certified by a third-party assessor engaged by the customer and acknowledgement by the customers.</p> <p>The uncertainty and subjectivity involved in determining the budgeted costs and progress towards completion including variation orders and claims may have a significant impact on the amount of revenue recognised and the results of the Group, including the provision of onerous contract.</p> <p>Accordingly, we have determined this to be a key audit matter.</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <p><u>Construction revenue</u></p> <ul style="list-style-type: none"> • Traced total contract sums to contracts and variation orders entered into by the Group with its customers; • Reviewed the contractual terms for all contracts with customers and verified project revenue and costs incurred against underlying supporting documents on a sampling basis; • Assessed the reasonableness of the revenue recognised via discussions with the project teams and obtaining corroborating evidence such as correspondence with the customers; and • Assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs. <p>For construction projects measured using output method.</p> <ul style="list-style-type: none"> • Obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondence with customers); and • Checked the contract revenue recognised to the value of work done certified by a third - party assessor on a sampling basis.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.
For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition (Continued)</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <p><u>Construction revenue (Continued)</u></p> <p>For construction projects measured using input method.</p> <ul style="list-style-type: none"> • Obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, total budgeted costs and profit margin on a sampling basis; • Checked the contracts revenue recognised to the stage of completion of each project measured by reference to actual contract costs incurred for work performed to date relative to the estimated total budgeted cost; • Assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects; • Perused customers' and subcontractors' correspondences and discussed the progress of the projects with the Group's various project management personnel for signs of any potential disputes, variation order claims, known technical issues, delays, penalties, cost overrun or significant events that could impact the estimated total budgeted costs; • Assessed the reasonableness of the total estimated contract costs and costs to complete, taking into consideration past performance (where applicable);

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.
For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition (Continued)</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <p>For construction projects measured using input method. (Continued)</p> <ul style="list-style-type: none"> • Checked the mathematical accuracy of the revenue recognised based on the input method calculations; • Reviewed management's assessment and assessed the reasonableness of the provision for onerous contracts provided by management for projects which are expected to be loss-making (where applicable); • Reviewed and challenged management's assessment of the outstanding projects' estimated costs to complete and the reasonableness of provisions for rectification costs and onerous contract, where needed.
<p>2. Impairment assessment of trade receivables</p> <p>As at 31 December 2023, trade receivables due from external customers amounted to RM21,430,724 before allowance for impairment of RM1,668,693. Details of the trade receivables and its credit risks are disclosed in Notes 9 and 32.1 to the financial statements.</p> <p>Management has relied on the following observed data in assessing the level of allowance for impairment losses on trade receivables:</p> <ul style="list-style-type: none"> • customers' payment profiles of past sales and corresponding historical credit losses; • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. 	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewed receivable balances on a sampling basis and discussed with management the expected credit loss for receivables; • Reviewed the ageing analysis of receivables and tested the reliability of the underlying accounting records on a sampling basis; • Reviewed subsequent cash collections for major receivables and overdue amounts; • Made inquiries of management regarding the action plans to recover overdue amounts;

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>2. Impairment assessment of trade receivables (Continued)</p> <p>The impairment assessment involves significant judgements and estimations and there is inherent uncertainty in the assumptions applied by management to determine the level of allowance.</p> <p>Hence, we considered this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of trade receivables.</p>	<p>Our audit procedures included but were not limited to the following: (Continued)</p> <ul style="list-style-type: none">• Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc.; and• Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2023

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Lee Sen Choon.

UHY Lee Seng Chan & Co

Public Accountants and

Chartered Accountants

Singapore

28 March 2024

Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	84,238	80,600	-	-
Right-of-use assets	5	41,910	25,350	-	-
Intangible assets	6	4,422	1,122	-	-
Deferred tax assets	20	283	-	-	-
Trade receivables	9	1,942	-	-	-
Investments in subsidiaries	7	-	-	52,465	52,132
		<u>132,795</u>	<u>107,072</u>	<u>52,465</u>	<u>52,132</u>
Current assets					
Cash and bank balances	8	43,322	36,694	7,833	5,147
Trade and other receivables	9	39,058	13,112	13,623	18,449
Contract assets	22 (b)	8,111	26	-	-
Inventories	10	472	307	-	-
Prepayments	11	2,204	763	8	5
Income tax recoverable		1,362	208	-	-
		<u>94,529</u>	<u>51,110</u>	<u>21,464</u>	<u>23,601</u>
Total assets		<u>227,324</u>	<u>158,182</u>	<u>73,929</u>	<u>75,733</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	66,575	66,575	66,575	66,575
Capital reserves	13	73	69	1,329	1,329
Merger reserve	14	(12,700)	(12,700)	-	-
Foreign currency translation reserves	15	527	177	-	-
Retained earnings		44,680	31,074	2,747	5,956
Equity attributable to owners of the parent		<u>99,155</u>	<u>85,195</u>	<u>70,651</u>	<u>73,860</u>
Non-controlling interests		10,773	6,030	-	-
Total equity		<u>109,928</u>	<u>91,225</u>	<u>70,651</u>	<u>73,860</u>

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Borrowings	16	10,740	5,322	-	-
Amount due to directors	17	2,845	3,887	-	-
Provisions	18	3,905	4,714	-	-
Lease liabilities	19	42,366	20,802	-	-
Deferred tax liabilities	20	7,859	8,442	-	-
Contract liabilities	22(b)	623	232	-	-
		<u>68,338</u>	<u>43,399</u>	-	-
Current liabilities					
Trade and other payables	21	26,813	10,020	3,278	1,868
Borrowings	16	3,494	3,458	-	-
Amount due to directors	17	6,445	898	-	-
Lease liabilities	19	3,627	2,776	-	-
Contract liabilities	22(b)	2,336	1,694	-	-
Income tax payable		6,343	4,712		5
		<u>49,058</u>	<u>23,558</u>	<u>3,278</u>	<u>1,873</u>
Total liabilities		<u>117,396</u>	<u>66,957</u>	<u>3,278</u>	<u>1,873</u>
Total equity and liabilities		<u>227,324</u>	<u>158,182</u>	<u>73,929</u>	<u>75,733</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Revenue	22(a)	135,484	67,597
Cost of sales		(77,349)	(23,381)
Gross profit		58,135	44,216
Other item of income			
Other income		8,502	3,415
Other items of expense			
Administrative and other expenses		(27,955)	(11,007)
(Impairment loss)/write back of impairment loss on trade and other receivables	9	(341)	35
Finance costs	23	(3,215)	(2,414)
Profit before income tax	24	35,126	34,245
Income tax expense	25	(6,055)	(8,314)
Profit for the year		29,071	25,931
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		634	294
Other comprehensive income for the financial year, net of tax		634	294
Total comprehensive income for the financial year		29,705	26,225
Profit attributable to:			
Owners of the parent		21,881	22,161
Non-controlling interests		7,190	3,770
		29,071	25,931
Total comprehensive income attributable to:			
Owners of the parent		22,231	22,337
Non-controlling interests		7,474	3,888
		29,705	26,225
Earnings per share			
- Basic and diluted (RM sens per share)	26	13.23	13.40

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

	Share capital RM'000	Capital reserves RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Equity attributable to owners		Total equity RM'000
						of the parent RM'000	Non-controlling interests RM'000	
Balance at 1 January 2023	66,575	69	(12,700)	177	31,074	85,195	6,030	91,225
Profit for the year	-	-	-	-	21,881	21,881	7,190	29,071
Other comprehensive income:								
Currency translation differences arising from consolidation	-	-	-	350	-	350	284	634
Total comprehensive income for the financial year	-	-	-	350	21,881	22,231	7,474	29,705
Transactions with owners of the parent								
Dividend paid	-	-	-	-	(8,268)	(8,268)	-	(8,268)
Transactions with non-controlling interests								
Capital contribution by a shareholder of non-controlling interests	-	-	-	-	-	-	133	133
Dividends paid/payable to non-controlling interest of subsidiaries	-	-	-	-	-	-	(2,867)	(2,867)
Transfer to statutory reserve	-	4	-	-	(7)	(3)	3	-
Balance at 31 December 2023	66,575	73	(12,700)	527	44,680	99,155	10,773	109,928

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

<u>Group</u>	Share capital RM'000	Capital reserves RM'000	Merger reserve RM'000	Currency translation reserve		Retained earnings RM'000	Equity attributable to owners of the parent		Non-controlling interests RM'000	Total equity RM'000
				RM'000	RM'000		RM'000	RM'000		
Balance at 1 January 2022	66,575	117	(12,700)	-	-	8,913	62,905	3,718	66,623	
Profit for the year	-	-	-	-	22,161	22,161	22,161	3,770	25,931	
Other comprehensive income:										
Currency translation differences arising from consolidation	-	-	-	177	-	-	177	117	294	
Total comprehensive income for the financial year	-	-	-	177	22,161	22,338	3,887	26,225		
Transactions with non-controlling interests										
Capital contributions by a shareholder of non-controlling interest	-	-	-	-	-	-	-	2	2	
<u>Changes in ownership interest in subsidiaries with no changes in control</u>										
Acquisition of shares from non-controlling interests	-	(18)	-	-	-	-	(18)	18	-	
Effect of dilution of interest in a subsidiary	-	(30)	-	-	-	-	(30)	30	-	
Total changes in ownership interests in subsidiaries	-	(48)	-	-	-	-	(48)	48	-	
Dividends paid to non-controlling interests of subsidiary	-	-	-	-	-	-	-	(1,625)	(1,625)	
Balance at 31 December 2022	66,575	69	(12,700)	177	31,074	85,195	6,030	91,225		

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Operating activities			
Profit before tax		35,126	34,245
Adjustments for:			
Depreciation of property, plant and equipment	4	4,529	4,867
Depreciation of right-of-use assets	5	2,840	1,703
Amortisation of intangible assets	6	122	122
Recognition/(write back) of expected credit loss on trade and other receivables	9	341	(35)
Write-back of provision for slow moving inventories	10	-	(147)
Accretion of restoration cost	18	309	276
Gain on disposal of property, plant and equipment		(9)	(171)
Gain on bargain purchase	24(a)	(6,730)	-
Gain on modification of lease term		-	(8)
Provision for employee's end of service benefits	24(c)	558	-
Unrealised foreign exchange loss/(gain)		699	(41)
Interest income	24(a)	(579)	(149)
Interest expense	23	3,215	2,414
Operating profit before working capital changes		40,421	43,075
Working capital changes:			
Inventories		(165)	197
Trade and other receivables		(7,261)	(6,573)
Trade and other payables		1,470	283
Contract liabilities		2,022	(1,003)
Cash generated from operations		36,487	35,979
Income tax paid		(6,553)	(3,928)
Income tax refunded		-	310
End of service benefits paid		(314)	-
Net cash from operating activities		29,620	32,361
Investing activities			
Purchase of property, plant and equipment	4	(7,983)	(5,320)
Purchase of intangible assets	6	(3,422)	-
Proceeds from disposal of property, plant and equipment		10	192
Proceeds from disposal of right-of-use assets		19	-
Balance payment of asset purchased net of lease financing obtained		(186)	(16)
Effect of acquisition of a subsidiary, net of cash acquired	7(b)	1,598	-
Net cash used in investing activities		(9,964)	(5,144)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Financing activities			
Proceeds from issuance of ordinary shares to non-controlling interests		133	2
Proceeds from loan drawdown		7,906	-
Repayment of loan from a director (Note A)		(3,719)	(1,221)
Repayment of borrowings (Note A)		(4,497)	(3,835)
Interest paid (Note A)		(1,110)	(635)
Interest paid on bank overdraft		(2)	(32)
Repayment of obligations under leases (Note A)		(2,390)	(2,304)
Dividends paid to equity holders of the Company		(8,268)	-
Dividends paid to non-controlling interests of a subsidiary		(1,967)	(1,625)
Interest received		570	118
Changes in fixed deposits pledged		(5,195)	(12)
Net cash used in financing activities		<u>(18,539)</u>	<u>(9,544)</u>
Net change in cash and cash equivalents		1,117	17,673
Effect of exchange rate changes on balances of cash held in foreign currencies		316	350
Cash and cash equivalents at beginning of financial year		35,618	17,595
Cash and cash equivalents at end of financial year	8	<u><u>37,051</u></u>	<u><u>35,618</u></u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2023

