

BREAKING GLOBAL NORMS SMASHING WORLD RECORDS

Sim Leisure Group Ltd | Annual Report 2022



simleisure

Table of Contents

Corporate Profile	3
Executive Chairman's Message	4
Board of Directors	6
Key Management	10
Group Structure	12
Financial Review	13
Financial Highlights	16
Corporate Information	17



Sustainability Report 2022 18

Corporate Governance Report

Board Matters	35
Remuneration Matters	52
Accountability and Audit	57
Shareholder Rights and Engagement	63
Managing Stakeholders Relationships	66
Interested Person Transactions	67
Material Contracts	68
Dealings in Securities	69
Non-sponsorship Fees	69
Use of Proceeds from Placement Exercises	69
Additional Information on Directors Nominated for Re-election	70

Financial Report

Directors' Statement	85
Independent Auditors' Report	89
Statements of Financial Position	94
Consolidated Statement of Comprehensive Income	96
Consolidated Statement of Changes in Equity	97
Consolidated Statement of Cash Flows	99
Notes to the Financial Statements	102
Statistics of Shareholdings	165
Notice of Annual General Meeting	167
Proxy Form - Annual General Meeting	175



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 Ms Jennifer Tan, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318 and sponsorship@ppcf.com.sg.



Corporate Profile

Sim Leisure Group Ltd. is a developer and operator of attractions based in Malaysia. The Group is a retro-eco adventure park developer and operator that provides affordable quality fun where everyone can play the games of yesteryear recreated for today. The Group presently owns and operates the ESCAPE brand of adventure parks, showcasing ESCAPE outdoor adventure park in Penang, Malaysia since 2012 and the ESCAPE Challenge indoor park at Paradigm Mall, Petaling Jaya which launched in 2020 – catering to both local and foreign visitors and tourists. With the successful acquisition of KidZania Kuala Lumpur in December 2020, the Group is looking to further expand its offering to include indoor themed attractions in addition to the existing outdoor adventure parks. The Group intends to expand the ESCAPE brand locally, regionally and internationally with ongoing developments across Asia Pacific. These attractions aim to provide a memorable entertaining and educational experience for all visitors.

Executive Chairman's Message



Dato' Sim Choo Kheng
Founder, Executive Chairman

We started our journey as a listed company in 2019 with anticipation to capitalise on weak competition in the attractions industry and to expand quickly with our innovative concepts and business model.

Despite our plans, we (like the rest of the world) were caught off-guard by COVID. Regardless, 2022 proved to be a stellar year for Sim Leisure Group. It was an exciting year for our team, making up for lost time and missed opportunities. But whilst 2022 saw great achievements, I am more excited with the predictions we have made before and during COVID, which are about to unfold in the next couple of years.

As I had predicted two months after the lockdown in May 2020 during an interview with kopi-C (the regular column in the SGX Research Website), COVID has proved to be a great “reset” for the industry and has presented many opportunities for companies like ours, especially at a time where attraction businesses were already stressed, in fact, even before COVID.

While we Asians were still trying to put food on the table 40 to 50 years ago, our western counterparts were jet-setting around the world pursuing leisure pursuits. Since then, this gap has been progressively narrowing as the Asian tiger rose with rapid economic growth. Today, Asia is the biggest market in the world with a GDP of \$41.36 trillion and 60% of the world's population. (*Source: Wikipedia.org/wiki/Economy_of_Asia*)

Technology and expertise in Asia has caught up with the west. However, the mismatch between eastern thrift and western lavishness in our industry has never been addressed.

Many Asian theme park developers and operators have bought into large Western IP branded theme parks and the movie-themed genre of attractions. This is not sustainable in Asia, given the over-design and reliance on tech with very high capital investment and operating costs for less leisure-centric Asians, whose spending power on leisure pursuits is significantly less than the west, due to the cultural differences and hence different priorities in life. Sim Leisure has been one of the few companies in the region who has managed to bridge this gap, by creating a unique genre of international standard attractions that can be built cost-effectively





and addresses the needs of Asian consumers at affordable pricing.

Many Asian theme parks have survived, having been artificially supported through cross-subsidies by property development and gaming conglomerates, as well as governments using taxpayers' money in the name of promoting tourism and being an economic catalyst. However, they are not sustainable as standalone businesses.

Given the prevailing disruptions in the property and gaming sectors, and many governments realising the mistakes of the past, the attraction industry is fast changing with one operator after another finding their business model unsustainable. At the same time, many land developers and mall owners are becoming aware of our proven business model and have started approaching us. The list of business potential gets longer and longer.

I must stress that in this fast-changing world, being able to see through the crystal ball into the future of our business gives us a huge advantage. Foresightedness comes from the seeds we sowed over the past three decades of experience, not just by just being in the business, but being very hands-on in doing, attempting, succeeding, and failing, and going through the journey which brings great learning and insights.

Whilst these issues pose challenges to conventional operators, Sim Leisure has come a long way, advocating new solutions. We are seeing huge opportunities to capitalise on this growing trend. The changing circumstances and COVID has accelerated our proven, time-tested business and operation model, designed not only for the Asian market, but now for the rest of the world.



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, Motiongate™ and Bollywood Parks™ 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 currently a member of the Malaysian Institute of Accountants and the ASEAN Chartered Professional Accountants, a Fellow at CPA Australia and a Fellow at Chartered Institute of Management Accountants (United Kingdom).



Mr Tan Boon Seng

Non-Independent, Non-Executive Director

Mr Tan Boon Seng (Mr Tan) is our Non-Independent, Non-Executive Director and was appointed to our Board on 8 June 2020. Mr Tan presently serves as the Chairman of Dragon-I Restaurant Sdn. Bhd. and Canton-I Sdn. Bhd., one of the largest Chinese restaurant chains in Malaysia with 35 outlets. There are three other brands within the chain, namely Hominsan, Ren and Yayoi.

Apart from his involvement in the food and beverage sector, Mr Tan also sits on the board of several companies, including L&S Cosmetics and Toiletries (M) Sdn Bhd and Advance Tertiary College, an institute of learning that offers law and business courses as well as pre-university studies. Mr Tan holds a Bachelor of Science in Finance from the University of Southern California.

