

SIM LEISURE GROUP LTD
(Company Registration Number: 201808096D)
(Incorporated in the Republic of Singapore)

**ENTRY INTO A SHARE SALE AND PURCHASE AGREEMENT IN RELATION TO THE
PROPOSED ACQUISITION OF THE ENTIRE SHARE CAPITAL IN SIM LEISURE GULF
CONTRACTING L.L.C**

1.0 INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Sim Leisure Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that a 60%-owned subsidiary, Sim Leisure Creative Pte. Ltd. (“**SL Creative**” or the “**Purchaser**”) has on 30 November 2022 entered into a conditional share sale and purchase agreement (“**Agreement**”) with Dato’ Sim Choo Kheng (“**Dato’ Sim**” or the “**Vendor**”) to acquire 300 shares of AED1,000 each in Sim Leisure Gulf Contracting L.L.C. (“**Target Co**”) representing the entire issued and paid-up share capital of the Target Co (“**Sale Shares**”) for a cash consideration of RM2,100,000 (approximately AED1,710,660 converted at the exchange rate of AED0.8146:RM1.00 on 29 November 2022), upon the terms and subject to the conditions in the Agreement (“**Proposed Acquisition**”).

For the purpose of this announcement, where applicable and unless specified, we have used the foreign exchange rate of AED0.88154:RM1.00 and AED0.83324:RM1.00 on 31 December 2021 and 30 June 2022 respectively. The above foreign exchange rate and those specified AED:RM exchange rates in this announcement are extracted from published information by the Central Bank of U.A.E at its website centralbank.ae and are provided solely for information only.

2.0 INFORMATION ON THE TARGET CO AND VENDOR

2.1 Information on the Target Co

The Target Co is a limited liability company incorporated on 15 May 2013 in Dubai United Arab Emirates (“**U.A.E.**”). Its principal activity is in the business of design and construction of theme attractions in theme parks as well as theme features mainly for restaurants and hotels (“**Business**”). Some of the projects which the Target Co was involved in include the Laguna Waterpark, Green Planet, Ski Dubai and the Jumeriah Beach Hotel, all of which are located in Dubai. As at the date of this announcement, the Target Co has an issued and paid-up share capital of AED300,000 comprising 300 shares of AED1,000 each and all the shares are entirely held by Dato’ Sim.

Dato’ Sim is the sole director of the Target Co. He is not involved in the day-to-day operations of the Target Co though the creative ideas of the theme parks/features often come from Dato’ Sim and he also contributes to some of the design work handled by the Target Co. Dato’ Sim has delegated the running of the Target Co by way of a power of attorney to Mr Wesley James Rae and Ms Josie Booth. Mr Wesley James Rae is currently the director of operations of the Target Co and is responsible for managing the material aspects of the design, building and theming of leisure attractions undertaken by the Target Co. He is assisted by Ms Josie Booth, who is the general manager of operations of the Target Co. Both Mr Wesley James Rae and Ms Josie Booth are deemed to be the principal officers of the Target Co (“**Target Co Executives**”).

The Target Co Executives together with Dato' Sim are instrumental in building Sim Leisure's profile and have made valuable contributions to the success of the Target Co and "SIM LEISURE" brand name in the business of design and construction of theme attractions particularly in the Middle East market. In recognition of their contributions, experience, and strength in the theme park business and in line with the Group's intention to capitalise on its "SIM LEISURE" brand recognition in the leisure industry, the Company had on 25 March 2020 incorporated SL Creative jointly with the Target Executives on a 60%:40% equity shareholding basis to carry out the business of leasing or licensing of the Group's non-financial intangible assets (such as patents, trademarks, brand names, etc) and the provision of management consultancy services as announced on SGXNet on 25 March 2020. The Target Executives are the minority shareholders of SL Creative.

Mr Wesley James Rae is a shareholder with 30% equity interest in the Purchaser while Ms Josie Booth is the other minority shareholder of the Purchaser with 10% equity interest.

