

# Sim Leisure Group Ltd.

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

## AMENDMENT TO THE SHAREHOLDER AGREEMENT WITH ELPITIYA PLANTATIONS PLC AND VENTURE VALLEY (PVT) LIMITED (NOW KNOWN AS "ESCAPE PARKS CEYLON PRIVATE LIMITED") DATED 12<sup>TH</sup> APRIL 2020 AND SUBSCRIPTION AND PURCHASE OF SHARES

### 1.0 INTRODUCTION

- 1.1 The board of directors (the "**Board**" or the "**Directors**") of Sim Leisure Group Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 17 April 2020 (the "**Announcement**") in relation to the definitive shareholder agreement ("**SHA**") with Elpitiya Plantations PLC ("**Elpitiya**") and Venture Valley (Pvt) Limited (now known as, Escape Parks Ceylon Private Limited) ("**ESCAPE JV Co**"), in relation to the share capital and operations of ESCAPE JV Co as a strategic joint venture company between the Company and Elpitiya to develop and operate theme parks under the "ESCAPE" brand in Sri Lanka ("**ESCAPE Sri Lanka**") (the "**Joint Venture**").
- 1.2 Further to the Announcement, the Board wishes to announce that the Company has on 23 December 2022 entered into an addendum to the SHA ("**SHA Addendum**") with Elpitiya and Escape JV Co to amend certain principal terms and/or clauses of the SHA.

### 2.0 INFORMATION ON THE PRINCIPAL AMENDMENTS AND INSERTIONS TO THE SHA

The amendments and insertions contained in the SHA Addendum are the result of the revision to the ESCAPE Sri Lanka concept and attractions as well as certain previously agreed arrangement of the SHA to facilitate the implementation of the ESCAPE Sri Lanka project considering the current general business environment and sentiment of the global tourism and leisure sector.

#### 2.1 Amendment to certain principal terms of the SHA

Pursuant to the SHA Addendum, the amendments to the principal terms of the SHA are as summarised and tabulated below:

| Nature of the principal terms in the SHA |                                                                                                                                      | As stipulated in the SHA                                                                                                                                                                                                                                                | As amended in the SHA Addendum                                                                                                   |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| a)                                       | Fulfilment of condition precedent                                                                                                    | Within 3 months of the execution of the SHA or such other extended period as mutually agreed to by the parties.                                                                                                                                                         | Within 3 months of the execution of SHA Addendum or such other extended period as mutually agreed to by the parties.             |
| b)                                       | Estimated project cost of ESCAPE Sri Lanka                                                                                           | At US\$4,000,000.                                                                                                                                                                                                                                                       | At US\$2,000,000.                                                                                                                |
| c)                                       | Funding for the ESCAPE Sri Lanka project and share capital contribution in the ESCAPE JV Co by the parties (" <b>Contribution</b> ") | <ul style="list-style-type: none"><li>• US\$1,600,000 by way of contribution in the share capital of the ESCAPE JV Co; and</li><li>• Balance through debt funding and both parties agree to provide reasonable security proportionate to their shareholdings.</li></ul> | <ul style="list-style-type: none"><li>• US\$2,000,000 by way of contribution in the share capital of the ESCAPE JV Co.</li></ul> |

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| Nature of the principal terms in the SHA |                                                                                                                                                | As stipulated in the SHA                                                                                                                                                                                                                                                                                                                            | As amended in the SHA Addendum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| d)                                       | Capitalisation and shareholding proportion upon subscription of new shares in ESCAPE JV Co (" <b>JV Shares</b> ") pursuant to the Contribution | <ul style="list-style-type: none"> <li>The Company will subscribe and be issued 816,000 new JV Shares representing 51% interest in ESCAPE JV Co for a contribution of US\$816,000; and</li> <li>Elpitiya will subscribe and be issued 784,000 new JV Shares representing 49% interest in ESCAPE JV Co for a contribution of US\$784,000.</li> </ul> | <ul style="list-style-type: none"> <li>The Company will subscribe and be issued 500,000 new JV Shares representing 25% interest in ESCAPE JV Co for a contribution of US\$500,000;</li> <li>Elpitiya will subscribe and be issued 1,500,000 new JV Shares representing 75% interest in ESCAPE JV Co for a contribution of US\$1,500,000; and</li> <li>Elpitiya shall have the right to call upon the Company to purchase such JV Shares up to the proportion of 51% shareholding in the ESCAPE JV Co ("<b>Put Option</b>" as described below).</li> </ul> |
| e)                                       | Board of directors of ESCAPE JV Co (" <b>JV Co BOD</b> ")                                                                                      | JV Co BOD shall consist of seven directors, whereby four of them shall be nominated by the Company and three of them shall be nominated by Elpitiya.                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>JV Co BOD shall consist of seven directors, whereby four of them shall be nominated by the Company and three of them shall be nominated by Elpitiya.</li> <li>In the event the Company fails to increase its shareholding in ESCAPE JV Co to 51% pursuant to the Put Option or in the event of a change in the issued shares of ESCAPE JV Co, the number of directors nominated to the JV Co BOD by each party shall be proportionate to the respective shareholding of the parties.</li> </ul>                    |
| f)                                       | Chairman of the JV Co BOD                                                                                                                      | The first Chairman shall be appointed by the Company for 2-year term and thereafter in rotation every 2 years.                                                                                                                                                                                                                                      | The first Chairman shall be appointed by Elpitiya for 3-year term or until such time the Company holds not less than 51% interest in ESCAPE JV Co and thereafter in rotation every 2 years commencing with the Company.                                                                                                                                                                                                                                                                                                                                   |