Mr Tan joined AmlInvestment Bank Berhad as an Analyst in Investment Banking from 2006 to 2007. In 2007, he joined Maybank Investment Bank Berhad as a Senior Analyst in Corporate and Investment Banking until 2009. He joined Malayan Banking Berhad and was appointed as an Assistant Vice President in Corporate Banking until 2010.



Ms Tan Hui Tsu

Independent Director

Ms Tan Hui Tsu (Ms Tan) was appointed as our Independent Non-Executive Director on 1 July 2021. Ms Tan is currently the Executive Director overseeing the Regional Loan Product team in DBS Bank Ltd. Prior to this new role which she took on in 2021, she was a Team Head leading a team of Relationship Managers for more than 15 years.

Currently, Ms Tan is also an Independent Director and Chairwoman of the Remuneration Committee of LHN Logistics Limited, a one stop logistics management solution provider listed on the Catalist board of the SGX -ST. Ms Tan started her banking career in 1993 as an Assistant Administrative Manager with DBS Bank Limited. In 1996, she joined Hong Leong Finance Limited as a Credit Analyst before being promoted to become an Account Manager. In 2000, she moved to Overseas Union Bank/United Overseas Bank as an Assistant Manager before rejoining DBS Bank Limited in 2003, as an Assistant Vice President of Enterprise Banking. During her banking career, Ms Tan accumulated more than 25 years' of working experience in SME banking. Ms Tan obtained a Master of Business Administration from RMIT University, Australia in 2003, and a Bachelor of Business (Banking and Finance) from Monash University, Australia in 1995.



Mr Sho Kian Hin, Eric *Independent Director*

Mr Sho Kian Hin, Eric (Mr. Sho) is our Independent Director and was appointed to our Board on 1 June 2022. Mr Sho has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as debts or equity and pre-Initial Public Offering fund raising, mergers and acquisitions, restructuring and group tax optimisation.

Currently, Mr Sho is an Independent Director and Chairman of the Audit Committee of OUE Lippo Healthcare Limited, Choo Chiang Holdings Ltd., Versalink Holdings Limited and Quantum Healthcare Limited, all of which are listed on SGX Catalyst.

Mr Sho started off his professional training with Victor & Company in 1990. From 1995, he was with Ernst & Young Kuala Lumpur as Assurance and Advisory Business Service Manager and left in 2002 to join the private sector.

In November 2007, Mr. Sho was appointed as Executive Director and Chief Financial Officer of China Farm Equipment Ltd (“CFE”), a company formerly listed on the mainboard of the Singapore Stock Exchange. He was responsible for, amongst others, planning and management of CFE’s financial and taxation matters. He acted as key liaison person with the Singapore Stock Exchange, supervised compliance with corporate governance and handled investors’ relations, regional roadshows as well as funding options for the Group. After CFE was privatised in 2013, Mr. Sho remained involved in the ongoing corporate exercises to list its assets in China until 2017.

Mr Sho is a Fellowship of the Association of Certified Chartered Accountants (FCCA) and a member of the Singapore Institute of Directors.



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.

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

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.



Ch'ng Winn Nie

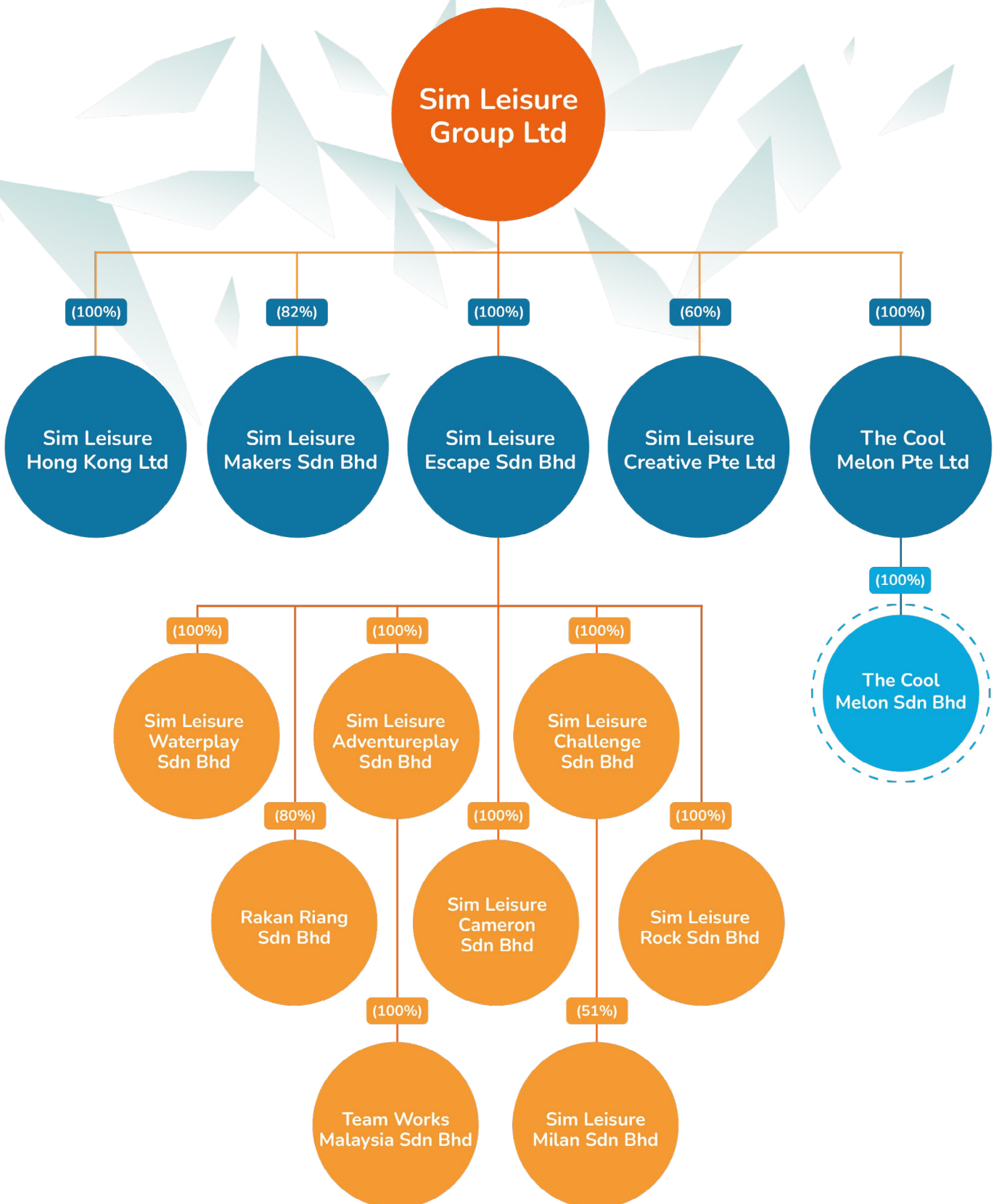
Human Resource and Administration Manager

Ms Ch'ng Winn Nie (Ms Winnie) is responsible for the day-to-day operations of the Human Resources and Administration department. She has 9 years of experience in the leisure industry, having started her internship at ESCAPE Penang in 2014 and working across multiple departments including Sales & Marketing and Operations.