Further on 9 December 2020 as announced on SGXNet of the even date, SL Creative has entered into the Cooperation Agreement with the Target Co in respect of, *inter alia*, the right to use the "SIM LEISURE" name in its business of design, sales and construction of decorative structures and architectural theme parks in the U.A.E. and countries of the Gulf Cooperation Council.

The Target Co's historical financial performance for the last three (3) financial years ended 31 December 2019 to 2021 and 6-month financial period ended 30 June 2022 ("1HFY22") and the net assets of the Target Co as at 31 December 2019, 2020 and 2021 and as at 30 June 2022 were as follows:

Financial year/period	<-----Audited-----> <---12-month ended 31 December--->			Unaudited 6-month ended 30 June
	2019	2020	2021	2022
	AED	AED	AED	AED
Revenue	19,415,084	22,254,521	52,561,346	26,820,897
Profit for the year/period (Note 1)	1,045,422	1,435,721	832,534	1,682,751
Net assets as at (Note 2)	7,439,158	8,874,879	9,707,413	5,390,166
	RM	RM	RM	RM
Revenue	21,624,936	24,375,427	59,590,428	32,188,682
Profit for the year/period (Note 1)	1,164,413	1,572,548	944,409	2,019,527
Net assets as at (Note 2)	8,285,893	9,720,675	11,011,880	6,468,924
Exchange rate used AED:RM1.00	0.89781	0.91299	0.88154	0.83324

Note 1>

Includes cooperation fee incurred by the Target Co and payable to the Group pursuant to the Cooperation Agreement dated 9 December 2020 entered into between the Target Co and the Purchaser as detailed in the various announcements on SGXNet dated 5 November 2020, 20 November 2020 and 9 December 2020, as follows:

Financial year/period	12-month ended 31 December			6-month ended 30 June
	2019	2020	2021	2022
Cooperation fee / Licensing fee (AED)	-	390,000	4,593,000	3,816,673
Cooperation fee / Licensing fee (RM) (Note 3)	-	427,168	5,210,200	4,580,521

Note 2>

The Target Co has declared a dividend payment during the 1HFY2022 for a sum of AED6,000,000 (approximately RM6,806,000).

The Target Co's on-going contracts as of 30 June 2022 have a combined contract value of more than AED87 million with balance value of work-to-complete of approximately 30% of the combined contract value as at end of 1HFY22 whilst on-going tenders have a combined value of more than AED200 million.

Pursuant to the draft Agreement, the Vendor covenants that the net assets of the Target Co shall not be less than AED3,500,000 (approximately RM4,296,587 converted at the exchange rate of AED0.8146:RM1.00 on 29 November 2022 being the latest practicable date ("**LPD**") prior to the date of this announcement) on the date of completion of the Proposed Acquisition ("**Completion**") and agree to indemnify and keep fully and effectively indemnified and hold harmless the Purchaser against all or any shortfall in the value of the said net assets of the Target Co.

2.2 Information on the Vendor

Dato' Sim has more than 30 years of experience in the theme park industry, having built and managed or involved in more than 100 theme parks across the globe including Middle East, Europe and Asia. Some of Dato' Sim's notable park projects includes:

- The Lost Paradise of Dilmun in Bahrain
- Bollywood Theme Park in Dubai
- Yas Waterworld in Abu Dhabi
- Ski Egypt in Cairo
- Ski Dubai in Dubai
- Motiongate Theme Park in Dubai
- Aquapolis in Bulgaria
- Ulynovsk Park in Russia
- Egypt and Jurassic Park zones of Universal Studios Singapore in Singapore

Dato' Sim is the Executive Chairman of the Company and his spouse, Datin Silviya Georgieva Georgieva is an Executive Director of the Company. Each of Dato' Sim and Datin Silviya Georgieva Georgieva holds direct interest in a combined 92,100,125 ordinary shares, representing approximately 55.69% of the total issued and paid-up share capital of the Company as at the LPD. Accordingly, each of them is a controlling shareholder of the Company and is deemed an "interested person" for the purpose of

Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**").