Note A: Reconciliation of liabilities arising from financing activities

	← Non-cash changes →							
	1 January 2023 RM'000	Addition RM'000	Cash flows RM'000	Acquisition of subsidiary RM'000	Modification of lease term RM'000	Unrealised exchange difference RM'000	Accretion of interest RM'000	31 December 2023 RM'000
Share capital (Note 12)	66,575	-	-	-	-	-	-	66,575
Amount due to directors (Note 17)	4,785	900	(3,719)	7,196	-	(223)	349	9,290
Borrowings (Note 16)	8,780	-	2,299	1,742	-	303	1,110	14,234
Lease liabilities (Note 19)	23,578	25,810	(2,390)	-	(3,574)	815	1,754	45,993
	<u>103,718</u>	<u>26,710</u>	<u>(3,810)</u>	<u>8,838</u>	<u>(3,574)</u>	<u>895</u>	<u>3,213</u>	<u>136,092</u>

	← Non-cash changes →							
	1 January 2022 RM'000	Addition RM'000	Cash flows RM'000	Modification of lease term RM'000	Unrealised exchange difference RM'000	Accretion of interest RM'000	31 December 2022 RM'000	
Share capital (Note 12)	66,575	-	-	-	-	-	66,575	
Amount due to a director (Note 17)	5,592	-	(1,221)	-	-	414	4,785	
Borrowings (Note 16)	12,400	-	(4,471)	-	215	635	8,780	
Lease liabilities (Note 19)	24,387	376	(2,304)	(246)	-	1,365	23,578	
	<u>108,954</u>	<u>376</u>	<u>(7,996)</u>	<u>(246)</u>	<u>215</u>	<u>2,414</u>	<u>103,718</u>	

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

1. General corporate information

1.1 Domicile and activities

Sim Leisure Group Ltd. (the “Company”) (Registration number 201808096D) is a public limited company domiciled in Singapore and incorporated on 8 March 2018. On 24 December 2018, in connection with its conversion into a public company limited by shares, the Company changed its name from Sim Leisure Group Pte. Ltd. to Sim Leisure Group Ltd. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 1 March 2019.

The Company’s registered office is located at 138 Robinson Road, #26-03 Oxley Tower, Singapore 068906 and its principal place of business is located at Curve Nx, 18, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor, Malaysia.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The ultimate controlling shareholder of the Company is Dato’ Sim Choo Kheng, who is a Director of the Company.

The consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023 were authorised for issue in accordance with a Directors’ resolution dated 28 March 2024.

2. Material accounting policy information

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) the financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”). All financial information presented in Ringgit Malaysia has been rounded to the nearest thousand (RM’000), unless otherwise indicated.

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Ringgit Malaysia (“RM”) which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in compliance with SFRSs requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements. The financial statements of the Group have been prepared on the basis that it will continue to operate as a going concern.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial statements of the Group and the Company.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Business combinations and goodwill/bargain purchase

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.3 Basis of consolidation (Continued)

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

2.4 Foreign currency transactions and translation

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.4 Foreign currency transactions and translation (Continued)

Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rate for the year.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Construction-in-progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction, including related borrowing costs, during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when it is completed and ready for use.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Plant, machinery and park structures	5 to 50
Kitchen and other operating equipment	5 to 50
Furniture, fittings, office equipment and renovation	3 to 50
Motor vehicles	5 to 10

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.5 Property, plant and equipment (Continued)

The residual values, estimated useful lives and depreciation method are reviewed at each reporting date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leases assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are depreciated based on the following bases:

	Years
Leasehold land	Over the leasehold period of 56 years
Leasehold buildings	Over the leasehold period from 12 to 50 years
Kiosk	5 years
Motor vehicles	5 – 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimate useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.6 Leases (Continued)

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount in lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in borrowings (Note 16).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office rentals. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.7 Intangible assets (Continued)

Details of the intangible assets and their finite useful lives are as follows:

	Years
License fees	20
Accounting software	3
Content Development	10

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.8 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.10 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude any pledged fixed deposits.

2.11 Financial instruments

(a) Financial assets

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition:

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired, and through the amortisation process.

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2.11 Financial instruments (Continued)

(a) Financial assets (Continued)

Equity instruments (Continued)

For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.11 Financial instruments (Continued)

(b) Financial liabilities (Continued)

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

(ii) Borrowings

Interest-bearing bank loans and overdrafts are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the consolidated statement of financial position.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect the debtors' ability to pay.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.12 Impairment of financial assets (Continued)

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a “first-in, first-out” basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

2.14 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.15 Dividends to Company’s shareholders

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.17 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Admission fees to theme parks

Revenue from admission fees to theme parks is recognised at a point upon utilisation of the ticket.

Sales of food, beverages and merchandise

Revenue from sale of food, beverages and merchandise is recognised when the goods have been transferred to the customers, which is when the customer obtains control of the goods. There is no right of return on the sale of goods. There is no significant financing component in the revenue arising from the sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

Services income

Revenue from services rendered relates to the theme park entertainment service and design services. Revenue is recognised when the services are rendered.

Royalty income

Revenue from royalty income is derived from the licensing of the “Sim Leisure” brand name to the Company’s customers. Royalty income is recognised on an accrual basis in accordance with the relevant cooperation agreements entered into between the Company and its customers.

Sponsorship income

Revenue from sponsorship which consists of initial and annual fees from sponsors are amortised across the tenure of the contracts subject to the terms and conditions of individual contract.

Revenue from construction of theme attractions and nature parks

Revenue from construction of theme attractions and nature parks is recognised over time as the Group’s performance enhances a customer-controlled asset (i.e., asset constructed on premises that is owned by the customer and the Group has an enforceable right to payment for performance completed to date).

Revenue from certain contracts are recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customers of the construction work performed to date relative to the remaining construction work promised under the contract.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.17 Revenue recognition (Continued)

Revenue from construction of theme attractions and nature parks (continued)

Revenue from certain construction contracts are recognised progressively over time based on the percentage of completion by using the cost-to-cost method (“input method”), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. Work done is measured based on actual and expected cost incurred for project activities. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally within the normal business operating cycle.

Contract asset is the right to consideration for goods or services transferred to the customers. The Group’s contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers. Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset’s carrying amount and the present value of estimated future cash flows to be generated by the contract assets. Contract assets is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group’s contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligations under the contracts.

Interest income

Interest income is recognised using the effective interest method.

2.18 Employee benefits

Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund (“EPF”). Some of the Group’s foreign subsidiaries also make contributions to their respective countries’ statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months after the end of reporting period as a result of services rendered by employees up to the end of the reporting period.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.19 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.20 Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided, using the liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associate and joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets shall be recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.20 Income tax (Continued)

Deferred tax (Continued)

Deferred tax assets shall be recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except: (Continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associate and joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they related to income taxes levied by the same taxation authority on the same taxable entity, or different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (Continued)

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

2.22 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.23 Financial guarantee

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a liability.

Financial guarantees issued are initially measured at fair value. Subsequently, financial guarantees are measured at the higher of the loss allowance determined in accordance with the policy set out in Note 2.12 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Determining the lease term of contracts with extension option - as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group has included the renewal period as part of the non-cancellable lease term for leases of land and buildings as the Group is reasonably certain to exercise these renewal options. This was taking into consideration that these are strategic assets to the Group and the Group's operations will be adversely affected if a replacement asset is not readily available.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of investments in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 in determining whether investments in subsidiaries are impaired. This determination requires significant judgement and estimation. The Company evaluates, among other factors, the market and economic environment in which the subsidiaries operate and the financial performance of the subsidiaries to determine whether there are any indications of impairment loss and if so, whether the cost of investment in the subsidiaries exceed their net assets values and fair value of investment less costs of disposal. The carrying amount of the investments is disclosed in Note 7.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of property, plant and equipment to range from 3 to 50 years.

The carrying amount of the Group's property, plant and equipment as at 31 December 2023 was RM84,238,401 (2022: RM80,599,663).

(iii) Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

The Group assesses at the end of each reporting period whether there are any indicators of impairment for property, plant and equipment, right-of-use assets and intangible assets. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in Notes 4, 5 and 6 respectively.

(iv) Provision of expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for grouping of various customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of trade receivables as at 31 December 2023 was RM21,431,000 (2022: RM10,379,539) (Note 9).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(v) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowings rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 December 2023 was 5.11% (2022:4.87%). The carrying amount of the Group's lease liabilities as at 31 December 2023 was RM45,992,501 (2022: RM23,578,448) (Note 19).

(vi) Provision for restoration costs

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting both the asset and provision. Such changes give rise to a change in future depreciation and interest charges.

The carrying amount of provision for restoration cost as at 31 December 2023 was RM3,905,210 (2022: RM4,713,643).

(vii) Income taxes

The Group has exposure to income taxes in Singapore, Malaysia and Saudi Arabia. Significant judgement and estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, deferred tax provisions and deferred tax assets in the period in which such determination is made. The carrying amounts of the Group's income tax recoverable, income tax payable, deferred tax assets and deferred tax liabilities were RM1,361,546 (2022: RM207,882), RM6,343,154 (2022: RM4,712,816), RM283,426 (2022: Nil), RM7,858,515 (2022: RM8,441,620) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(viii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of unrecognised deferred tax assets is disclosed in Note 20.

(ix) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's judgement and estimation of the expected outcome of the contingencies after consulting the Group's appointed legal counsel for litigation cases to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 29.

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

4. Property, plant and equipment

Group

	Plant, machinery and park structures RM'000	Kitchen and other operating equipment RM'000	Furniture, fittings, office equipment and Renovation RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
Cost						
Balance at 1 January 2023	110,061	1,590	14,386	255	3,001	129,293
Acquisition of subsidiary [Note 7(b)]	-	-	1,868	-	-	1,868
Additions	3,052	169	1,370	245	3,147	7,983
Adjustments (write-offs)	(18)	-	-	-	-	(18)
Disposals	(1)	-	(1)	-	-	(2)
Foreign currency translation difference	36	3	23	8	-	70
Reclassification	(212)	-	176	-	-	(36)
Balance at 31 December 2023	112,918	1,762	17,822	508	6,148	139,158
Accumulated depreciation						
Balance at 1 January 2023	36,933	1,141	10,396	223	-	48,693
Acquisition of subsidiary [Note 7(b)]	-	-	1,714	-	-	1,714
Depreciation for the financial year	3,657	255	600	17	-	4,529
Adjustments (write-offs)	(18)	-	-	-	-	(18)
Disposals	(1)	-	-	-	-	(1)
Foreign currency translation difference	-	-	3	-	-	3
Balance at 31 December 2023	40,571	1,396	12,713	240	-	54,920
Carrying amount						
Balance at 31 December 2023	72,347	366	5,109	268	6,148	84,238

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

4. Property, plant and equipment (Continued)

Group

	Plant, machinery and park structures RM'000	Kitchen and other operating equipment RM'000	Furniture, fittings, office equipment and Renovation RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
Cost						
Balance at 1 January 2022	104,441	1,761	13,060	718	4,351	124,331
Additions	2,974	16	1,085	14	1,231	5,320
Adjustments	65	(187)	241	-	-	119
Disposals	-	-	-	(477)	-	(477)
Reclassification	2,581	-	-	-	(2,581)	-
Balance at 31 December 2022	110,061	1,590	14,386	255	3,001	129,293
Accumulated depreciation						
Balance at 1 January 2022	32,741	1,058	9,693	673	-	44,165
Depreciation for the financial year	4,210	125	524	8	-	4,867
Adjustments	(18)	(42)	179	-	-	119
Disposals	-	-	-	(458)	-	(458)
Balance at 31 December 2022	36,933	1,141	10,396	223	-	48,693
Carrying amount						
Balance at 31 December 2022	73,128	449	3,990	32	3,001	80,600

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

5. Right-of-use assets

Group

	Leasehold land RM'000	Leasehold buildings RM'000	Kiosk RM'000	Motor vehicles RM'000	Total RM'000
Balance as at 1 January 2023	8,968	15,927	55	400	25,350
Additions	-	25,453	-	626	26,079
Disposals	-	-	-	(19)	(19)
Modification of lease	-	(3,574)	-	-	(3,574)
Depreciation	(179)	(2,533)	-	(128)	(2,840)
Over-provision of restoration cost	-	(3,850)	-	-	(3,850)
Effect of foreign exchange translation	-	764	-	-	764
Balance as at 31 December 2023	8,789	32,187	55	879	41,910
Balance as at 1 January 2022	9,148	17,676	55	23	26,902
Additions	-	-	-	390	390
Modification of lease	-	(238)	-	-	(238)
Depreciation	(179)	(1,511)	-	(13)	(1,703)
Balance as at 31 December 2022	8,968	15,927	55	400	25,350

The Company's subsidiaries, Sim Leisure Escape Sdn. Bhd., Sim Leisure Adventureplay Sdn. Bhd., and Sim Leisure Waterplay Sdn. Bhd. lease leasehold land with a carrying amount of RM8,789,059 (2022: RM8,968,428) under a non-cancellable agreement. The lease term is 26 years effective from 3 May 2016 with an option to renew for another 30 years from the expiration of the lease period.