Ms Winnie holds a Bachelor in Business Administrations (HONS) from University Tunku Abdul Rahman.

Group Structure

As at 31 December 2022



Financial Review

Review of the Group's Performance

Group revenue increased by 282.05% or RM49.91 million from RM17.69 million in the financial year ended 31 December 2021 ("FY2021") to RM67.60 million in the financial year ended 31 December 2022 ("FY2022"). The increase was mainly contributed by: (i) higher admission fees to Escape Penang, Escape PJ and Kidzania KL as visitor numbers increased by five times when compared to FY2021. With all the theme parks in full operation in FY2022 as opposed to only five months of operations in FY2021 due to the Movement Control Order ("MCO") imposed by the Malaysian Government in response to the Covid-19 pandemic, annual theme park revenue increased by RM42.27 million or 364.65% in FY2022 as compared to FY2021 ; (ii) the 45.83% or RM2.53 million increase in royalties fee income from Sim Leisure Gulf Contracting L.L.C ("SL Gulf") due to an increase in the number of contracts and the value of the contracts successfully closed by SL Gulf during the financial year; and (iii) the RM2.17 million increase in sponsorship income generated by the Company's subsidiary, Rakan Riang Sdn. Bhd. ("RRSB"), during FY2022 due to the successful renewal and revision of sponsorship agreements and arrangements with the purpose partners which were mostly expired or suspended during the peak of the Covid-19 pandemic in FY2020 and 1H2021 and numerous new agreements signed with the new purpose partners during FY2022.

FY2022's cost of sales increased by 105.90% or RM12.02 million from RM11.36 million in FY2021 to RM23.38 million in FY2022 was in tandem with the increase in revenue generated, staff costs and other operational and park maintenance expenses incurred since the reopening of all the Group's theme parks.

Gross profit margin in FY2022 increased by 29.59 percentage points, from 35.82% for FY2021 to 65.41% for FY2022, largely attributable to the increase in visitors' admission to all theme parks, whereas cost of sales are mainly semi-variable.

Other income in FY2022 increased by 675.62 percentage points, from RM0.44 million in FY2021 to RM3.42 million, this is due to (i) wage subsidy of RM0.32 million received from the Malaysian government pursuant to assistance and relief provided to Malaysian companies during the MCO period; (ii) a one-off sponsorship income of RM0.24 million received from sponsors for joint corporate events

held in Escape Penang in FY2022; (iii) rental discounts obtained from lessor of RM0.65 million in respect of the Group's leasehold property, which is a one-off discount due to the COVID-19 pandemic; (iv) trade payables written back by RRSB amounting to RM1.77 million due to waiver of debts; and (v) fixed deposit interest income received and receivable of RM0.14 million for Group funds placed with licensed banks.

FY2022's administrative and other expenses increased by 34.35 percentage points, from RM8.19 million in FY2021 to RM11.01 million in FY2022. The increase was mainly due to (i) increase in advertisement, marketing and promotion expenses of RM0.97 million; (ii) increase in the remuneration of the executive directors and independent directors fee of RM1.58 million; and (iii) increase in the general administrative and head count cost for the Group of RM0.87 million in line with increase in the Group's revenue. The increase was partially offset by the decrease in legal and professional fees of RM0.60 million.

Impairment loss on trade and other receivables reduced from RM0.71 million in FY2021 to a recovered amount of RM0.04 million in FY2022. There is one specific impairment loss amounting to RM0.07 million recorded in FY2022 due to the risk of non-collection. The remaining are general provision against receivable balance as an expected credit loss of RM0.06 million, after offsetting impairment loss written back due to the successful collection of outstanding debts owed to the Group in FY2022.

Finance costs decreased by 5.19 percentage points, principally due to savings in bank overdraft interest of RM0.10 million as overdraft are unused due to strong cashflow generated from the theme park business and reduction in the interest expense from loan due to a director of RM0.03 million as a result of higher principal repayment during FY2022.

Profit for the year

The Group recorded a profit after tax of RM25.93 million in FY2022, as compared to a loss after tax of RM10.37 million in FY2021. Excluding one-off income tax payable of RM3.86 million payable by one of the Company's indirect wholly owned subsidiary, Sim Leisure Adventureplay Sdn. Bhd., the Group would have made a loss after tax of RM6.51 million in FY2021.

Comparing the operational performance of the theme parks for FY2022 and FY2021, excluding the government wages subsidy of RM0.32 million (FY2021: RM0.35 million), one-off discounts obtained from Group's leasehold property of RM0.65 million (FY2021 : RM Nil), write off of trade payables in RRSB of RM1.77 million (FY2021 : RM Nil), expenses incurred by the ultimate holding company to maintain listing status on SGX (comprising Directors' fees, audit fees, continuing sponsors fee and other compliance fees) of RM1 million (RM0.87 million) and royalty income generated by one of the Company's 60% owned subsidiary of RM8.04 million (FY2021 : RM5.51 million), the Group would have recorded a profit after tax generated purely from its operations of the theme parks of RM16.15 million compared to loss after taxation of RM5.99 million in FY2021.

Non-current assets

The Group recorded a decrease in its non-current assets amounting to an aggregate of RM1.24 million in FY2022 principally due to the decrease in rights-of-use assets of RM1.55 million and decrease in intangible assets of RM0.12 million due to yearly depreciation and amortisation; which was partially offset by the increase in property, plant and equipment amounting to RM0.44 million (net of depreciation) due to additional attractions being introduced in ESCAPE theme park located in Penang both Waterplay and Adventureplay, during FY2022.