Dato' Sim had granted the Company a five (5)-year call option, commencing immediately after the listing of the Company on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 1 March 2019, to acquire all his shareholding interests in the Target Co (whether held directly or through nominee arrangement), subject to existing rights of pre-emption and prevailing U.A.E. laws and regulations.

3.0 RATIONALE FOR THE PROPOSED ACQUISITION

3.1 Rationale

The Proposed Acquisition coincides with the organic growth plan of the Group to capitalise on its "SIM LEISURE" brand and established track record of designing and building theme parks globally. This growth initiative that started with the formation of the SL Creative with the Target Co Executives in 2020 for leasing and licensing of non-financial intangible assets through cooperation agreements and provision of consultancy services, has further progressed to monetise the Group's in-house project design and management unit through various design, build and operate cooperation for ESCAPE brand theme attractions and nature-inspired parks at Cameron Highland, Pahang and in Perak Malaysia as announced on SGXNet in 2021 and 2022.

The Business of the Target Co is directly complementary to the existing business of the Group and the Proposed Acquisition is in line with and enables the Group to progress closer towards achieving the Group's long-term strategy to become a fully integrated theme park contractor, owner and operator capable of providing greater spectrum of services globally in the leisure industry. It would enable the Group to replicate its successful and proven business model for ESCAPE theme parks in other countries in Asia in a cost-effective and scalable manner.

Apart from the above mentioned, the Target Co has established its business of design and construction of theme attractions and theme features in the Middle East market for almost ten (10) years and has successfully delivered various established attractions including Laguna Waterpark, Green Planet, Ski Dubai and the Jumeriah Beach Hotel, all of which are located in Dubai. Its project delivery track record has enabled the Target Co to continue to compete with some international theme park design houses and demonstrate its resilience amidst the Covid-19 pandemic that has brought the international travel to an abrupt halt and significantly impacted the entire tourism industry in 2020/21.

As illustrated in Section 2.1 above, the Target Co has posted an uninterrupted profit track record for the financial years ended 31 December 2019 ("**FY2019**") to 2021 ("**FY2021**") which is inclusive of the pandemic-affected period. This demonstrates that the Proposed Acquisition will contribute positively toward the establishment and building of SIM LEISURE brand name in the leisure industry outside the Group's traditional Malaysia market which potentially translates into enhanced contribution to the Group's future financial performance.

Further the Consideration (as defined in Section 4.1 below) represents a discount of approximately 68% over the unaudited net assets of the Target Co as at 30 June 2022 of approximately RM6,468,924 (AED5,390,166) as illustrated in Section 2.1 above.

3.2 Risk profile of the Company

The Proposed Acquisition is not expected to result in a change in the risk profile of the Company, as:

- (i) the Proposed Acquisition is expected to contribute positively to the net profits and net asset value of the Group upon Completion;
- (ii) the Target Co is profitable with a positive net assets position based on the audited financial statements for FY2021 as disclosed in Section 2.1 above;
- (iii) the Target Co's borrowings of AED2,146, 633 (approximately RM2,576,248) as at 30 June 2022 based on the unaudited financial report for the 1HFY22 is not expected to have any significant adverse impact on the Group's gearing;
- (iv) Dato' Sim and the Target Co Executives have a combined experience of more than 50 years in the theme park industry, having built and managed or involved in more than 100 theme parks across various jurisdictions particularly in U.A.E. and Middle East market. The Target Co Executives who are also minority shareholders of SL Creative, have been and will be actively involved in the operations of the Target Co and have a combined experience in the business environment and jurisdiction of the country of incorporation, U.A.E. and Middle East market for more than two decades. Accordingly, the Company believes any new risk associated with the new operating environment and jurisdiction arising from the Proposed Acquisition, is not expected to be significant;
- (v) the Proposed Acquisition will not result in a change in control of the Company as no ordinary shares in the Company ("**Shares**") are issued; and
- (vi) the Proposed Acquisition will not result in a change in the Board composition of the Company as no new Directors will be appointed to the Board and no service agreement is to be entered by the Company in relation to the Proposed Acquisition.