The Company's subsidiary, Kids Edutainment Pte. Ltd. leases the building space with a carrying amount of RM25,123,799 (2022: nil) for a period of 5 years from 1 August 2023 with an option to renew for another 5 years.

The Company's subsidiary, Rakan Riang Sdn. Bhd. leases leasehold building with a carrying amount of RM6,958,706 (2022: RM12,807,274) under a non-cancellable agreement. The lease term is 3 years effective from 16 August 2014 and comes with renewal terms of 3 successive terms of 3 years each.

Motor vehicles with carrying amount of RM879,179 (2022: RM399,864) was acquired under leasing arrangement and the corresponding lease liability of RM686,645 (2022: RM332,616) is secured over the asset which will be seized and returned to the lessor in the event of default by the Group.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

6. Intangible assets

Group

	License fees RM'000	Accounting software RM'000	Content Development RM'000	Total RM'000
Cost				
At 1 January 2022/31				
December 2022	2,446	890	-	3,336
Additions	2,116	-	1,306	3,422
At 31 December 2023	4,562	890	1,306	6,758
Accumulated amortisation				
At 1 January 2022	1,202	890	-	2,092
Amortisation charges	122	-	-	122
At 31 December 2022	1,324	890	-	2,214
Amortisation charges	122	-	-	122
At 31 December 2023	1,446	890	-	2,336
Carrying amount				
At 31 December 2022	1,122	-	-	1,122
At 31 December 2023	3,116	-	1,306	4,422

The license fees are amortised over a period of 20 years from the commercial public opening of the Kidzania facility located in multiple locations.

The content development cost incurred in 2023 relates to production fees paid to develop virtual reality content produced by HavenXR for use via HavenXR's Virtual Reality/Augmented Reality platform. This cost will be amortised when the virtual reality content is available for use and upon commercial roll-out of HavenXR Location Based Virtual Reality Centres retailing of immersive entertainment experiences.

7. Investments in subsidiaries

	Company	
	31 December 2023	31 December 2022
	RM	RM
Unquoted equity shares, at cost	46,801	46,467
Loans and receivables		
Amounts due from a subsidiary	5,664	5,664
Carrying amount of investments in subsidiaries	52,465	52,132

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

7. Investments in subsidiaries (Continued)

a. The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interest	
			31 December 2023	31 December 2022	31 December 2023	31 December 2022
			%	%	%	%
<u>Held by the Company</u>						
Sim Leisure Escape Sdn. Bhd. ⁽²⁾	Malaysia	Investment holding and development of theme parks	100	100	-	-
Sim Leisure Hong Kong Ltd. ⁽³⁾	Hong Kong	Dormant	100	100	-	-
Sim Leisure Creative Pte. Ltd. ⁽¹⁾ ("SLCPL")	Singapore	Leasing of non-financial intangible assets and provision of management consultancy services	60	60	40	40
The Cool Melon Pte. Ltd. ^{(1) (3)} ("TCPL")	Singapore	Dormant	100	100	-	-
Kids Edutainment Pte Ltd ⁽¹⁾ ("KEPL") (Note i)	Singapore	Owns and operates Kidzania Educational and entertainment City in Singapore	100	-	-	-
The Future is Here Pte Ltd ⁽³⁾ ("TFIHPL") (Note ii)	Singapore	Operates location-based virtual reality centres – retailing immersive entertainment experience	100	-	-	-
<u>Held by SLESB</u>						
Sim Leisure Adventureplay Sdn. Bhd. ⁽²⁾	Malaysia	Development and operation of theme parks	100	100	-	-
Sim Leisure Waterplay Sdn. Bhd. ⁽²⁾	Malaysia	Development and operation of theme parks	100	100	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

7. Investments in subsidiaries (Continued)

a. The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interest	
			31 December 2023 %	31 December 2022 %	31 December 2023 %	31 December 2022 %
<u>Held by SLESB</u>						
Sim Leisure Challenge Sdn. Bhd. ^{(2), (3)}	Malaysia	Business in relation to sports, recreation and teambuilding	100	100	-	-
Sim Leisure Rock Sdn. Bhd. ^{(2), (3)}	Malaysia	Dormant	100	100	-	-
Sim Leisure Milan Sdn. Bhd. ^{(2), (3)}	Malaysia	Business in design, project management and installation of adventure parks	51	51	49	49
Sim Leisure Cameron Sdn. Bhd. ^{(2), (3)}	Malaysia	Dormant	100	100	-	-
Rakan Riang Sdn. Bhd. ⁽²⁾	Malaysia	Owns and operates Kidzania educational and entertainment facility	80	80	20	20
Team Works Malaysia Sdn Bhd ⁽³⁾	Malaysia	Dormant	100	100	-	-
Sim Leisure Makers Sdn. Bhd. ⁽³⁾	Malaysia	Design and construction of theme attractions and nature-inspired parks of the ESCAPE brand	82	82	18	18

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

7. Investments in subsidiaries (Continued)

a. The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interest	
			31 December 2023 %	31 December 2022 %	31 December 2023 %	31 December 2022 %
<u>Held by TMPL</u>						
The Cool Melon Sdn. Bhd. ^{(2), (3)}	Malaysia	Dormant	100	100	-	-
<u>Held by TFIHPL</u>						
The future is Here Sdn. Bhd. ⁽³⁾ ("TFIHSB") (Note iii)	Malaysia	Dormant	100	-	-	-
<u>Held by SLCPL</u>						
Sim Leisure Gulf Contracting LLC ⁽⁴⁾ ("SL Gulf") (Note iv)	United Arab Emirates	Design and construction of theme attractions in theme parks	60	-	40	-
Sim Leisure Arabia for Contracting ⁽⁴⁾ ("SL Arabia") (Note v)	Kingdom of Saudi Arabia	Construction of theme attractions and all types of non-residential buildings	60	-	40	-

⁽¹⁾ Audited by UHY Lee Seng Chan & Co.

⁽²⁾ Audited by UHY, Malaysia, a member firm of UHY International.

⁽³⁾ Not considered a significant subsidiary.

⁽⁴⁾ Audited by UHY James, UAE, a member firm of UHY International.

During the current financial year:

- (i) The Company incorporated a 100% owned subsidiary, KEPL, for a sum of SGD1.00.
- (ii) The Company incorporated a 100% owned subsidiary, TFIHPL, for a sum of SGD1.00.
- (iii) The Company through its wholly owned subsidiary TFIHPL, incorporated a 100% owned subsidiary, TFIHSB, for a sum of RM100
- (iv) The Company through its 60% owned subsidiary SLCPL, incorporated a 100% owned subsidiary, SL Arabia, for a sum of SAR 20,000.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

7. Investments in subsidiaries (Continued)

b. Acquisition of subsidiary

On 31 January 2023, the Company through its 60% owned subsidiary SLCPL, completed the acquisition of 100% of the issued share capital in SL Gulf, whose principal activities are that of a theme park contractor. Upon the acquisition, SL Gulf became a subsidiary of the Group.

The fair value of the identifiable assets and liabilities of SL Gulf as at the acquisition date are as follows:

	Fair value RM'000
Property, plant and equipment	154
Trade and other receivables	27,441
Contract assets	1,862
Cash and bank balances	3,698
Contract liabilities	(497)
Trade and other payables	(22,086)
Borrowings	(1,742)
Net identifiable assets acquired	8,830
Less : Gain on bargain purchase [Note 24(a)]	(6,730)
Purchase consideration	<u>2,100</u>

The effect of the acquisition of subsidiary on the cash flows is as follows:

Consideration for equity interest acquired	2,100
Less : Cash and cash equivalents of the subsidiary acquired	(3,698)
Net cash inflow arising from acquisition of subsidiary	<u>(1,598)</u>

In the previous financial year:

- (v) The Company acquired the remaining 49 ordinary shares in The Cool Melon Pte. Ltd. from the non-controlling interest for a sum of SGD1.

The effect of changes in the Group's ownership interest in The Cool Melon Pte Ltd during the year is summarized as follows:

	2022 RM
Carrying amount of non-controlling interests acquired	(18,437)
Consideration paid for acquisition of non-controlling interests	(3)
Payment made in excess of deficit carrying amount of non-controlling interest	<u>(18,440)</u>

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

7. Investments in subsidiaries (Continued)

c. Summarised financial information of subsidiaries with material non-controlling interests (NCI)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before consolidated adjustments and intercompany eliminations.

Summarised statements of comprehensive income

	Rakan Riang Sdn Bhd		Sim Leisure Makers Sdn Bhd		Sim Leisure Creative Pte. Ltd.		Sim Leisure Gulf Contracting LLC		Sim Leisure Arabia for Contracting	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,701	17,545	25,496	-	-	8,035	42,771	67,410	25,053	-
Profit / (Loss) before income tax	7,670	8,046	2,748	-	(78)	7,792	3,916	4,567	4,585	-
Income tax expense	(2,157)	(1,586)	(753)	-	-	-	-	-	-	-
Profit after tax - continuing operations	5,513	6,460	1,995	-	(78)	6,490	3,916	4,567	4,585	-
Other comprehensive income	-	-	-	-	-	294	-	-	-	-
Total comprehensive income	5,513	6,460	1,995	-	(78)	6,784	3,916	4,567	4,585	-

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

7. Investments in subsidiaries (Continued)

c. Summarised financial information of subsidiaries with material non-controlling interests (NCI)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before consolidated adjustments and intercompany eliminations.

Summarised cash flow

	Rakan Riang Sdn Bhd		Sim Leisure Makers Sdn Bhd		Sim Leisure Creative Pte. Ltd.		Sim Leisure Gulf Contracting LLC		Sim Leisure Arabia for Contracting	
	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	13,299	9,495	2,805	-	4,469	3,816	5,236	2,981	7,714	-
Net cash generated from (used in) investing activities	1,984	(608)	(7,127)	-	(2,291)	-	(81)	2,452	(312)	-
Net cash (used in) / generated from financing activities	(11,789)	(3,876)	5,039	-	(3,914)	(1,025)	(2,071)	(2,055)	25	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

8. Cash and bank balances

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	26,083	17,417	195	3,496
Short-term bank deposits	17,239	19,277	7,638	1,651
	<u>43,322</u>	<u>36,694</u>	<u>7,833</u>	<u>5,147</u>

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Cash and bank balances (as above)	43,322	36,694
Less:		
Fixed deposits pledged for banking facilities	(6,271)	(1,076)
Cash and cash equivalents per consolidated statement of cash flows	<u>37,051</u>	<u>35,618</u>

Cash at certain bank earns interest at floating rates based on daily bank deposit rates.

Fixed deposits

The effective interest rates relating to fixed deposits with banks at the reporting date for the Group ranged between 2.40 % to 4.00 % (2022: 2.34% to 3.05%) with various tenure ranges from 1 month to 6 months. Certain fixed deposits amounting to RM6,271,337 (2022: RM1,075,689) have been pledged to banks to secure credit facilities granted to the subsidiaries (Note 16).