Current assets

Current assets increased in FY2022 as (i) the Group generated net cash and cash equivalents of RM17.67 million from operations after netting off with that from investing and financing activities ; and (ii) higher trade and other receivables of RM6.59 million which mainly arose from the royalties fees receivable from SL Gulf; and (iii) increased in prepayments of RM0.44 million mainly due to advance lease payment made to the lessors, prepaid insurances and advance payment for services to be rendered by vendors in FY2023; and (iv) increased in tax recoverable of RM0.07 million representing tax paid in excess of assessment to be refunded by tax authority.

The increase in current assets was partially offset by the decreases in inventories by RM0.05 million in line with increase in volume of visitors and promotional activities.

Equity

The Group's equity increased by RM24.6 million, or 36.93% from RM66.62 million as at 31 December 2021 to RM91.22 million as at 31 December 2022. The increase was due to (i) increase in profit attributable to the owners of the parent of RM22.16 million; (ii) increase in share of non-controlling interests of RM2.31 million; and (iii) increase in currency translation reserve net of capital reserve of RM0.13 million.

Non-current liabilities

The Group recorded an increase in non-current liabilities as (i) RM0.28 million increase in provision for the restoration costs to be incurred in Escape Penang, Escape Challenge at Paradigm Mall, and Kidzania at Curve NX; (ii) RM4.91 million increase in deferred tax liabilities due to the utilisation of unabsorbed losses and capital allowance brought forward against current financial year's FY2022, taxable income. The increase above was offset by the decrease in (i) RM0.94 million of its lease liabilities was reclassified to current liabilities; (ii) RM3.46 million of term loans was reclassified as current liabilities; (iii) RM0.90 million due to a Director of the Company was reclassified under current liabilities; and (iv) deferred revenue of sponsorship income classified under contract liabilities decreased by RM0.18 million in accordance with recognising the revenue as per the terms of the contracts.

Current liabilities

Current liabilities decreased as a result of (i) repayment of borrowings of RM0.85 million; (ii) decrease in contract liabilities (being deferred revenue of admission fees to theme parks and deferred sponsorship revenue) by RM0.82 million mainly due to utilisation of pre-purchased tickets upon admission by customers; and (iii) net decrease in income tax payable of RM0.06 million as a results of advance tax payment for Year of Assessment 2022 as per Income tax requirement for profit making Malaysia subsidiaries.

However, the decrease was partially offset by (i) increase in trade and other payables of RM0.35 million as a results of increase in revenue sharing with merchandise partners in tandem with the increase in the parks

revenue ; (ii) increase in lease liabilities RM0.13 million; and (iii) increase in amount due to a director of RM0.09 million due to reclassification from non-current liabilities.

Working capital position

The Group recorded a positive working capital position of RM27.55 million as at 31 December 2022, which is a significant improvement when compared to the working capital position of RM1.32 million as at 31 December 2021.

Review of the Group's Cash Flow

Operating activities: The Group's net cash from operating activities amounted to RM32.36 million for FY2022, which comprised operating cash inflow before the change in working capital of approximately RM43.08 million net of working capital outflow of RM7.10 million.

Investing activities: The Group's net cash flows used in investing activities for FY2022 amounted to RM5.14 million, mainly due to the additional cost capitalised for the continuous development of the Group's theme parks.

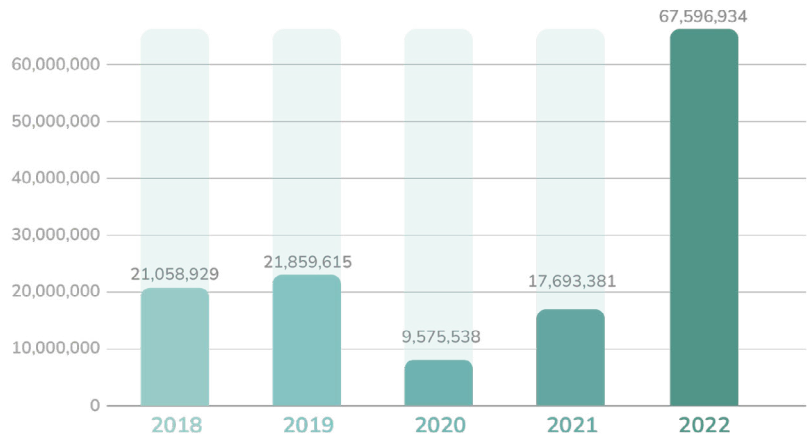
Financing activities: The Group's net cash flows used in financing activities for FY2022 amounted to approximately RM9.54 million, mainly due to repayment of lease liabilities, loans, borrowings, interest paid and dividends paid to non-controlling interests of a subsidiary.

As a result of the above and taking into account the effect of exchange rate changes, the Group's cash and cash equivalents increased by RM18.02 million to RM35.62 million as at 31 December 2022.

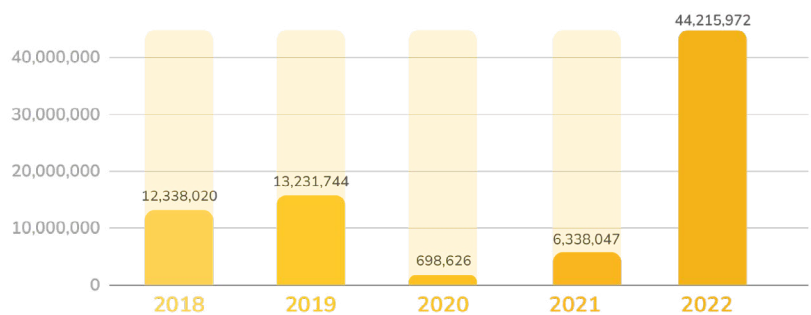


Financial Highlights

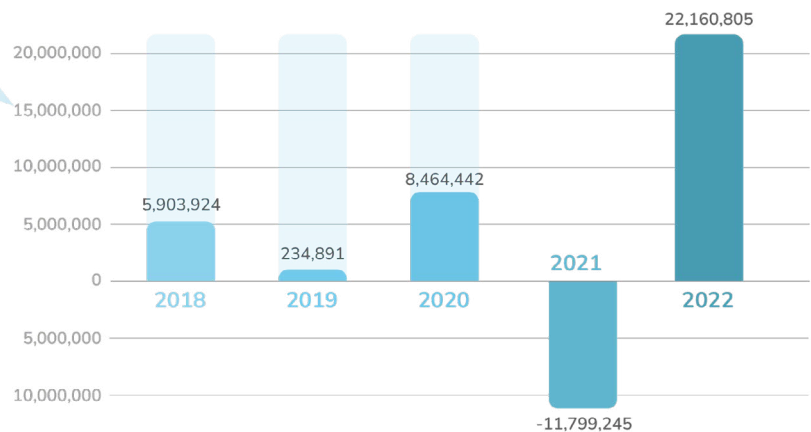
Revenue (RM)