### 2.2 Insertion of principal term to the SHA

Pursuant to the amendment mentioned in item 2.1 (d) above the parties have inserted a put option arrangement ("**Put Option**") that grants the right to Elpitiya at any time to call upon the Company to purchase such number of JV Shares held by Elpitiya at a value of 1.2 times of the value of assets before any deductions or provisions ("**Gross Asset Value**") of the ESCAPE JV Co (which should not be less than the initial investment value) to increase the Company's interest in the ESCAPE JV Co to 51%, within 3 years of the date of the SHA Addendum or such other extended period as mutually agreed to by the parties. This will enable the parties to eventually reach the agreed shareholding structure in the ESCAPE JV Co as follows:

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| <u>Shareholders of the<br/>ESCAPE JV Co</u> | <u>Number of JV<br/>Shares</u> | <u>Shareholding</u> | <u>Issued Capital</u> |
|---------------------------------------------|--------------------------------|---------------------|-----------------------|
| Sim Leisure Group Ltd                       | 1,020,000                      | 51%                 | US\$1,020,000         |
| Elpitiya                                    | 980,000                        | 49%                 | US\$980,000           |
|                                             | <b>2,000,000</b>               | <b>100%</b>         | <b>US\$2,000,000</b>  |

The assets mentioned above refers to the present economic resources controlled by the entity as a result of past events, as per the Conceptual Framework for Financial Reporting under Sri Lanka Accounting Standards.

### 2.3 Aggregate value of the consideration arising from the amendment of principal terms and insertion of new principal terms to the SHA

Pursuant to the amendments and insertion of new principal terms to the SHA, the Company's estimated aggregate value of consideration ("**Consideration**") as at the date of the SHA Addendum is approximately US\$1,020,000 and this value may vary in the future subject to the timing of the exercise of the Put Option by Elpitiya and Gross Asset Value of the ESCAPE JV Co.

The comparison of the Consideration as disclosed in the Announcement and that arising from the SHA Addendum as at the date of the SHA Addendum are as follows:

| <u>Consideration for the<br/>ESCAPE Sri Lanka</u>           | <u>As disclosed<br/>in the Announcement</u> |                  | <u>Pursuant to<br/>the SHA Addendum</u> |                  |
|-------------------------------------------------------------|---------------------------------------------|------------------|-----------------------------------------|------------------|
|                                                             | <u>Interest<sup>2</sup></u>                 | <u>US\$</u>      | <u>Interest<sup>2</sup></u>             | <u>US\$</u>      |
| Equity portion                                              |                                             |                  |                                         |                  |
| - Subscription of JV Shares                                 | 51%                                         | 816,000          | 25%                                     | 500,000          |
| - Purchase of JV Shares pursuant to Put Option <sup>1</sup> | -                                           | -                | 26%                                     | 624,000          |
|                                                             | 51%                                         | 816,000          | 51%                                     | 1,124,000        |
| Corporate Guarantee portion                                 | -                                           | 1,224,000        | -                                       | -                |
|                                                             | <b>51%</b>                                  | <b>2,040,000</b> | <b>51%</b>                              | <b>1,124,000</b> |

Note <sup>1</sup> > Based on 1.2 times of initial investment value in the JV Shares of Elpitiya.

Note <sup>2</sup> > Equity interest or shareholding in JV ESCAPE Co in relation to the JV Shares subscribed or purchased by the Company.

### 3.0 SOURCE OF FUNDS AND FINANCIAL EFFECTS

The Company intends to finance the subscription of JV Shares and purchase of JV Shares pursuant to the Put Option estimated at US\$1,124,000 with the Group's internal funds. The Joint Venture (which encompasses the amendments set out in the SHA Addendum) is not expected to have any material effect on the consolidated net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 31 December 2022.

### 4.0 INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or substantial shareholders of the Company and their respective associates, has an interest, direct or indirect, in the Joint Venture and SHA Addendum, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

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**5.0 DOCUMENTS FOR INSPECTION**

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

**6.0 SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Joint Venture and SHA Addendum. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**7.0 FURTHER ANNOUNCEMENT(S)**

The Company will make the relevant update announcement(s) in compliance with the Catalist Rules on material progress of the Joint Venture and SHA Addendum (if any).

**8.0 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 Joint Venture and SHA Addendum, 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.

By order of the Board,

Dato' Sim Choo Kheng  
Executive Chairman  
23 December 2022

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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.

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