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Ringgit	18,440	32,561	-	1,654
Saudi Riyal	7,427	-	-	-
Singapore Dollar	6,663	4,123	3,663	3,483
United Arab Emirates Dirham	6,622	-	-	-
United States Dollar	4,170	10	4,170	10
	<u>43,322</u>	<u>36,694</u>	<u>7,833</u>	<u>5,147</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

9. Trade and other receivables

	Group		Company	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Trade receivables				
- third parties	23,100	3,346	-	-
- related company (Note 28)	-	7,754	-	-
- less: allowance for impairment	(1,669)	(720)	-	-
	<u>21,431</u>	<u>10,380</u>	-	-
Non-trade receivables				
- third parties	14,463	534	49	-
- a subsidiary of the Company	-	-	13,540	15,696
- related companies (Note 28)	65	564	34	2,529
- shareholders	133	-	-	-
- less: allowance for impairment	(76)	(76)	-	-
	<u>14,585</u>	<u>1,022</u>	<u>13,623</u>	<u>18,225</u>
Deposits	4,984	1,710	-	224
	<u>41,000</u>	<u>13,112</u>	<u>13,623</u>	<u>18,449</u>
Non-current	1,942	-	-	-
Current	39,058	13,112	13,623	18,449
	<u>41,000</u>	<u>13,112</u>	<u>13,623</u>	<u>18,449</u>

Trade receivables are unsecured, non-interest bearing and generally on 0 to 60 (2022: 0 to 60 days) days' credit terms.

Included in the non-trade receivables due from third parties is an amount of RM9,346,975 and RM4,724,934. These relate to amounts incurred by the Group on behalf of the customer for theme park construction an advance paid to supplier respectively. These amounts are unsecured, non-interest bearing and repayable on demand.

The non-trade amounts due from related companies and a subsidiary of the Company are unsecured, non-interest bearing and repayable on demand.

The Group does not hold any collateral as security.

Deposits mainly pertain to rental and utility deposits which are refundable.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

9. Trade and other receivables (Continued)

The movement in allowance for expected credit losses of trade and other receivables were computed as follows:

	Trade receivables		Other receivables	
	Lifetime ECL		12 months ECL	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of the year	720	723	76	92
Movement in allowance amounts:				
Effect of acquisition of subsidiary	576	-	-	-
Charge/(write back) for the year [Note 24(c)]	341	(19)	-	(16)
Foreign exchange difference	32	16	-	-
At end of the year	1,669	720	76	76

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Ringgit	13,546	4,323	10,434	18,449
Singapore Dollar	4,701	8,815	3,189	-
Saudi Riyal	8,871	-	-	-
Omani Rial	1,113	-	-	-
Qatari Rial	11,119	-	-	-
United Arab Emirates Dirham	1,650	-	-	-
	41,000	13,138	13,623	18,449

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

10. Inventories

	Group	
	31 December	31 December
	2023	2022
	RM'000	RM'000
Trading goods	472	307

Movement in allowance for slow moving inventories at end of the year:

	Group	
	31 December	31 December
	2023	2022
	RM'000	RM'000
At beginning of the year	-	147
Reversal of allowance during the year [(Note 24(b))]	-	(147)
At end of the year	-	-

The cost of inventories recognised as an expense and included in “cost of sales” line item amounted to RM5,203,413 (2022: RM4,218,787) [Note 24(b)].

11. Prepayments

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other prepaid operating expense	2,119	685	2	5
Prepaid insurance	85	78	6	-
	<u>2,204</u>	<u>763</u>	<u>8</u>	<u>5</u>

12. Share capital

	Group and Company			
	31 December 2023		31 December 2022	
	Number of ordinary shares ('000)	RM'000	Number of ordinary shares ('000)	RM'000
Issued and fully-paid:				
Balance at the beginning and end of the financial year	165,365	66,575	165,365	66,575

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

13. Capital reserves

	Group		Company	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Balance at beginning	69	117	1,329	1,329
Acquisition of non-controlling interests	-	(18)	-	-
Effect of dilution of interest in a subsidiary	-	(30)	-	-
Transfer to statutory reserve	4	-	-	-
Balance at end	<u>73</u>	<u>69</u>	<u>1,329</u>	<u>1,329</u>

Capital reserves comprise:-

- Acquisition and disposal with non-controlling interests that do not result in a change of control.
- Statutory reserve of a subsidiary where 5% of the annual profits is allocated to this reserve according to the articles of association. The transfer will be suspended, when the reserve reached 50% of the paid up capital. This reserve is not available for distribution.

14. Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of subsidiaries acquired.

15. Foreign currency translation reserves

The foreign currency translation reserves represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

16. Borrowings

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
Bank loans		
-Term loan 1	2,987	3,229
-Term loan 2	805	2,831
-Term loan 3	1,648	1,968
-Term loan 4	557	752
-Term loan 5	8,237	-
Total interest-bearing borrowings	<u>14,234</u>	<u>8,780</u>
Less:		
Amount due for settlement within 12 months	(3,494)	(3,458)
Amount due for settlement after 12 months	<u>10,740</u>	<u>5,322</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

16. Borrowings (Continued)

Term loan 1 is repayable over a period of 5 years and bears average interest rate of 7.85% (2022: 7.70%) per annum. The bank overdrafts and term loan 1 are secured by pledges of fixed deposits as disclosed in Note 8 to the financial statements, individual guarantee by a director of the Company, and a corporate guarantee of the Company.

Term loan 2 is repayable over a period of 4 years and bears average effective interest rates of 6.87% (2022: 7.7% to 7.83%) per annum. It is secured by a basic debenture by way of fixed and floating charge over certain subsidiaries and the Company's future assets, corporate guarantees by the Company's subsidiaries and jointly and severally guaranteed by a director of the Company.

Term loan 3 is repayable over a period of 5 years and bears average interest rate of 7% per annum (2022: 6.7% to 7.45%). Term loan 3 are secured by 70% guarantee coverage by the Government of Malaysia, personal guarantee by a director of the Company, corporate guarantees by subsidiaries, Sim Leisure Escape Sdn. Bhd. and Sim Leisure Challenge Sdn. Bhd., and first debenture over the present and future fixed and floating assets of the Company.

Term loan 4 is repayable over a period of 5 years and bears fixed interest rate of 4.5% per annum (2022: 4.5%). It is secured by 80% guarantee coverage by Syarikat Jaminan Pembiayaan Perniagaan Berhad, a personal guarantee by a director of the Company, and a corporate guarantee by subsidiaries, Sim Leisure Escape Sdn. Bhd. and Sim Leisure Challenge Sdn. Bhd.

Term loan 5 is repayable over a period of 5 years and bears an average interest rate of 6.16% per annum. It is secured by a corporate guarantee of the immediate holding company.

At the reporting date, the fair values of the Group's bank borrowings approximate their carrying amounts as they are subject to floating interest rates.

Bank borrowings are denominated in the following currencies:

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Malaysian Ringgit	5,192	5,949
Singapore Dollar	9,042	2,831
	<u>14,234</u>	<u>8,780</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

17. Amount due to directors

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Amount due to a Director of the Company		
Current		
-dividend payable by a subsidiary	4,502	-
Amount due to Director of a subsidiary		
Current		
-loan	693	483
-dividend payable by a subsidiary	900	-
-interest payable	350	414
	<u>6,445</u>	<u>898</u>
Non-current		
-loan	2,845	3,887
	<u>9,290</u>	<u>4,785</u>

Amount due to a director includes a loan of up to RM 7,000,000 extended by the director to a subsidiary of the Group and drawn down to RM 6,300,000 at the reporting date pursuant to an agreement dated 20 November 2020 entered into between the director and the subsidiary ("Agreement"). The loan is secured by the Agreement and a memorandum of charge over the entire shares in a subsidiary held by the Group and assignment of proceeds being 5% of the total revenue of the subsidiary, interest-bearing at the rate of 8% per annum. Pursuant to a supplementary agreement dated 30 December 2021, the loan repayment has been rescheduled to be repayable in 7 yearly instalments of RM750,000 in year 1, RM765,000 in year 2, RM897,500 in year 3, RM1,042,500 in year 4, RM1,070,000 in year 5, RM1,117,500 in year 6 and RM657,500 in year 7, commencing from 30 November 2020 which was the date when the loan was first drawn down.

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

18. Provisions

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
Balance at beginning	4,714	4,438
Accretion of restoration costs [Note 24(c)]	309	276
Acquisition of subsidiary	2,306	-
Provision for end of service benefits	558	-
Over-provision of restoration cost	(3,850)	-
End of service benefits paid during the year	(314)	-
Effect on foreign exchange translation	182	-
Balance at end	<u>3,905</u>	<u>4,714</u>

The above provision represents the end of service benefits and restoration costs of dismantling, removing and restoring the site on which the Group currently occupied for its themed attraction operation.

The end of service benefits represent the amounts owed to the staff to compensate for their years of service to the Group.

Provision for restoration costs is based on management's best estimates after taking into account quotations from various suppliers. The Group is obligated to make good the site upon the expiration of the lease agreements.

During the financial year, the Group has reassessed its provision for restoration costs for one of its theme park attractions and recognised a reversal of RM3,849,800.

19. Lease liabilities

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
Current	3,627	2,776
Non-current	42,366	20,802
	<u>45,993</u>	<u>23,578</u>

The details and movement of lease liabilities are as follows:

	Leasehold land RM'000	Leasehold Buildings RM'000	Motor vehicles RM'000	Total RM'000
2023				
Balance at 1 January 2023	10,378	12,868	332	23,578
Addition	-	25,638	441	26,079
Modification of lease term	-	(3,574)	-	(3,574)
Interest expense (Note 23)	1,116	612	26	1,754
Lease payments	(355)	(1,923)	(112)	(2,390)
Effect of foreign exchange translation	546	-	-	546
Balance at 31 December 2023	<u>11,685</u>	<u>33,621</u>	<u>687</u>	<u>45,993</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

19. Lease liabilities (Continued)

The details and movement of lease liabilities are as follows: (Continued)

	Leasehold land RM'000	Leasehold building RM'000	Motor vehicle RM'000	Total RM'000
2022				
Balance at 1 January 2022	10,199	14,163	26	24,388
Addition	-	-	376	376
Modification of lease term	-	(246)	-	(246)
Interest expense (Note 23)	498	862	4	1,364
Lease payments	(319)	(1,911)	(75)	(2,304)
Balance at 31 December 2022	10,378	12,868	331	23,578

The Group leases land and buildings in Malaysia and Singapore. The lease contract provides for payment increases each year by inflation.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group, and secured by personal guarantees from certain Directors of the Company.

The Group leases also certain assets which qualify as low value assets and the Group also leases certain machinery on a short-term basis (i.e., less than 1 year). The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis. The lease expense relating to these leases which are recognised in profit or loss is disclosed below.

As at 31 December 2023, the average incremental borrowing rate applied was 5.11% (2022: 4.87%).

Lease liabilities are denominated in Malaysian Ringgit and Singapore Dollars.