Gross Profit (RM)



Net Profit/(Loss) After Tax Attributable to Owners of the Parent (RM)



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 Director

Tan Hui Tsu
Independent Director

Tan Boon Seng
Non-Independent Non-Executive Director

Sho Kian Hin, Eric (appointed on 1 June 2022)
Independent Director

Stephen Brian Peet (appointed on 5 August 2022)
Independent Director

Company Secretary

Chua Kern (LLB (Hons))

Registered Office

138 Robinson Road
#26-03, Oxley Tower Singapore 068906
Tel: (65) 6236 9353

Share Registrar

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

Sponsor

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

Sustainability Report 2022

Board's Statement

The Board has the pleasure of presenting the Group's Sustainability Report for FY2022 which provides the progress, achievements and future targets in relation to our sustainability efforts and commitments. The Group works alongside with our valued stakeholders toward building a sustainable business and environment.

The Board with the support of the 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 Catalyst 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 rapid change and introduction of comprehensive sustainability reporting standards and guidelines arising from the initiatives of the United Nations, the Group faces the upscaling challenges of its down-sized or reduced structure, resources, organisation and infrastructure following the adverse effects of the COVID-19 pandemic, to facilitate the data collection, analysis and reporting. While the Group desires to forge ahead on the comprehensive SGX-ST sustainability reporting guidelines and the Global Reporting Initiative ("**GRI**") 2021 Standards, it has been put in a reality check for FY2022 during which the Group has to attend to record surge in visitor volume and business with its down-sized and reduced staff force, resources, and infrastructure. Nonetheless the Group remains committed to its sustainability efforts wherein our third sustainability report for FY2022 has been prepared and updated with two new material topics: 'Energy Consumption' and 'Water and Effluents', in addition to the material EESG topics that were identified from our first materiality assessment conducted in the financial year ended 31 December 2020, 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.

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 current financial year ending 31 December 2023.

The Group did not engage external assurance for the disclosures in our sustainability report for FY2022 which has been reported and prepared in good faith and to the best of our knowledge.

About This Report

This is the third Sustainability Report (“**Report**”) of the Company and the Group and it covers sustainability performance for the reporting period from 1 January 2022 to 31 December 2022 (“**reporting period**”) and the operations and initiatives within Malaysia, where the Group is principally based. This Report is designed to provide a balanced view of the Group, to reflect the interests of our valued key stakeholders, and to address those interest pragmatically.

This Report has been prepared in accordance with TCFD recommendations for climate-related disclosures and the GRI Standards: Core Option reporting guidelines that provide guidance and references for disclosure of governance and environmental, social and economic performance and impacts of organisations. The GRI framework was chosen as it is currently the most adopted framework for sustainability reporting. This Report addresses the factors deemed material to the Group based on the EESG aspects. It presents the progress in the Group’s sustainability journey. The Company is committed to continuously improve its sustainability efforts and corresponding reporting processes.

Material EESG topics were identified from our first materiality assessment and would be reviewed regularly to ensure they are relevant and address our stakeholders’ concerns. The Board has considered the material EESG topics as part of its strategic formulation, determined the material EESG factors and overseen the management and monitoring of the material EESG factors identified.

The Group has identified key material factors with the following commitments:

Building the business responsibly to develop economically and socially for society;

- Generating economic value;
- Championing ethical business conduct;
- Engaging positively with the local community;
- Promoting equal opportunity in employment and talent development;

Lead the industry in environmental sustainability through initiatives;

- Reducing energy consumption through creative solutions;
- Rehabilitating & preserving the natural habitat; and
- Advocating eco-literacy among the masses.

We welcome feedback from our stakeholders as this will enable us to improve upon our sustainability efforts. Please send your feedback to info@simleisuregroup.com. To conserve the environment, no hard copies of this Report is printed. We have uploaded a digital copy of our Annual Report which contained this Report on our website at www.simleisuregroup.com.

Our Business

The Group has several key business segments comprising:

1. Our Theme Parks

We are the sole owners of our theme parks/leisure brands and intellectual property:

- ESCAPE Theme Park
- ESCAPE Challenge Park
- ESCAPE Base Camp

2. Licensee Operator

We are the licensee of KidZania Kuala Lumpur, operating the indoor theme park which combines entertainment and education through realistic role-play.

3. Design & Contracting Through Granting Intellectual Property (“IP”) Rights

We have developed the expertise and experience in designing and building theme parks worldwide over the decades. We provide these services through Sim Leisure Creative Pte. Ltd. by granting our IP rights to Sim Leisure Gulf Contracting LLC, headquartered in Dubai, United Arab Emirates.

4. Attractions and Safety Audit

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.

Business Excellence and Governance

Our Awards



Stakeholder Engagement

The Group engages our stakeholders through a range of communication channels for timeliness and effectiveness. The Group highly values stakeholder engagement and feedback, particularly from customers and employees, and we consider and respond promptly while taking the appropriate course of action. The Group identifies 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	Engagement Frequency	Mode of Engagement
Customers	Continuous	<ul style="list-style-type: none"> • Face-to-face interactions • Email and WhatsApp • Online Platforms (social media, review sites) • Website
Employees	Continuous	<ul style="list-style-type: none"> • Face-to-face interactions • Letters and Memorandums • Meetings • HR App (Info-Tech) • Email and WhatsApp
Suppliers & Partners	Continuous	<ul style="list-style-type: none"> • Face-to-face interactions • Phone, email and WhatsApp
Investors & Shareholders	Continuous	<ul style="list-style-type: none"> • Announcements on SGXNet • Annual Reports • Corporate Website • Annual General Meetings
Regulators	Continuous	<ul style="list-style-type: none"> • Reporting Platforms • Regular Reports • Statutory Reporting

Material Topics

Sim Leisure Group's sustainability process begins with identifying topics and issues relevant to the company and its stakeholders. From there, the identified topics are then rated and prioritised based on its importance to the company and stakeholders, subject to validation. Through this process we have identified the material topics listed below.