The Board has considered the terms and benefits of the Proposed Acquisition and believes that the Proposed Acquisition will enhance the long-term interest of the Company and the Shareholders' value.

4.0 **PRINCIPAL TERMS OF THE PROPOSED ACQUISITION AND AGREEMENT**

4.1 Consideration

The purchase consideration payable for the Sale Shares is RM2,100,000 (approximately AED1,710,660 converted at the exchange rate of AED0.8146:RM1.00 on LPD) ("**Consideration**") which shall be satisfied wholly in cash on the date of Completion of the Proposed Acquisition. The Group's effective portion of the Consideration is RM1,260,000 and the amount is to be funded by internal generated funds of the Group.

The Company has commissioned an independent valuer, Moore Advisory Sdn Bhd a corporate finance and advisory unit of Moore Malaysia an independent accounting, audit and advisory firm associated with Moore Global Network Ltd ("**Valuer**"), to conduct a valuation of the Target Co.

The Consideration was arrived at on a willing buyer-willing seller basis, after taking into consideration the following:

- (i) the indicative offer price of RM2,100,000 established by the Vendor in June 2022 considering a discount of approximately 48% over the unaudited pro forma net assets of the Target Co as at 31 March 2022 of AED3,511,879 (approximately RM4,020,929 converted at the exchange rate of AED0.8734:RM1.00 on 31 March 2022);
- (ii) the Vendor's covenants that the net assets of the Target Co shall not be less than AED3,500,000 as at the date of Completion as mentioned in Section 4.4.3 of this announcement;
- (iii) the rationale and benefits to be accrued to the Group through the Target Co arising from the Proposed Acquisition as set out in Section 3.0 of this announcement; and
- (iv) the equity value of 100% equity interest in the Target Co appraised by the Valuer range between AED4,400,000 to AED5,000,000 (approximately RM5,401,424 to RM6,137,982 converted at the exchange rate of AED0.8146:RM1.00 on LPD) as at 30 September 2022

The aforesaid proforma net assets of the Target Co as at 31 March 2022 is derived after deducting dividends of AED6,000,000 declared but not paid subsequent to 31 March 2022 in respect of the Target Co's profits derived from the previous financial years, from the net assets of AED9,511,879 as reported in the unaudited financial report as at 31 March 2022 of the Target Co which was available then.

In arriving at the equity valuation range, the Valuer has used the discounted cash flow ("DCF") method as it can effectively factor in the potential earnings and cash flows of the Target Co as well as the timing of such cash flows to be generated. DCF method considers both time value of money and the future cash flows to be generated by Target Co over a specified period of time. As the DCF method entails the discounting of the future cash flows to be generated from the Target Co at a specified discount rate to arrive at its value, the riskiness of generating such cash flows has also been taken into consideration.

The DCF method is based on, inter alia, the following key assumptions:-

- The projections covering the 6-month financial period ending 31 December 2022 and financial years ending 31 December 2023 and 2024.
- The projections will be based on secured ongoing projects only, and does not consider unsecured projects, due to the uncertainty in securing the project and project values.
- Weighted average cost of capital of 9.5%:-
 - o The Target Co is principally engaged in the business of design and construction of theme attractions in theme parks as well as theme features mainly for restaurants and hotels. Based on the Valuer's research, there is no suitable comparable companies listed on the Abu Dhabi Securities Exchange and Dubai Financial Market. In order to facilitate the comparable companies' selection process and considering that the Company is listed on SGX-ST, the Valuer has selected construction companies listed on the SGX-ST, with market capitalisation of between S\$50 million and S\$300 million, and at least 75% of the total revenue derived from construction, as the comparable companies.