Amounts recognised in profit or loss

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
Depreciation of right-of-use assets (Note 5)	2,840	1,703
Interest expense on lease liabilities (Note 23)	1,754	1,365
Lease expense not capitalised in lease liabilities		
- Expense relating to short-term leases (included in cost of sales) [Note 24(b)]	564	368
- Expense relating to leases of low value assets (included in cost of sales) [Note 24(b)]	146	11
- Expense relating to short-term leases (included in administrative and other expenses) [Note 24(c)]	994	100
Total	1,704	479
Total amount recognised in profit or loss	6,298	3,547

The Group had total cash outflows for leases of RM 4,093,707 (2022: RM2,783,629).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

20. Deferred taxes

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
<u>Deferred tax liabilities</u>		
Balance at beginning of financial year	8,442	3,530
Charged to profit or loss		
- Current year	(517)	4,860
-(Over)/Under provision in prior year	(341)	7
Effect of foreign exchange translation	(8)	45
Balance at end of financial year	<u>7,576</u>	<u>8,442</u>

Recognised deferred tax assets and liabilities

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are included in the statement of financial position as follows:

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Deferred tax liabilities	7,859	8,442
Deferred tax assets	(283)	-
	<u>7,576</u>	<u>8,442</u>

Deferred tax liabilities have been recognised by the Group during the financial year in respect of the following items:

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Accelerated tax depreciation	10,765	12,076
Royalties' income not yet remitted to the Group	-	1,361
Unabsorbed tax losses and capital allowances	(248)	(342)
Provisions	(2,634)	(4,361)
Contract liabilities	(307)	(290)
	<u>7,576</u>	<u>8,442</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

20. Deferred taxes (Continued)

Recognised deferred tax assets and liabilities (Continued)

The Group has unrecognised tax assets arising from estimated unabsorbed capital allowances and unutilised tax losses carried forward, which are available to set-off against future taxable profit, and other deductible temporary differences as follows:

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
<u>Unrecognised deferred tax assets – Group</u>		
Other deductible temporary differences	(2)	(2)
Unabsorbed capital allowances	1	1
Unutilised tax losses	85	53
	<u>84</u>	<u>52</u>
	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
<u>Expiry date of utilisation</u>		
Unabsorbed capital allowances with no expiry date	559	902
Unutilised tax losses, expiring on:		
- Year assessment 2028	521	521
- Year assessment 2030	55	55
- Year assessment 2031	163	-
- Year assessment 2032	136	165
	<u>1,434</u>	<u>1,643</u>

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

21. Trade and other payables

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Trade payables				
- third parties	4,815	1,167	-	-
Other payables				
- third parties	11,818	3,256	1,438	937
- related companies	-	2,129	-	3
- subsidiaries	-	-	1,840	730
- acquisition of a subsidiary	-	786	-	-
	11,818	6,171	3,278	1,670
Accrued operating expenses	10,180	2,682	-	198
	<u>26,813</u>	<u>10,020</u>	<u>3,278</u>	<u>1,868</u>

The decrease in payable amounts arising from acquisition of subsidiary is due to the reduction in consideration payable to the former owner of Rakan Riang Sdn Bhd.

Trade payables are unsecured, non- interest bearing and are normally settled between 30 to 60 (2022: 30 to 60) days' terms.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Ringgit	8,395	9,940	3,040	1,845
United States Dollar	-	57	-	-
Singapore Dollar	5,400	23	238	23
Saudi Riyal	6,790	-	-	-
Qatari Rial	5,839	-	-	-
United Arab Emirates Dirham	252	-	-	-
Euro	137	-	-	-
	<u>26,813</u>	<u>10,020</u>	<u>3,278</u>	<u>1,868</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

22. Revenue

(a) Disaggregation of revenue

Disaggregation of the Group's revenue for the financial year is as follows:

	Group	
	2023 RM'000	2022 RM'000
<u>Type of goods or services</u>		
Admission fees to theme parks	48,160	47,986
Sale of food, beverages and merchandise	6,941	5,879
Service income	1,974	2,608
Royalty income	-	8,035
Sponsorship income	3,007	2,186
Revenue from construction of theme park attractions and nature parks	75,402	903
	<u>135,484</u>	<u>67,597</u>

Timing of transfer of goods or services

	Group			
	At the point in time		Over time	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Admission fees to theme parks	48,160	47,985	-	-
Sale of food, beverages and merchandise	6,941	5,879	-	-
Service income	1,974	2,608	-	-
Royalty income	-	-	-	8,035
Sponsorship income	-	-	3,007	2,186
Revenue from construction of theme park attractions and nature parks	-	-	75,402	903
	<u>57,075</u>	<u>56,472</u>	<u>78,409</u>	<u>11,125</u>

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

Revenue (continued)

(b) Contract assets and liabilities

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
<u>Contract assets</u>		
Construction contracts	8,111	-
Others	-	26
	8,111	26
<u>Contract liabilities</u>		
Theme park tickets purchased	838	935
Sponsorship	1,403	991
Construction contracts	718	-
	2,959	1,926
Non-current	623	232
Current	2,336	1,694
	2,959	1,926

Contract assets arise on construction contracts with customers where cumulative payments received from customers at the reporting date do not match the amount of revenue recognised. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities comprise of unsatisfied performance obligations in relation to customers purchased tickets to theme parks from the Group in advance, sponsorship income and income received from long term projects with customers. Contract liabilities are recognised as revenue when performance obligations are satisfied.

Included in contract liabilities is an amount of RM1,618,291 (2022: RM934,230) pertaining to ticket purchased in advance by customers.

An amount of RM1,693,849 (2022: RM2,514,111) which was recognised in contract liabilities at the beginning of the respective financial years has been recognised as revenue for the financial year ended 31 December 2023.

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2023 is RM2,959,491 (2022: RM1,925,645) and is expected to be recognised over the years as follows:

	Group	
	2023	2022
	RM'000	RM'000
Within one year	1,935	1,715
More than 1 year and less than 2 years	1,024	211
	2,959	1,926

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

23. Finance costs

	Group	
	2023	2022
	RM'000	RM'000
Interest expense		
- lease liabilities (Note 19)	1,754	1,364
- term loans	1,109	604
- bank overdraft	2	32
- director	350	414
	<u>3,215</u>	<u>2,414</u>

24. Profit before tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following (credit)/charges:

	Group	
	2023	2022
	RM'000	RM'000
(a) Other income		
Write off of payables	-	1,772
Discount received from lessor	-	646
Gain on disposal of property, plant and equipment	9	171
One off sponsorship income	20	242
Finance income from bank deposits	579	149
Miscellaneous income received	564	435
Reduction in consideration payable to former owner of a subsidiary	600	-
Gain on bargain purchase [Note7(b)]	<u>6,730</u>	<u>-</u>

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

24. Profit before tax (Continued)

	Group	
	2023 RM'000	2022 RM'000
(b) Cost of sales		
Amortisation of intangible assets (Note 6)	122	122
Depreciation of property, plant and equipment [Note 24(e)]	4,212	4,617
Depreciation of right-of-use assets (Note 5)	1,788	1,703
Cost of inventories recognised as expense (Note 10)	5,203	4,219
Royalty expense	1,204	815
Reversal of allowance for slow moving inventories (Note 10)	-	(147)
Utilities expense	911	769
Repair and maintenance expenses	1,924	1,630
Insurance for visitors	427	426
Lease expense on:		
- Short term leases (Note 19)	564	368
- low value assets (Note 19)	146	11
Employee benefit expenses [Note 24(d)]		
- salaries, bonus and other benefits	11,343	5,638
- social security contributions	76	55
- defined contribution plans	476	374
(c) Administrative and other expenses		
Audit fees:		
- Auditors of the Company	330	248
- Member firms of UHY International	218	149
Non-audit fees:		
- Member firms of UHY International	20	23
Accretion of restoration cost (Note 18)	309	276
Depreciation of property, plant and equipment [Note 24(e)]	317	250
Depreciation of right-of-use assets (Note 5)	1,052	-
Legal and professional fees	2,859	733
Lease expenses on:		
- short-term leases (Note 19)	994	100
Loss on foreign exchange		
- realised	194	(5)
- unrealised	863	(256)
Travelling and vehicle expenses	1,994	409
Marketing and promotion expenses	1,557	1,130
Recognition/(Write-back) of expected credit loss on trade and other receivables (Note 9)	341	(35)
Directors' remuneration		
- directors' fee	708	626
- salaries, bonus and other benefits	2,883	2,608
- defined contribution plans	121	120
Employee benefits expense (excluding directors' remuneration)		
- salaries, bonus and other benefits	4,501	1,827
- Provision for employee's end of service benefits	558	-
- social security contributions	21	26
- defined contribution plans	155	167

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

24. Profit before tax (Continued)

	Group	
	2023	2022
	RM'000	RM'000
<i>(d) Employee benefits expenses included the following line items:</i>		
Cost of sales [Note 24(b)]	11,895	6,066
Administrative and other expenses [Note 24(c)]	5,235	2,019
Total employee benefits expenses	17,130	8,085
<i>(e) Depreciation of property, plant and equipment included the following line items:</i>		
Cost of sales [Note 24(b)]	4,212	4,617
Administrative and other expenses [Note 24(c)]	317	250
Total depreciation of property, plant and equipment (Note 4)	4,529	4,867

25. Income tax expense

	Group	
	2023	2022
	RM'000	RM'000
Current income tax		
- current financial year	8,849	4,143
- over provision in prior financial years	(1,936)	(696)
	6,913	3,447
Deferred income tax		
- Origination and reversal of timing differences	517	4,860
- (Over)/under provision in prior financial years	(341)	7
	(858)	4,867
Total income tax expense recognised in profit or loss	6,055	8,314

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

25. Income tax expense (Continued)

Reconciliation of effective income tax rate

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Profit before income tax	35,126	34,245
Tax at the domestic tax rates applicable to profit in the countries where the Group operates	8,060	7,835
Tax effect in respect of:		
Non-allowable expenses	2,264	1,297
Income not subject to tax	(2,079)	(194)
Deferred tax assets not recognised	87	65
Over provision of current income tax in prior financial years	(1,936)	(696)
(Over)/under provision of deferred income tax in prior financial years	(341)	7
Total income tax expense recognised in profit or loss	6,055	8,314

Included in provision of current income tax in prior years is an amount of RM3,862,029 that is payable to the Inland Revenue Board as disclosed in Note 29(iii) to the financial statements.

26. Earnings per share

The calculation of earnings per share ("EPS") is based on the following data:

	Group	
	2023	2022
	RM'000	RM'000
Profit for the financial year attributable to owners of the parent	21,881	22,161
Weighted-average number of ordinary shares in issue during the financial year	165,365	165,365
Earnings per share		
- Basic and diluted (RM sens per share)	13.23	13.40

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

26. Earnings per share (Continued)

The calculations of basic earnings per share are based on profit attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial year.

The diluted EPS would be equivalent to the basic EPS as the Company does not have any dilutive potential ordinary shares.

The number of ordinary shares used for the calculation of basic earnings per share in a common control combination, which is accounted for using merger accounting, was the aggregate of the number of shares of the Company whose shares are outstanding after the combination.

27. Dividend

	Group	
	2023	2022
	RM'000	RM'000
Final tax exempt dividend of RM0.05 cents per share in respect of financial year ended 31 December 2022	8,268	-
Dividend per share (net of tax)	0.05	-

At the Annual General Meeting scheduled to be held on 23 April 2024, a final one tier, tax exempt cash dividend of RM0.03 per ordinary share amounting to a total of RM4,960,950 for the financial year ended 31 December 2023 will be recommended.

These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

28. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the financial year:

	Group	
	2023	2022
	RM'000	RM'000
Royalty income charged to a related company	-	8,035
Interest payable to a director of a subsidiary	350	416
Construction costs charged by a related company	14,580	4,209
Acquisition cost of a subsidiary paid to a director of the Company	2,100	-
	<u>2,100</u>	<u>-</u>

Related company refers to an entity with a common director as the Company and whom the common director has control over the Company and is a member of the key management personnel of the entity.

Compensation of key management personnel

Key management personnel are directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of key management personnel of the Group during the financial year was as follows:

	Group	
	2023	2022
	RM'000	RM'000
Short-term employee benefits	2,883	2,608
Post-employment benefits	121	120
Directors' fee	708	626
	<u>3,712</u>	<u>3,354</u>
Comprise amounts paid to:		
Directors of the Company [Note 24(c)]	<u>3,712</u>	<u>3,354</u>

The outstanding balances with related companies at the reporting date is disclosed in Notes 9 and 21 to the financial statements and are unsecured, interest-free, repayable on demand and are to be settled in cash, unless otherwise stated.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

29. Contingent liabilities

(i) Corporate Guarantees

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Corporate guarantees to financial institutions for subsidiaries' banking facilities	3,009	5,551

Based on information currently available, the Group does not expect any liabilities to arise from the guarantees.

(ii) Legal claims

- (a) On 14 September 2021, a management consultancy company (the "Plaintiff") had commenced a legal suit for a sum of RM187,649 against a subsidiary of the Group, for monies due and owing to the Plaintiff pursuant to invoices issued for accounting services rendered.

The Group's legal counsel is of the view that there are no actual or contingent liabilities that will arise from this legal suit. Accordingly, the Directors are of the view that there are no merits to the claim and hence, no provision of the claim has been made for the financial year ended 31 December 2023.