Identification → Prioritisation → Validation → Review

By applying the relevant GRI Standards, the Group was able to identify and prioritise sustainability topics to report. The materiality assessment was conducted through a series of engagement sessions with internal stakeholders and studying existing feedback of external stakeholders.

Our material topics have been based on peer benchmarking, relevance within the industry, as well as the Group's values and priorities. In FY2022, Sim Leisure Group has added 'Energy Consumption' and 'Water and Effluents' as additional material topics given that it is the first year since the COVID-19 pandemic where its businesses have fully reopened.

Material Topics

Focus Area	Material Topics
Economic Performance	Direct Economic Value Gained and Distributed
Corporate Governance and Ethics	Anti-corruption Policy Upholding Safety and Quality
Protecting the Environment	Energy Consumption Water and Effluents Energy Conservation Habitat Restoration Promoting Eco-literacy
Employability and Local Development	Diversity and Equal Opportunity Communal Living and Shared Responsibility

Direct Economic Value Generated and Distributed

SLG staunchly believes in generating economic value through its business pursuits. The Group's economic performance in FY2022 significantly increased from FY2021 with businesses and borders fully reopening in post-COVID times. Further to that, the lockdowns and business restrictions in the prior year due to the pandemic has caused a unprecedented increase in demand for leisure activities.

Please refer to FY2022 Annual Report for a detailed breakdown and analysis of the Group's economic performance, as well as further details on business plans and targets for FY2022.

Direct Economic Value Generated	FY2022
Revenue	RM70,689,337
Economic Value Distributed	
Material and services cost	RM20,159,938
Employees (wages, salaries, benefits)	RM8,085,616
Government (wage subsidy and income tax)	RM3,123,775
Capital Providers (dividends and interest expenses on borrowings, other finance costs)	RM2,414,335
Economic Value Retained	
Direct Revenue Generated less Economic Value Distributed	RM36,905,673

Corporate Governance & Ethics

Anti-Corruption Policy

The Group's zero-tolerance policy towards any form of corruption encompasses (but is not limited to), kickbacks, gifts, entertainment, favours, hospitality, and donations. There is evidence of rampant corruption in the tourism sector which impedes honest industry players and ultimately deprives customers of their value and quality of leisure.

This is why we take 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. In FY2022, 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.

Goals	Target for FY2022	Performance for FY2022	Target for FY2023	Five-year Target for FY2025
Uphold the Group's zero-tolerance policy towards corruption	Maintaining the record for zero incidents Continuous reinforcement of ESCAPE as a scam-free destination through constant education and content in our website and social media to raise awareness	There were no cases of incidents of corruption within the group. The Group has updated its website mentioning ESCAPE as a scam-free destination on its website, www.escape.my/about	Maintaining the record for zero incidents Continuous reinforcement of ESCAPE as a scam-free destination through constant education and content in our website and social media to raise awareness	Ensure that the Group maintains a zero corruption record

Upholding Safety and Quality

Safety is at the heart of the Group. To uphold benchmark international standards in its workplace safety, the Group takes a proactive approach in preventing workplace accidents by implementing the following measures in our occupational health and safety management operations at our attractions:

- Establish a Health and Safety Committee comprising management, representatives of workers and representatives of employer, and define the Committee's roles, responsibilities and authorities
- 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
- 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
- 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

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
- Factory and Machinery Act 1967
- Fire Services Act 1988
- Penang Island Municipal Council By-laws
- Personal Data Protection Act 2010

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. In FY2022, Sim Leisure Group had zero workplace accidents and strives to have zero work place incidents recorded in FY2023.

Our Environmental Footprint

TCFD Disclosure

In FY2022, Sim Leisure Group sought out to identify and assess climate-related risks and opportunities to analyse potential implications on the Group. The table below comprises the climate risks and opportunities identified in the short, medium and long term.

Risks/Opportunities	SLG's Assessment
Increase in market demand for 'green' tourism	<p>The tourism industry, particularly in the post-COVID era, has witnessed an increasing demand in outdoor-based nature activities.</p> <p>This poses a significant opportunity for Sim Leisure Group's ESCAPE parks to capitalise on the trend, with the park's ethos and values based on environment-friendly leisure and pioneering green initiatives from the park's inception.</p>
Increase in average temperatures	<p>While the ongoing trend of rising average temperatures is expected to adversely affect outdoor activities in general, this also poses an opportunity for an increased demand in water park leisure such as ESCAPE.</p> <p>This is also an opportunity for ESCAPE to showcase the positive effects of its environmental initiatives, namely the planting of over 3,500 trees around the park to provide natural cooling and shading, in contrast to commercial and residential premises which resort to energy-consuming air-conditioning for cooling.</p>
Increased expectation in EESG disclosures and transparency	<p>Increased expectations in the global corporate community on sustainability disclosure, along with increased adoption of sustainability reporting standards has been identified as posing transition and reputational risk, with potential implications including reduced investor confidence leading to reduced access to capital.</p> <p>This transition also poses an opportunity for Sim Leisure Group to develop its capacity for improved sustainability disclosures, data gathering of key metrics such as carbon emissions and energy consumption, prepare adequately for upcoming mandates pertaining to sustainability matters and increase transparency and confidence in key EESG disclosures.</p>

In light of the above, the Group has started collecting baseline data of water consumption, electricity consumption and CO₂ emissions for FY2021 and FY2022; the latter will be the reference year for comparison with future years given it is the first year since the COVID-19 pandemic that the park has returned to full operations, which also explains the significant increase in electricity and water consumption for FY2022. These data are collected from their respective utility bills, and carbon emissions are calculated by a factor.

The Group takes proactive, creative measures to minimise its environmental footprint through numerous measures and initiatives outlined in the subsequent sections.