- o The comparable companies adopted to derive the beta for the Target Co are Lian Beng Group Ltd, Lum Chang Holdings Ltd, Koh Brothers Group Ltd, and Keong Hong Holdings Ltd.

4.2 Condition precedent

The sale and purchase of the Sale Shares shall be conditional upon the following approvals and/or consents being obtained, and conditions fulfilled, within 30 days from the date of the Agreement:

- (a) SL Creative obtaining the approval of its board of directors and shareholders (if required) in relation to the purchase of the Sale Shares on the terms and conditions set out in the Agreement;
- (b) the Company obtaining the approval of its board of directors and shareholders (if required) in a general meeting to be convened in relation to the purchase of the Sale Shares on the terms and conditions set out in the Agreement;
- (c) all licences, permits, consents, approvals, authorisations, waivers and exemptions which are required for the purposes of conducting and carrying on the Business ("**Licences and Permits**") remaining in force and not having expired or been revoked, and there being no occurrence of which could result in any of such Licences and Permits being revoked, as at Completion (as mentioned in Section 4.4);
- (d) all waivers, approvals and consents from all relevant governmental, statutory, regulatory and other competent authorities in Singapore and any other third parties applicable to the Purchaser and the Vendor, as the case may be, for the sale and purchase of the Sale Shares, the completion of the terms of the Agreement and the transactions contemplated in the Agreement having been granted or obtained and continuing to be in force and effect and not having been withdrawn, suspended, amended or revoked, and if such waivers, consents or approvals are granted or obtained subject to any conditions, such conditions being reasonably acceptable to the Purchaser;
- (e) there not having been at any time prior to or on Completion the occurrence of any of the following events:
 - (i) liquidation, bankruptcy or insolvency of the Target Co;
 - (ii) termination of substantially all or part of the Business by resolution of the general meeting of their respective shareholders;
 - (iii) appointment of any assignee, receiver or liquidator for substantially all or part of the assets or the Business of the Target Co; or
 - (iv) attachment, sequestration, execution or seizure of substantially all or part of the assets of the Target Co.

The date on which the Condition Precedent is fully satisfied shall be the unconditional date.

4.3 Pending Completion

4.3.1 The Vendor shall not deal with any of the Sale Shares except in accordance with the Agreement and this includes the Vendor shall not and shall procure that the following is not undertaken by the Target Co in respect of the Sale Shares:

- (a) declaration or payment of dividend in any amount which may result in the depletion in the value of the net assets below the sum of AED3,500,000;
- (b) reduction or increase in capital; and
- (c) granting of options.

4.3.2 The Vendor covenants and undertakes to the Purchaser that it will procure that:

- (a) the Memorandum and Articles of Association, constitution or any other like document of Target Co is not amended;
- (b) assets and properties of Target Co are not depleted or disposed off;
- (c) no new directors of Target Co are appointed;
- (d) no transfer of any of Target Co's principal personnel is made to the Vendor or any of his companies except with the prior written consent of the Purchaser;
- (e) unless required for its operations, no recruitment of additional new personnel is made by the Target Co; and
- (f) all assets of the Target Co shall be operated and maintained at all times in accordance with the Target Co's clients' requirements.

4.4 Completion

4.4.1 The Completion shall take place within 60 business days from the date of the Agreement or such other date as the parties may mutually agree upon in writing, so as to enable Completion to take effect on the date of completion ("**Completion Date**").