In the same legal suit commenced by the Plaintiff, the Group had vided the said subsidiary counter claimed against the Plaintiff for a sum of RM286,392 and SGD4,284 for compensation for the loss and damages respectively, arising from the Plaintiff's negligence and failure to discharge its contractual obligations and duties. On 30 September 2022, the plaintiff has filed an application to strike out SLE's counter claim and the said application has been fix for hearing on 17 May 2024. The Directors are of the view that it is not possible to reasonably determine the extent and timing of possible inflow of economic benefit. Accordingly, these claims are not recognised in these financial statements for the financial year ended 31 December 2023.

- (b) On 25 May 2021, a subsidiary of the Group received a letter of demand for a sum of RM102,000 from a third-party vendor (the "Plaintiff") for alleged non-payment of services rendered. Both the subsidiary and the Plaintiff had exchange correspondence from May 2021 to December 2021 stating their positions.

On 7 February 2022, the Plaintiff commenced a legal suit against the subsidiary of the Group for the sum of RM102,000, which comprise mainly outstanding rental for vehicle transportation including costs for reinstatement of the vehicles to their initial condition.

The legal counsel had advised that there are no merits to the claim and hence, the Directors are of the view that no provision for the claim is required for the financial year ended 31 December 2023.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

29. Contingent liabilities (Continued)

(iii) Appeal commenced by a subsidiary of the Group

On 29 July 2020, a subsidiary of the Group received a notice of assessment from Inland Revenue Board for additional tax assessment for the years of assessment for 2013, 2014, 2015, 2016 and 2017.

On 27 August 2020, the subsidiary filed an appeal to the Special Commissioners of Income Tax against this additional assessment imposed by Inland Revenue Board as the subsidiary being a theme park operator had obtained tax incentives for its tourism project “Escape Adventureplay” from the Malaysian Investment Development Authority on 24 May 2014.

In August 2021, while waiting for the outcome of the appeal, the subsidiary received a notice of installment payments schedule from the Inland Revenue Board for the additional tax payment. Accordingly, the additional tax assessment amounting to RM3,862,029 has been fully recognised during the prior financial years under income tax payable and also reflected as an ‘under provision of current income tax in prior financial years’ (Note 25).

As at the date of this report, the Directors are still waiting for the outcome of the appeal.

30. Capital commitment

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Capital commitment in respect of:		
Property, plant and equipment	9,146	3,700
Intangible assets	900	-
	<u>10,046</u>	<u>3,700</u>

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

31. Segment information

The Group has two primary business segments, which includes theme park operations & events and themed attraction construction (2022: theme park operations and royalty income derived from relevant cooperation agreements entered with the Group's customers). Revenue from theme park operations & events is derived from ticketing, food and beverages, merchandising sales and other services rendered from operating theme parks in Malaysia. Revenue from theme attractions construction is derived from the business of design and construction of theme attractions in theme parks as well as theme features mainly for restaurants and hotels to related companies as well as third parties. Revenue from royalty income as disclosed in 2022 was derived through the licensing of the "Sim Leisure" brand name to the Group's customers.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before income tax, as included in the internal management reports that are reviewed by the Chief Operating Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Income taxes are managed on a Group basis.

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Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

31. Segment information (Continued)

Information about reportable segments:

FY2023	Theme Park		Theme Attractions Construction		Royalties RM'000	Others RM'000	Eliminations RM'000	Total RM'000
	RM'000		RM'000					
Revenue								
Sales to external parties	60,082		75,402		-	-	-	135,484
Inter-segment sales	1,310		5,004		-	181	(6,495)	-
Total	61,392		80,407		-	181	(6,495)	135,484
Results								
Segment results	24,278		11,687		-	1,797	-	37,762
Finance income	501				-	78	-	579
Finance cost	(2,277)		(247)		-	(691)	-	(3,215)
Profit before tax	22,502		11,440		-	1,184	-	35,126
Tax expense	(4,468)		(1,837)		-	250	-	(6,055)
Profit for the year	18,034		9,603		-	1,434	-	29,071
Significant non-cash items								
Accretion of restoration cost	309		-		-	-	-	309
Depreciation and amortization	6,340		131		-	1,019	-	7,490
Unrealised foreign exchange loss/(gain)	300		560		-	(161)	-	699
As at 31 December 2023								
Assets								
Segment assets	125,692		59,682		-	40,305	-	225,679
Deferred tax assets	-		-		-	283	-	283
Tax recoverable	1,362		-		-	-	-	1,362
Total assets	127,054		59,682		-	40,588	-	227,324
Liabilities								
Segment liabilities	50,984		37,704		-	14,506	-	103,194
Deferred tax liabilities	7,850		-		-	9	-	7,859
Current tax payable	3,178		1,704		-	1,461	-	6,343
Total liabilities	62,012		39,408		-	15,976	-	117,396

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

31. Segment information (Continued)

	Theme						Total RM'000
	Theme Park RM'000	Attractions Construction RM'000	Royalties RM'000	Others RM'000	Eliminations RM'000		
<u>2022</u>							
Revenue							
Sales to external parties	58,176	-	8,035	1,386	-	-	67,597
Inter-segment sales	3,958	-	-	574	(4,532)	-	-
Total	62,134	-	8,035	1,960	(4,532)	-	67,597
Results							
Segment results	30,809	-	7,792	(2,091)	-	-	36,510
Finance income	133	-	-	16	-	-	149
Finance cost	(2,414)	-	-	-	-	-	(2,414)
Profit before tax	28,528	-	7,792	(2,075)	-	-	34,245
Tax expense	(7,007)	-	(1,302)	(5)	-	-	(8,314)
Profit for the year	21,521	-	6,490	(2,080)	-	-	25,931
Significant non-cash items							
Accretion of restoration cost	276	-	-	-	-	-	276
Depreciation and amortization	6,689	-	-	3	-	-	6,692
Unrealised foreign exchange gain	(256)	-	-	-	-	-	(256)
As at 31 Dec 2022							
Assets							
Segment assets	141,532	-	11,779	4,663	-	-	157,974
Tax recoverable	208	-	-	-	-	-	208
Total assets	141,740	-	11,779	4,663	-	-	158,182
Liabilities							
Segment liabilities	74,185	-	2,579	(22,961)	-	-	53,803
Deferred tax liabilities	7,080	-	1,362	-	-	-	8,442
Current tax payable	3,991	-	716	5	-	-	4,712
Total liabilities	85,256	-	4,657	(22,956)	-	-	66,957

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

31. Segment information (Continued)

Geographical information

The Group's revenue and assets are mainly derived from Malaysia, Singapore and United Arab Emirates.

Revenue and non-current assets information based on geographical locations of customers and assets respectively are as follows:

	Revenue		Non-current assets ¹	
	2023 RM'000	2022 RM'000	2023 '000	2022 RM'000
Malaysia	78,614	59,280	99,750	107,072
Singapore	-	-	30,661	-
United Arab Emirates	32,120	8,035	831	-
Saudi Arabia	24,750	-	1,553	-
Other countries	-	282	-	-
	<u>135,484</u>	<u>67,597</u>	<u>132,795</u>	<u>107,072</u>

¹Non-current assets information presented above consist of property, plant and equipment, right of use assets and intangible assets as presented in the consolidated statement of financial position.

32. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks and liquidity risks arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management establishes detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rate and foreign exchange rate.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risks. The Group does not hold any collateral.

The Group's major classes of financial assets are trade and other receivables, cash and bank balances.

Trade receivables

The exposure to credit risk for trade receivables by types of customers at each reporting date is as follows:

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Online payment portals, credit card issuers and operating partners	1,425	1,554
Sponsorship income receivable	311	437
Royalty income	-	7,754
Contract customer from construction of theme park and nature parks	19,387	320
Design services and corporate clients	306	314
	<u>21,429</u>	<u>10,379</u>

As at 31 December 2023 and 31 December 2022, approximately 90% and 73% of the Group's trade receivables from third parties were due from 5 and 6 customers respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.1 Credit risk (Continued)

The Group uses an allowance matrix to measure the expected credit losses of trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk and days past due. In calculating expected credit loss rates, the Group considers historical loss rates for each aging bracket of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

At the reporting date, the age analysis of trade receivables past due but not impaired is as follows:

	Group			
	2023		2022	
	Gross carrying amount	Less allowance provision	Gross carrying amount	Less allowance provision
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	1,742	-	5,149	-
Past due less than 1 month	333	-	613	-
Past due 1 to 2 months	77	-	98	-
Past due over 2 to 3 months	120	-	77	-
Past due over 3 months	20,826	(1,669)	5,164	720
	<u>23,098</u>	<u>(1,669)</u>	<u>11,101</u>	<u>720</u>

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

Cash and bank balances

The Group held cash and bank balances of RM43,321,618 as at 31 December 2023 (2022: RM36,694,732). The cash and bank balances are held with banks and financial institutions which are currently rated AA3 to A3, based on Moody's ratings.

The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Group did not expect any credit losses from non-performance by the counterparties.

Financial guarantee contracts

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks on subsidiaries' borrowings (Note 16). The Group's maximum exposure in this is the maximum amount the Group could have to pay if the guarantee is called on. For the financial guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future and hence, does not expect any material loss allowance under 12-month expected credit loss model.

Based on expectations of the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under this arrangement.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.2 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. At the reporting date, assets held by the Group for managing liquidity risk included cash and short-term deposits as disclosed in Note 8.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group minimises liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet its working capital requirements.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay.

Contractual maturity analysis

	Effective interest rate	Within one financial year RM'000	After one financial year but within five financial years RM'000	After five years RM'000	Total RM'000
Group					
2023					
Trade and other payables		26,813	-	-	26,813
Amount due to directors		6,445	2,845	-	9,290
Bank borrowings	4.5% to 7.85%	3,494	12,923	-	16,417
Lease liabilities	3.44% to 6.26%	3,627	36,027	35,887	74,278
		<u>40,379</u>	<u>51,795</u>	<u>35,887</u>	<u>126,798</u>
2022					
Trade and other payables	-	10,020	-	-	10,020
Amount due to a director	8%	898	3,887	-	4,785
Bank borrowings	4.5% to 7.83%	3,458	6,462	169	10,089
Lease liabilities	3.44% to 6.26%	2,776	9,571	43,493	55,840
		<u>17,152</u>	<u>19,920</u>	<u>43,662</u>	<u>80,734</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.2 Liquidity risk (Continued)

Company	Effective interest rate %	Within one financial year RM'000	After one financial year but within five financial years RM'000	After five years RM'000	Total RM'000
2023					
Trade and other payables	-	3,278	-	-	3,278
2022					
Trade and other payables	-	1,868	-	-	1,868

32.3 Market risk

Market risk arises from the Group's use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (foreign currency risk), interest rates (interest rate risk) or other market factors (another price risk).

Interest rate risk

The Group's results are affected by changes in interest rates due to the impact on interest expenses from borrowings which are at floating interest rates based on the banks' cost of funds. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

Sensitivity analysis

If the bank interest rates increase or decreases by 0.5%, the Group's profit and equity will decrease or increase by approximately RM124,834 at 31 December 2023 (Group's loss and equity will decrease or increase by approximately RM43,900 as at 31 December 2022), arising mainly as a result of higher or lower interest on floating rates for bank borrowings. The interest expense from bank borrowings is recognised as an expense under "Finance costs" line item in the consolidated statement of comprehensive income.

32.4 Foreign currency risk

Currency risk arises when transaction or balances are denominated in foreign currencies.

The Group's exposure to foreign currency risk relates primarily to trade and other receivables, cash and bank balances, borrowings and trade and other payables that are denominated in a currency other than the respective functional currencies of the Group entities and the Company. The currencies giving rise to their risk are primarily the Singapore dollar ("SGD"), United States dollar ("USD") and China Renminbi ("CNY").