Electricity Consumption and Carbon Emissions

Theme Park / Attraction	Electricity Consumption (kWh)	
	FY2021	FY2022
ESCAPE Penang	201,966	791,055
ESCAPE Petaling Jaya	20,727	32,525
KidZania Kuala Lumpur	359,275	566,523
Total	581,968	1,390,103

	CO ₂ Emission Index	
	FY2021	FY2022
Total CO ₂ Emission for the Theme Parks (kg) ¹	251,756	601,351
Revenue for Theme Park segment (RM)	12,183,362	59,561,642
Index for total CO₂ Emission/Revenue (kg/RM1)	0.0207	0.0101

Note ¹ - 1kWh = 0.4325943kg CO₂ (Source: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator)

Water Consumption

Theme Park / Attraction	Water Consumption (m ³)	
	FY2021	FY2022
ESCAPE Penang	6,699	20,112
ESCAPE Petaling Jaya	20,414	50,597
KidZania Kuala Lumpur	524	4,556
Total	27,637	75,265

	Water Consumption Index	
	FY2021	FY2022
Total water consumption for the Theme Parks (m ³)	27,637	75,265
Revenue for Theme Park segment (RM)	12,183,362	59,561,642
Index for total water consumption/Revenue (m³/RM1)	0.0023	0.0013

Note ¹ - 1kWh = 0.4325943kg CO₂ (Source: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator)

Goals	Target for FY2022	Achievement in FY2022	Target for FY2023	Five-year Target for FY2025
Achieve carbon-neutral status at ESCAPE Penang by FY2025	Continue collection of baseline data for better future analysis	We have collected electricity and water consumption data from all our parks in FY2021 and 2022, and derived the carbon emissions index and water consumption index accordingly.	Reduce carbon emissions index and water consumption index by 5%	Achieve carbon neutral status

Water Consumption

* The Company is not setting targets for electricity consumption as it is unable to accurately monitor its electricity consumption with the opening of new parks in FY2023. As we add new attractions to our parks, electricity consumption may increase. As such, the Company will continue its collection of baseline data of electricity consumption in FY2023.

Energy Conservation

The enormous amount of energy consumed by conventional theme parks results in significant carbon emissions and large overhead costs but we, at the Group, depart from the approach of sophisticated high-tech rides, and adopt 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 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 do not require electricity at all including our rope and obstacle courses which have guests navigating through the rainforest, flying trapeze and zipline attractions, our new Zip Coaster and a tubing ride that uses artificial ski tracks from our Gravityplay hilltop.

The use of centrifugal pumps at our water park attractions require a large amount of energy to ensure the entire water volume is circulated, sanitized, and filtered every 2 hours to preserve water hygiene. However, the series of pumps only operate at 50% capacity as they are manually monitored and tuned to match the intensity of pool use by visitors. Conventional motors which drive the pumps are typically "brushless" hence lower air flow and oscillatory instabilities develop when they operate at low speed. 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.

Promoting Eco-Literacy

With sustainability at the core of our ESCAPE brand, it is imperative for us at the Group to promote eco-literacy to our visitors and educate them. We truly believe that people absorb most 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.

Eco-literacy should start from a young age, 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.

An important aspect of promoting eco-literacy is instilling the desire among people to cherish 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 be inspired to protect the environment.

Promoting Eco-Literacy

Goals	Target for FY2022	Achievement in FY2022	Target for FY2023	Five-year Target for FY2025
Improve eco-literacy among the youth	Publish more content on green initiatives by SLG	SLG published its green initiatives on all its social media platforms quarterly. SLG has also updated its sustainability initiatives on its website https://www.simleisuregroup.com/responsible-business/sustainability	Continue quarterly publishing of SLG's green initiatives on its social media platforms and other digital fronts.	Maintain social media and website content on green initiatives on a regular basis

Habitat Restoration

We 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.

Our stance in developing ESCAPE theme parks revolves around our choice of selecting leftover brownfield sites rather than primary forest sites allowing us to rejuvenate the land with ESCAPE theme parks. This clearly happened with 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.

Tree Planting

ESCAPE Penang has planted more than 3,000 trees in the park, including 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.

We have 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.

Goals	Target for FY2022	Achievement in FY2022	Target for FY2023	Five-year Target for FY2025
Transplant trees at ESCAPE theme parks	Earmarked tree replanting project of around 20 to 30 trees in 2022 from around the neighbourhood	The unexpected surge in visitor demand and the completing of the Zip Coaster and Ski Slope projects led the Group to shift its priorities towards operations and shelve the goal. However, the current ESCAPE Ipoh project has had over 50 trees transplanted from the surrounding areas.	Transplant another 50 trees at ESCAPE'S theme parks	Transplant 200 trees overall throughout ESCAPE's theme parks
	Set up a contact channel for tree transplanting	There is an informal contact personnel for the tree transplanting programme but the formal channel has yet to be set up	Set up a formal channel for tree transplanting	

Low-impact Development

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 used shipping containers as substitutes for conventional building structures which assemble much quicker and easier while emitting less pollution. 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. Like 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. 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 new 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.

Goals	Target for FY2022	Achievement in FY2022	Target for FY2023	Five-year Target for FY2025
Develop new attractions with minimal impact to the environment	Install Zorbing (the activity of rolling downhill with a transparent orb with the rider inside) with little impact on the environment.	SLG did not install the Zorbing attraction to prioritise the completion of Zip Coaster project, instead installing another attraction – Ski Slope – on a pre-existing service road, which completed in November 2022	Install Obstacleplay at ESCAPE Penang	Develop 5 new attractions for ESCAPE theme parks which require minimal environmental impact

Biomimicry Landscaping

ESCAPE Penang vegetates its roofing with native grass and shrub species, serving multiple benefits: 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.

Rainwater Harvesting

Most land development projects have concrete, asphalt, building roofs, and compacted vegetated sites which increase rainwater runoff and decrease surface water quality and groundwater infiltration. ESCAPE Penang's biomimicry approach allows rainwater to seep into the ground to support groundwater recharge.

ESCAPE Penang does not construct its pathways and bare surfaces with cement or asphalt but instead uses layers of natural sand, pebbles, and small rocks at least 20cm deep instead. 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. Thanks to the biomimicry interventions, 90% of raw water utilised by ESCAPE Penang's play pools are harvested on-site.