4.4.2 The Completion is subject to the following further conditions:

- (a) the Vendors' warranties (as included in the Agreement) remaining true and not misleading in any respect at Completion, as if repeated at Completion and at all times between the date of the Agreement and Completion;
- (b) each of the parties having performed all of the covenants and agreements required to be performed or caused to be performed by it under the Agreement on or before the Completion Date;
- (c) there being no default by Target Co in any of its obligations by which the Target Co may become bound or liable to be called to repay prematurely any loan capital or borrowed moneys;

- (d) neither the Purchaser nor the Vendor having received notice of injunction or other order, directive or notice of any court of competent jurisdiction restraining or prohibiting the consummation of the transactions contemplated by the Agreement and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending as at the Completion Date or any such injunction, other order or action which is threatened as at the Completion Date; and
- (e) there being no material adverse change in the business, operations, assets and financial condition (unless in the ordinary course of business and made on an arm's length basis) of the Target Co since the date of signing of the Agreement.

4.4.3 The Vendor covenants with the Purchaser that as at the date of Completion the net assets of the Target Co shall not be less than AED3,500,000 and agrees to indemnify and keep fully and effectively indemnified and hold harmless the Purchaser against all or any shortfall in the value of the said net assets of Target Co as determined pursuant to the Post-Completion Audit set out in Section 4.6 of this announcement.

4.5 Post-Completion Undertakings

4.5.1 The Vendor undertakes to the Purchaser that from the Completion Date, the Vendor shall not be involved and/or engaged directly or indirectly in the territories where the Business is currently being and may be after the date of the Agreement, carried on by the Target Co and whether on his own behalf or otherwise:

- (a) in the Business or in competition with the Business, solicit, interfere with or endeavour to entice away from the Target Co a person who has prior to Completion been a client or customer of, supplier to or otherwise in the habit of dealing with such business of the Target Co or who was at Completion in the process of negotiating any such dealings with the Target Co; or
- (b) offer employment to or employ or offer or conclude any contract for services with any person who has prior to Completion been employed by the Target Co in a managerial, sales, technical or professional capacity.

4.5.2 The Vendor undertakes to the Purchaser to procure that all necessary consents from the existing financiers are obtained on terms and conditions acceptable to the Purchaser for the sale and purchase of the Sale Shares, such that Completion does not constitute an event of default or a breach, or result in the acceleration of indebtedness, or constitute or give rise to a prescribed event or a change in condition or position or otherwise in respect of the Target Co, under the terms of any indebtedness or otherwise whatsoever with any bank, financial institution, third party or authority. If the aforesaid consents are not obtained, the Vendor undertakes to the Purchaser to procure the requisite waiver(s) of such default or breach from the existing financiers, failing which the Vendor shall indemnify the Company and the Purchaser in accordance with the Agreement.

4.6 Post-Completion Audit

For the purpose of ascertaining the net asset value of the Target Co and any outstanding debts or balance owing by the Vendor to the Target Co at the Completion Date, the Purchaser shall have the right to undertake a post-completion audit of the Target Co's accounts which shall commence immediately after the Completion Date and shall be completed within forty-five (45) days from the commencement date of the audit or any other extended period as may be mutually agreed between the parties.

In the event the net assets of Target Co shall be less than AED3,500,000 on the last date of the financial quarter preceding the Completion Date ("**Net Assets Shortfall**") and any amount is found due and owing by the Vendor to the Target Co, including loans to director of the Target Co (if any) ("**Vendor's Payable**"), the Vendor shall pay to the Purchaser the Net Assets Shortfall and Vendor's Payable in cash within thirty (30) days from date of the Vendor's receipt of a written notice from the Purchaser or any other extended period as may be mutually agreed between the parties.

In the event the net assets of the Target Co results in a Net Assets Shortfall and any amount is found due and owing by the Target Co to the Vendor ("**Target Co's Payable**") and where the Net Asset Shortfall is higher than the Target Co's Payable, the Vendor shall pay to the Purchaser the difference between the Net Assets Shortfall and the Target Co's Payable in cash within thirty (30) days from the date of the Vendor's receipt of a written notice from the Purchaser or any other extended period as may be mutually agreed between the parties.