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.4 Foreign currency risk (Continued)

The Group and Company's exposures to foreign currencies are as follows:

	SGD RM'000	USD RM'000	Euro RM'000	AED RM'000	OMR RM'000	SAR RM'000	QAR RM'000	Total RM'000
Group								
2023								
Cash and bank balances	7,119	4,181	-	6,622	-	7,427	-	25,349
Trade and other receivables	4,434	-	-	2,192	1,109	16,774	11,112	35,621
Trade and other payables	(1,065)	-	(2,178)	(12,062)	-	(7,405)	(185)	(22,895)
Borrowings	(9,043)	-	-	-	-	-	-	(9,043)
	<u>1,445</u>	<u>4,181</u>	<u>(2,178)</u>	<u>(3,248)</u>	<u>1,109</u>	<u>16,795</u>	<u>10,927</u>	<u>29,032</u>

2022

Cash and bank balances	4,123	10	-	-	-	-	-	4,133
Trade and other receivables	8,717	98	-	-	-	-	-	8,815
Trade and other payables	(23)	(57)	-	-	-	-	-	(80)
Borrowings	(2,831)	-	-	-	-	-	-	(2,831)
	<u>9,986</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,037</u>

	SGD RM'000	USD RM'000	Total RM'000
Company			
2023			
Cash and bank balances	3,652	4,181	7,833
Trade and other receivables	1,482	-	1,482
Trade and other payables	237	-	237
	<u>5,371</u>	<u>4,181</u>	<u>9,552</u>
2022			
Cash and bank balances	3,483	10	3,493
Trade and other receivables	49	-	49
Trade and other payables	(23)	-	(23)
	<u>3,509</u>	<u>10</u>	<u>3,519</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.4 Foreign currency risk (Continued)

Sensitivity analysis

A 5% strengthening of the relevant functional currency against the foreign currencies of the respective Group's entities at the reporting date would decrease/(increase) profit before income tax as shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Singapore dollar	73	499	269	175
United States dollar	210	3	210	1
Euro	(109)	-	-	-
UAE Dirham	(162)	-	-	-
Omani Rial	55	-	-	-
Saudi Riyal	840	-	-	-
Qatari Riyal	546	-	-	-
	<u>1,453</u>	<u>502</u>	<u>479</u>	<u>176</u>

A 5% (2022: 5%) weakening of the relevant functional currency against the foreign currencies of the respective Group's entities would have equal but opposite impact to the amounts shown above, on the basis that all other variables remain constant.

32.5 Fair value of assets and liabilities

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Borrowings, lease liabilities and amounts due to a director

The carrying amounts of borrowings, lease liabilities and loan amount due to a director approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.6 Financial instrument by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	Group		Company	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Financial assets at amortised costs				
- Trade and other receivables excluding advances paid to suppliers	36,275	13,112	13,623	18,449
- Cash and bank balances	43,322	36,694	7,833	5,147
	<u>79,597</u>	<u>49,806</u>	<u>21,456</u>	<u>23,596</u>
Financial liabilities measured at amortised cost				
- Trade and other payables	26,813	10,020	3,278	1,868
- Bank borrowings	14,234	8,780	-	-
- Lease liabilities	45,993	23,578	-	-
- Amount due to a director	9,290	4,785	-	-
	<u>96,330</u>	<u>47,163</u>	<u>3,278</u>	<u>1,868</u>

32.7 Capital management policies and objectives

The Group manages capital to ensure that the Group is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group will balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary.

The Group's overall strategy remains unchanged during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, trade and other payables, bank borrowings and lease liabilities less cash and cash and bank balances. Total equity comprises of share capital plus reserves.

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

32. Financial instruments, financial risks and capital management (Continued)

32.7 Capital management policies and objectives (Continued)

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Trade and other payables	39,062	16,731
Bank borrowings (Note 16)	14,234	8,780
Lease liabilities (Note 19)	45,993	23,578
Less: Cash and bank balances (Note 8)	(43,322)	(36,694)
Net debt	<u>55,967</u>	<u>12,395</u>
Total equity	<u>109,928</u>	<u>91,225</u>
Total capital	<u><u>165,895</u></u>	<u><u>103,620</u></u>
Gearing ratio (%)	<u>33.7%</u>	<u>12.0%</u>

33. Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) Presentation of Financial Statements: Non- current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 7 Statement of Cash Flows and SFRS(I) 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 21 The Effects of Changes in Foreign Exchange Rates : Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

Statistics of Shareholdings

As at 15 March 2024

Authorised share capital	: S\$
Number of shares issued	: 165,365,200
Number of treasury shares and subsidiary holdings held	: Nil
Class of shares	: Ordinary shares
Voting shares	: One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	0	0.00	0	0.00
100 – 1,000	10	14.92	6,400	0.00
1,001 – 10,000	19	28.36	108,800	0.07
10,001 – 1,000,000	30	44.78	4,786,995	2.89
1,000,001 and above	8	11.94	160,463,005	97.04
Total	67	100.00	165,365,200	100.00

Substantial Shareholders

(as shown in the Company's Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Dato' Sim Choo Kheng	91,434,730	55.29	-	-
Desamal Capital Sdn Bhd	43,016,700	26.01	-	-
Tan Boon Seng ⁽¹⁾	2,000,000	1.21	43,016,700	26.01

- ⁽¹⁾ The entire issued and paid-up share of Desamal Capital Sdn Bhd ("DCSB") is held by RHB Trustees Berhad as bare trustee for the SWY Trust, 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 the protector of the SWY Trust and has the power to, inter alia, remove and appoint a new trustee. 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 DCSB. By virtue of Section 4 of the Securities and Futures Act, Mr Tan Boon Seng is deemed to have an interest in all the shares in the Company held by DCSB.

Shareholdings Held in the Hands of the Public

Based on the information available to the Company as at 15 March 2024 and to the best knowledge of the Directors of the Company, approximately 12.05% of the issued ordinary shares of the Company was held by the public as defined in the Singapore Exchange Securities Trading Limited Misting Manual Section B : Rules of Catalist ("Catalist Rules"). Accordingly, the Company has complied with Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

Statistics of Shareholdings

As at 15 March 2024

Top Twenty Shareholders as at 15 March 2024

No.	Name	No. of Shares	% of Shares
1.	Sim Choo Kheng		55.29
2.	DB Nominees (Singapore) Pte Ltd		28.48
3.	OCBC Securities Private Ltd	8,291,700	5.01
4.	UOB Kay Hian Pte Ltd	5,798,100	3.51
5.	DBS Nominees Pte Ltd	3,506,000	2.12
6.	Yeoh Seng Hooi	1,862,975	1.13
7.	Phillip Securities Pte Ltd	1,363,200	0.83
8.	ABN AMRO Clearing Bank N.V.	1,112,600	0.67
9.	Ng Lyp-Hau	863,000	0.52
10.	Sim Goay Heoh	833,900	0.50
11.	CGS-CIMB Securities (Singapore) Pte Ltd	688,500	0.42
12.	Silviya Georgieva Georgieva	665,395	0.40
13.	Sim Goay Hoon	486,700	0.29
14.	Maybank Securities Pte. Ltd.	252,000	0.15
15.	Tan Wey Ling	191,400	0.11
16.	Lim Bee Pheng	115,000	0.07
17.	Yeoh Bee Yee	80,000	0.05
18.	Yeoh Chiew Lim	80,000	0.05
19.	Ang Peng Hwa	79,000	0.05
20.	Moomoo Financial Singapore Pte Ltd	78,600	0.05
	Total	164,813,400	99.67

SIM LEISURE GROUP LTD.
(Company Registration No: 201808096D)
(Incorporated in the Republic of Singapore)
(the “**Company**”, and together with its subsidiaries, the “**Group**”)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**” or the “**Meeting**”) of the Company will be convened and held at KidZania Palawan Kidz City, 31 Beach View Road, #01-01/02, Singapore 098008 on Tuesday, 23 April 2024 at 2.00 p.m. for the purposes of transacting the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2023 (“**FY2023**”), together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To declare and approve the payment of a first and final tax exempt (one-tier) dividend of RM0.03 per ordinary share in respect of FY2023. **(Resolution 2)**
3. To note the retirement of Mr. Darrell Edward Metzger pursuant to Regulation 108 of the Constitution of the Company (the “**Constitution**”) who has decided not to offer himself for re-election at the AGM.
[See Explanatory Note (i)]
4. To re-elect the following Directors of the Company (the “**Directors**”), who are retiring by rotation pursuant to Regulation 102 of the Constitution and who, being eligible, offer themselves for re-election, as Directors:-
 - (a) Datin Silviya Georgieva Georgieva **(Resolution 3)**
[See Explanatory Note (ii)]
 - (b) Mr. Stephen Brian Peet **(Resolution 4)**
[See Explanatory Note (iii)]
5. To re-elect Mr. Mohamed Nasser Bin Ismail, who is retiring pursuant to Regulation 108 of the Constitution and who, being eligible, offers himself for re-election as Director.
[See Explanatory Note (iv)] **(Resolution 5)**
6. To approve the payment of Directors’ fees of up to S\$204,000 for the financial year ending 31 December 2024 (“**FY2024**”), to be paid quarterly in arrears (FY2023: S\$210,000). **(Resolution 6)**
7. To re-appoint Messrs UHY Lee Seng Chen & Co as the Independent Auditors of the Company to hold office until the next AGM and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
8. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-

9. **Authority to allot and issue shares in the capital of the Company** **(Resolution 8)**

“That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”), the Constitution and Rule 806 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Directors to:-

- (a) (i) allot and issue shares in the capital of the Company (the “**Shares**”) whether by way of rights, bonus or otherwise; and / or
- (ii) make or grant offers, agreements or options (collectively, the “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:-

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (the “**Shareholders**”) (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:-
 - (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time this Resolution is passed;
 - (ii) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that such share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

- (iii) any subsequent bonus issue, consolidation or subdivision of shares;

provided that the adjustments in accordance with sub-paragraph (2)(i) or sub-paragraph (2)(ii) above are only to be made in respect of new Shares arising from the Instruments, convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions the Catalist Rules (including supplemental measures hereto) for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being in force; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.”

[See Explanatory Note (v)]

10. Authority to offer and grant awards, and to allot and issue Shares under the Sim Leisure Performance Share Plan (“Sim Leisure PSP”) (Resolution 9)

“That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards in accordance with the provisions of the Sim Leisure PSP, and to allot and issue from time to time such number of fully paid-up new Shares as may be required to be allotted and issued pursuant to the vesting of awards granted under the Sim Leisure PSP (including but not limited to the allotment and issuance of Shares at any time, whether during the continuance of this authority or thereafter, pursuant to awards made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided that the total number of new Shares to be allotted and issued pursuant to the Sim Leisure PSP when aggregated with the total number of Shares over which options and awards are granted under any other share option schemes, share award schemes or share incentive schemes of the Company and the Group then in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory Note (vi)]

11. Authority to offer and grant options, and to allot and issue Shares under the Sim Leisure Employee Share Option Scheme (“Sim Leisure ESOS”) (Resolution 10)

“That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant options in accordance with the provisions of the Sim Leisure ESOS, and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the options under the Sim Leisure ESOS (including but not limited to the allotment and issuance of Shares at any time, whether during the continuance of this authority or thereafter,

pursuant to options made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided that the total number of Shares to be allotted and issued pursuant to the Sim Leisure ESOS (including options granted under any other share option scheme of the Group and all outstanding options or awards granted under the Sim Leisure PSP and such other share-based incentive schemes of the Company and the Group) shall not at any time exceed fifteen per centum (15%) of the total number of issued Shares (including treasury shares and subsidiary holdings, if any) from time to time. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory Note (vii)]

By Order of the Board of Directors
of **Sim Leisure Group Ltd.**

Chua Kern
Company Secretary

Singapore,
8 April 2024

Explanatory Notes:

- (i) Following the retirement of Mr. Darrell Edward Metzger, the Board and the relevant Board Committees remain in compliance with the Catalist Rules and the Code of Corporate Governance 2018.
- (ii) Datin Silviya Georgieva Georgieva (“**Datin Silviya**”) will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Detailed information on Datin Silviya can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” in the Company’s Annual Report 2023.
- (iii) Mr. Stephen Brian Peet (“**Mr. Peet**”) will, upon re-election as a Director of the Company, remain as an Independent Director, and a member of the Audit Committee, Nominating Committee and Remuneration Committee. There are no relationships (including family relationship) between Mr. Peet and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board of Directors (the “**Board**”) considers Mr. Peet to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr. Peet can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” in the Company’s Annual Report 2023.
- (iv) Mr. Mohamed Nasser bin Ismail (“**Mr. Nasser**”) will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. There are no relationships (including family relationship) between Mr. Nasser and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr. Nasser to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr. Nasser can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” in the Company’s Annual Report 2023.
- (v) **Ordinary Resolution 8** proposed in item 9 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) may be issued other than on a *pro-rata* basis to existing Shareholders.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (vi) **Ordinary Resolution 9** proposed in item 10 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares in the Company pursuant to the vesting of awards under the Sim Leisure PSP with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of our Company and the Group, collectively of up to a number not exceeding, in total, fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.
- (vii) **Ordinary Resolution 10** proposed in item 11 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant options and

to allot and issue Shares pursuant to the exercise of options granted under the Sim Leisure ESOS. The maximum number of new Shares to be issued under the Sim Leisure ESOS (including options granted under the Sim Leisure ESOS and all outstanding options or awards granted under such other share-based incentive schemes of the Company and the Group) shall not exceed fifteen per cent. (15%) of the issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

Notes:

The AGM will be held in a wholly physical format at KidZania Palawan Kidz City, 31 Beach View Road, #01-01/02, Singapore 098008 on Tuesday, 23 April 2024 at 2.00 p.m. for considering and, if thought fit, passing the resolutions set out in the Notice of AGM. There will be no option for members to participate virtually.

Printed copies of the Notice of AGM and the accompanying Proxy Form will be sent by post to members and published on the Company's corporate website at the URL: <https://www.simleisuregroup.com> and the SGXNet at the URL: <https://www.sgx.com/securities/company-announcements>.

The Annual Report 2023 has been published on the SGXNet and may be accessed at the Company's website at www.simleisuregroup.com. Printed copies of the Annual Report 2023 will not be sent to members unless requested for by a member submitting a request by email to the Company's Share Registrar at main@zicoholdings.com by 15 April 2024. The following information must be provided:-

- (i) the member's full name;
- (ii) the member's address; and
- (iii) the manner in which the shares are held.

A printed copy of the Annual Report 2023 will then be sent to the address specified by the member.

Members should take note of the following arrangements for the AGM:-

(a) Physical Participation in the AGM

Members of the Company (including Supplementary Retirement Scheme investors ("SRS Investors")), may participate in the AGM by:-

- (i) attending the AGM in person;
- (ii) submitting questions in relation to any agenda item in this Notice of AGM in advance of, or at the AGM; and / or
- (iii) voting at the AGM by (1) themselves personally; or (2) through duly appointed proxy(ies).

SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective SRS Operators to submit their votes by **2.00 p.m. on Thursday, 11 April 2024**, being at least seven (7) working days before the AGM. Please refer to Proxy Voting under item (c) below for details.

Members, including SRS Investors, or, where applicable, their appointed proxy(ies) who are attending the AGM in person should bring along their NRIC / passport to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint / appoint a proxy(ies) to attend the Meeting.

(b) Submission of Questions

Members may raise questions at the AGM or submit questions in advance of the AGM via the following means by **2.00 p.m. on Monday, 15 April 2024**, in the following manner:-

- (i) by email, to investorrelations@simleisuregroup.com; or
- (ii) by post, to be deposited with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, attention to Sim Leisure AGM.

For verification purpose, when submitting any questions by post or via email, members MUST provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held), failing which the Company shall be entitled to regard the submission as invalid.

Members are strongly encouraged to submit their questions by email in advance of the AGM. The Company will respond to substantial and relevant queries from shareholders that are submitted in advance and publish its responses on SGXNet and the Company's website prior to the abovementioned deadline by **2.00 p.m. on Thursday, 18 April 2024**, which is at least 48 hours before the proxy form deadline.

For questions received after 15 April 2024, the Company will endeavour to address all substantial and relevant questions submitted by members prior to or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. For questions addressed during the AGM, the Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of the AGM.

(c) Proxy Voting

Members will be able to vote at the AGM in person, or by appointing proxy(ies) to vote on their behalf. A member can appoint the Chairman of the AGM as his / her / its proxy but this is not mandatory. A proxy need not be a member of the Company.

Duly completed Proxy Forms must be submitted in the following manner:-

- (i) by email, to main@zicoholdings.com; or
- (ii) by post, to be deposited with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, attention to Sim Leisure AGM,

in either case, by **2.00 p.m. on Saturday, 20 April 2024** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument appointing proxy(ies) can either use the printed copy of the Proxy Form which is sent to him / her / it by post or download a copy of the Proxy Form from the SGXNet and the Company's corporate website at the URL: <https://www.simleisuregroup.com>, and subsequently, to complete and sign the Proxy Form before submitting it by (i) post to the address provided above, or (ii) scanning and sending it to the email address provided above.

If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Where a member appoints proxy(ies), he / she / it may give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his / her / its discretion, as he / she / it may on any other matter arising at the AGM.

Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him / her / it from attending, speaking and voting at the AGM if he / she / it so wishes. The

appointment of a proxy(ies) for the AGM shall be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies), to the AGM.

Please refer to the detailed instructions set out in the Proxy Form.

Persons who hold Shares through relevant intermediaries, other than SRS Investors, and who wish to participate in the AGM should contact the relevant intermediary through which they hold such Shares as soon as possible. Persons who hold Shares through relevant intermediaries, other than SRS Investors, may (i) vote at the AGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to / arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

In addition, SRS Investors may (a) vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to / arrange for their votes to be submitted with their respective SRS Operators, and should approach their respective SRS Operators by **2.00 p.m. on Thursday, 11 April 2024**, being at least seven (7) working days before the date of the AGM, to ensure their votes are submitted.

A member who is not a relevant intermediary (as defined below) and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his / her / its stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he / she / it specifies the proportion of his / her / its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

A member who is a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, 1967:

- (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity;
- (c) or the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act 1953 providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

Personal Data Privacy

“Personal data” in this notice of AGM has the same meaning as “personal data” in the Personal Data Protection Act 2012 of Singapore, which includes his / her name, address and NRIC / Passport number.

By attending the AGM and / or any adjournment thereof or submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the AGM and / or any adjournment thereof, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and / or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and / or representative(s) for the Purposes;
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty; and
- (iv) agrees and consents to such photographic, sound and / or video recordings of the AGM as may be made by the Company (or its respective agents or service providers) for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of the member (such as his / her / its name, his / her / its presence at the AGM and any questions he / she / it may raise or motions he / she / it may propose and / or second) may be recorded by the Company (or its respective agents or service providers) for such purpose.

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SIM LEISURE GROUP LTD.

Company Registration No. 201808096D
(Incorporated in the Republic of Singapore)

PROXY FORM - ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this form)

<p>IMPORTANT</p> <p>1. The Annual General Meeting (“AGM” or the “Meeting”) will be held in a wholly physical format at KidZania Palawan Kidz City, 31 Beach View Road, #01-01/02, Singapore 098008 on Tuesday, 23 April 2024 at 2.00 p.m. There will be no option to participate virtually. The Notice of AGM dated 8 April 2024 and printed copies of this Proxy Form will be sent by post to members.</p> <p>2. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the AGM.</p> <p>3. For SRS Investors who have used their SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors should contact their respective SRS Operators if they have any queries regarding their appointment as proxies or appointment of the Chairman of the Meeting as proxy. SRS Investors who wish to appoint the Chairman of the Meeting as their proxy should approach their SRS Operators to submit their votes no later than 2.00 p.m. on Thursday, 11 April 2024 (being not less than seven (7) working days before the AGM).</p> <p>4. Please read the notes to this Proxy Form.</p> <p>PERSONAL DATA PRIVACY</p> <p>By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2024.</p>
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I / We* _____ (Name) _____ (NRIC/Passport Number/Company Registration No.*) of _____ (Address) being a Member / Members* of SIM LEISURE GROUP LTD. (the “Company”, and together with its subsidiaries, the “Group”), hereby appoint:-

Name	NRIC/Passport No.	Email Address	Proportion of Shareholdings	
			No. of Shares	%
Address				

*and / or

Name	NRIC/Passport No.	Email Address	Proportion of Shareholdings	
			No. of Shares	%
Address				

or failing him / her / them*, the Chairman of the AGM as my / our* proxy / proxies* to attend and vote on my / our* behalf, at the AGM of the Company, to be held at KidZania Palawan Kidz City, 31 Beach View Road, #01-01/02, Singapore 098008 on Tuesday, 23 April 2024 at 2.00 p.m. and at any adjournment thereof.

I / We* direct my / our* proxy / proxies* to vote for or against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy / proxies* will vote or abstain from voting at his / her / their* discretion. Where the Chairman of the AGM is appointed as proxy and the absence of specific directions as to voting, the appointment of Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

The Resolutions proposed at the AGM as indicated hereunder will be put to vote at the AGM by way of poll.

If you wish to exercise all your votes “For” or “Against”, or “Abstain” the relevant resolutions, please mark an “X” in the appropriate box provided. Alternatively, please indicate the number of votes “For” or “Against”, or “Abstain” for each Resolution in the boxes provided as appropriate. If you mark an “X” in the abstain box for a particular Resolution, you are directing your proxy, not to vote on that Resolution.

No.	Resolutions relating to:	By way of poll		
		For	Against	Abstain
AS ORDINARY BUSINESS				
1.	Adoption of the Directors’ Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2023 (“FY2023”), together with the Independent Auditor’s Report thereon			
2.	Declaration and approval of the payment of a first and final tax exempt (one-tier) dividend of RM0.03 per ordinary share in respect of FY2023			
3.	Re-election of Datin Silviya Georgieva Georgieva as a Director of the Company (“Director”) retiring under Regulation 102 of the Constitution of the Company			
4.	Re-election of Mr. Stephen Brian Peet as a Director retiring under Regulation 102 of the Constitution of the Company			
5.	Re-election of Mr. Mohamed Nasser bin Ismail as a Director retiring under Regulation 108 of the Constitution of the Company			
6.	Approval of the payment of Directors’ fees of up to S\$204,000 for the financial year ended 31 December 2024 (“FY2024”), to be paid quarterly in arrears (FY2023: S\$210,000)			
7.	Re-appointment of Messrs UHY Lee Seng Chen & Co as the Independent Auditors of the Company to hold office until the next AGM and to authorise the Directors to fix their remuneration			
AS SPECIAL BUSINESS				
8.	Authority for Directors to allot and issue shares in the capital of the Company			
9.	Authority to offer and grant awards, and to allot and issue shares under the Sim Leisure Performance Share Plan (“Sim Leisure PSP”)			
10.	Authority to offer and grant options, and to allot and issue shares under the Sim Leisure Employee Share Option Scheme (“Sim Leisure ESOS”)			

Dated this _____ day of _____ 2024

.....
Signature(s) of Member(s) / Common Seal of Corporate Member

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

* delete if not applicable

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. Please insert the total number of ordinary shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. The Proxy Form appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy to vote on the member's behalf at the AGM, duly executed, must be submitted through any of the following means to the Company in the following manner:-
 - (a) by email, to main@zicoholdings.com; or
 - (b) by post, to be deposited with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to Sim Leisure AGM.in either case, by **2.00 p.m. on Saturday, 20 April 2024** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument appointing proxy(ies) can either use the printed copy of the Proxy Form which is sent to him / her / it by post or download a copy of the Proxy Form from the Singapore Exchange Network ("**SGXNet**") or the Company's corporate website, and subsequently complete and sign the Proxy Form before submitting it by post to the address provided above, or scanning and sending it to the email address provided above.
3. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him / her from attending, speaking and voting at the AGM if he / she so wishes. The appointment of a proxy(ies) for the AGM shall be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies), to the AGM.
4. This proxy form must be under the hand of the appointor or of his / her / its attorney duly authorised in writing.
 - (a) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.
 - (b) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
5. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his / her stead. A proxy need not be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he / she specifies the proportion of his / her shareholding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.
6. A member who is a relevant intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed. "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
7. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it was an individual.
8. SRS Investors may attend and vote at the AGM if they are appointed as proxies by their SRS Operators and should contact their SRS Operators if they have any queries regarding their appointment as proxies. For SRS Investors who wish to appoint the Chairman of the Meeting as their proxy, they should approach their SRS Operators to submit their votes no later than **2.00 p.m. on Thursday, 11 April 2024** (being not less than seven (7) working days before the AGM).

General

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his / her / its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 8 April 2024.

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