If pursuant to the findings of the post-completion audit, the Target Co's Payable is higher than the Net Assets Shortfall, the difference between the Target Co's Payable and the Net Assets Shortfall shall be settled in cash by the Target Co within thirty (30) days from date of the Target Co's receipt of a written notice from the Vendor or any other extended period as may be mutually agreed between the parties.

5.0 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per Share and loss per Share ("**LPS**") of the Group are set out below strictly for illustrative purposes, and do not necessarily reflect the actual financial performance and position of the Group following the Proposed Acquisition. The financial effects below are calculated based on the Group's latest available audited financial statements for FY2021 and the Target Co's audited financial statements for FY2021.

5.1 NTA per Share

Assuming that the Proposed Acquisition had been completed on 31 December 2021, the financial effects on the Group's NTA per Share as at 31 December 2021 is as follows:

As at 31 December 2021	Before Proposed Acquisition	After Proposed Acquisition
	RM	RM
Net tangible assets	61,660,624	62,923,990
Number of Shares in issue	165,365,200	165,365,200

As at 31 December 2021	Before Proposed Acquisition RM	After Proposed Acquisition RM
NTA per Share	0.37	0.38

Note 1> The NTA per Share is computed based on the number of Shares in issue as at 31 December 2021.

Note 2> The exchange rate of AED0.88154:RM1.00 on 31 December 2021 has been used for the purpose of the above computation.

5.2 LPS

Assuming that the Proposed Acquisition had been completed on 1 January 2021, the financial effects on the Group's LPS for FY2021 is as follows:

FY 2021	Before Proposed Acquisition RM	After Proposed Acquisition RM
Loss attributable to owners of the parent	(11,799,245)	(11,232,600)
Weighted average number of Shares in issue	151,239,582	151,239,582
LPS (RM sen)	(7.80)	(7.43)

Note 1> The LPS is computed based on the weighted number of Share in issue for FY2021.

Note 2> The exchange rate of AED0.88154:RM1.00 on 31 December 2021 has been used for the purpose of the above computation.

6.0 RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures computed on the basis set out in Rule 1006 of the Catalist Rules are as set out below:

Rule 1006	Computation bases	%
a)	The net asset value of the assets to be disposed of, compare with the Group's net asset value.	Not applicable as this is not a disposal.
b)	The net profit/(loss) attributable to the assets acquired or disposed of, compared with the Group's net profit/(loss).	16.49 ⁽¹⁾
c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	1.57 ⁽²⁾

Rule 1006	Computation bases	%
d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as no equity securities are issued as consideration for the Proposed Acquisition.
e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

- (1) *This has been computed based on the Target Co's unaudited net profit for 1HFY22 based on the management report of the Target Co for 1HFY22 of RM2,019,527 (AED 1,682,751) and the Group's unaudited consolidated profit before taxation and non-controlling interests based on its latest announced unaudited financial statements for 1HFY22 of RM12,244,139.*
- (2) *This has been computed based on the Consideration of approximately S\$640,500 (RM2,100,000 converted at the exchange rate of S\$30.50:RM100 on LPD extracted from published information by the Monetary Authority of Singapore at its website mas.gov.sg) and the market capitalisation of S\$40,712,912 which was determined based on the Company's issued and paid-up share capital comprising 165,365,200 Shares as at the date of this announcement and the volume-weighted average price for the Company's ordinary shares of S\$0.2462 on 25 November 2022, being the market day immediately preceding the date of the Agreement in which the Shares were traded.*

Having regard to the above wherein the relative figure computed under Rule 1006(b) in respect of the Proposed Acquisition exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a "disclosable transaction" as defined in Rule 1004 of the Catalist Rules. Accordingly, approval from shareholders is not required.

7.0 INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES

Chapter 9 of the Catalist Rules applies to transactions between a party that is an entity at risk and a counter party that is an interested person. Under Chapter 9 of the Catalist Rules, an "interested person" means: (i) a director, chief executive officer, or controlling shareholder of the issuer; or (ii) an associate of any such director, chief executive officer, or controlling shareholder. The term "associate" includes an immediate family member, such as a spouse and a child of the director, chief executive officer, or controlling shareholder. The term "controlling shareholder" is defined under the Catalist Rules as (i) a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (subject to the SGX-ST determining that such a person is not a Controlling Shareholder), or (ii) a person who in fact exercises control over the Company.

Dato' Sim as the Vendor of the Proposed Acquisition is the Executive Chairman of the Company and his spouse, Datin Silviya Georgieva Georgieva is an Executive Director of the Company. Each of Dato' Sim and Datin Silviya Georgieva Georgieva holds direct interest in a combined 92,100,125 ordinary shares, representing approximately 55.69% of the total issued and paid-up share capital of the Company as at LPD. Accordingly, each of them is a controlling shareholder of the Company and is deemed an "interested person" for the purpose of Chapter 9 of the Catalist Rules and this Proposed Acquisition is an interested person transaction ("IPT"). Dato' Sim and Datin Silviya Georgieva Georgieva being interested in the Proposed Acquisition, will abstain from all deliberation and voting on the Proposed Acquisition.

Mr Wesley James Rae is currently the director of operations of the Target Co and is assisted by Ms Josie Booth, who is the general manager of operations. Mr Wesley James Rae is a director and shareholder with 30% equity interest in the Purchaser while Ms Josie Booth is the other minority shareholder of the Purchaser with 10% equity interest. The Target Co Executives being interested in the Proposed Acquisition, will abstain from all deliberation and voting at SL Creative on the Proposed Acquisition.

Pursuant to Rule 905 and 906 of the Catalist Rules, an issuer must make an immediate announcement of any IPT of a value equal to, or more than, 3% of the Group's latest audited NTA while shareholders' approval is required for an IPT of a value equal to, or more than, 5% of the Group's latest audited NTA.

The Consideration for the Proposed Acquisition is RM2,100,000. As at the date of this announcement, the Group's NTA as at 31 December 2021 based on the latest audited financial statements of the Group for FY2021 is RM61,660,624. It is to be noted that the Group's share of the Consideration or the amount at risk or deemed exposure to the Group is limited to its shareholding in the Purchaser, which amounts to RM1,260,000. Consequently, the percentage ratio of the amount at risk to the Group against the Group's latest audited NTA pursuant to Chapter 9 is approximately 2.04%, which is below 3% of the Group's latest audited NTA.

As such, the Proposed Acquisition is an IPT which does not warrant or require any immediate announcement nor shareholders' approval.

As at the date of this announcement, save for the Proposed Acquisition (the Agreement), the IPTs conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules wherein the shareholders' general mandate was renewed at the annual general meeting held on 29 April 2022, IPT in relation to the Cooperation Agreement entered between the Target Co and SL Creative which was approved by the shareholders on 20 November 2020 and IPT in relation to a loan agreement with a director of the Company announced on 24 November 2020, the Company has not entered into any IPT as defined in Chapter 9 of the Catalist Rules.

8.0 INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition other than by virtue of their shareholdings in the Company and/or directorships in the Group, as the case may be.

9.0 SERVICE CONTRACTS

No person is proposed to be appointed to the Board in connection with the Proposed Acquisition and no service contract in relation thereto is proposed to be entered into by the Company.

10.0 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, and the Directors are not aware of any facts the omission of which would make any

statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11.0 DOCUMENTS FOR INSPECTION

Copies of the Agreement and valuation report from the Valuer are available for inspection at the registered office of the Company at 138 Robinson Road #26-03, Oxley Tower Singapore 068906 during normal business hours for a period of three (3) months from the date of this announcement.

12.0 OTHER INFORMATION

The Company will make further announcements to keep the shareholders informed, as and when there are further material updates and developments in respect of the Proposed Acquisition.

By order of the Board,

Sho Kian Hin, Eric
Independent Director and Audit Committee Chairman
30 November 2022

This announcement 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.