Employability and Local Development

Diversity and Equal Opportunity

The Group is an equal opportunity employer, and it strongly advocates for non-discrimination to employees and applicants without regard to discriminatory factors such as gender, age, race or religion in order to create a diverse, healthy and productive organisation. As such, 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. For FY2022, the average remuneration men to women ratio for the Group's employees is at 1 to 1.15.

Diversity of Employees

Age Group	No. of Employees	New Hires	Full-time
Below 30 years	197 (76%)	189 (86%)	8 (21%)
30 - 50 years	53 (20%)	27 (12%)	26 (67%)
Over 50 years	10 (4%)	5 (2%)	5 (13%)
Gender	No. of Employees	New Hires	Full-time
Male	121 (47%)	100 (45%)	19 (49%)
Female	139 (53%)	121 (55%)	20 (51%)
Total	260	221	39

Diversity of Board Members

Age Group	No. of Individuals	Percentage
Below 30 years	0	0%
30 - 50 years	4	57%
Over 50 years	3	43%
Gender	No. of Individuals	Percentage
Male	5	71%
Female	2	29%
Total	7	100%

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.

Goals	Target for FY2022	Performance for FY2022	Target for FY2023	Five-year Target for FY2025
Achieve an even gender ratio in the workforce	1.35 is to 1 male-to-female employee ratio	0.87 is to 1 male-to-female employee ratio. The group has reached and exceeded its target.	1 is to 1 male-to-female employee ratio	1 is to 1 male-to-female employee ratio

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GRI Content Index

No.	Disclosure	Reference	Remarks
GRI 102: General Disclosures			
102-1	Name of the organisation		
102-2	Activities, brands, products and services	Our Business	
102-3	Location of headquarters	Annual Report	
102-4	Location of operations	Annual Report	
102-5	Ownership and legal form	Annual Report	
102-6	Markets served	Annual Report	
102-7	Scale of the organisation	Annual Report	
102-8	Information of employees and other workers	Page 11 - Diversity and Equal Opportunity	
102-9	Supply chain	-	The Group has over 100 suppliers, with over 90% of them based in Malaysia providing various materials, products and services for the Group's businesses.
102-10	Significant changes to the organisation and its supply chain	-	The Group has founded: Sim Leisure Makers Sdn Bhd, Team Works Malaysia Sdn Bhd
102-11	Precautionary Principle of approach	Pages 16-30 - Environmental Initiatives	
102-12	External Initiatives	-	None
102-13	Memberships of associations	-	The Group is a member of the following associations: International Association of Amusement Parks and Attractions World Waterpark Association Coalition for Business Integrity
102-14	Statement from senior decision maker	Board Statement	
102-16	Values, principles, standards and norms of behaviour	About Us	
102-18	Governance structure	Annual Report	
102-40	List of Stakeholder Groups	Stakeholder Engagement	
102-41	Collective bargaining agreements	-	The Group has no employees covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	
102-43	Approach to Stakeholder Engagement	Stakeholder Engagement	
102-44	Key topics and concerns raised	Stakeholder Engagement	
102-45	Entities included in the consolidated financial statements	Annual Report	
102-46	Defining report content and topic Boundaries	About This Report	
102-47	List of Material Topics	Our Material Topics	
102-48	Restatements of information	-	None
102-49	Changes in reporting	-	None
102-50	Reporting Period	- About This Report	
102-51	Date of most recent report	30 th May 2023	

GRI Content Index

No.	Disclosure	Reference	Remarks
GRI 102: General Disclosures			
102-52	Reporting cycle	Page 3 - About This Report	Annual
102-53	Contact point for questions regarding the report	Sponsor's Statement, About This Report	info@simleisuregroup.com
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	This Sustainability Report has been prepared in accordance with the GRI Standards: Core Option
102-55	GRI Content Index	GRI Content Index	
102-56	External Assurance	About This Report	None
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	Directed Economic Value Generated and Distributed	
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption	Anti-corruption	
205-3	Confirmed incidents of corruption & actions taken	Anti-corruption	
GRI 302: Energy			
302-1	Energy Consumption within the organisation	Consumption of Water and Electricity	
302-4	Reduction of Energy Consumption	Energy Conservation	
GRI 303: Water and Effluents			
303-4	Water Consumption	Consumption of Water and Electricity	
GRI 304: Biodiversity			
304-3	Habitats protected or restored	Habitat Restoration	
GRI 401: Employment			
401-1	New employee hires and employee turnover	Diversity and Equal Opportunity	
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	Upholding Safety and Managing Quality	
403-2	Hazard identification, risk assessment, and incident investigation	Upholding Safety and Managing Quality	
403-3	Occupational health services	Upholding Safety and Managing Quality	
403-4	Worker participation, consultation, and communication on occupational health and safety	Upholding Safety and Managing Quality	
403-5	Worker training on occupational health and safety	Upholding Safety and Managing Quality	
403-6	Promotion of worker health	Upholding Safety and Managing Quality	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Upholding Safety and Managing Quality	

GRI Content Index

No.	Disclosure	Reference	Remarks
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity	
405-2	Diversity of governance bodies and employees	Diversity and Equal Opportunity	
GRI 413: Local Opportunities			
413-1	Operations with local community engagement, impact assessments, and development programs	Communal Living and Shared Responsibility	

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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 2022 (“**FY2022**”), 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 FY2022, 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 FY2022, 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 FY2022, the Company has appointed two (2) diversified background individuals as its new Independent Directors namely Mr Sho Kian Hin, Eric and Mr Stephen Brian Peet.

Mr Sho Kian Hin, Eric (“**Mr Sho**”) age 53, Independent Non-Executive Director, was appointed to the Board on 1 June 2022 and has prior experience as a director of public-listed companies in Singapore. Mr Sho is a fellow member of the Association of Chartered Certified Accountants and has vast experience in the field of finance, accounting and corporate, and has vast experience serving the board of directors and committee boards of various public-listed companies in Singapore.

Mr Stephen Brian Peet (“**Mr Peet**”) age 66, Independent Non-Executive Director, was appointed to the Board on 5 August 2022 (the “**Appointment**”) and has no prior experience as a director of public-listed companies in Singapore. Mr Peet is a 35-year veteran of theme park and water park project development, maintenance, and operations at leading theme parks in Australia. As of the date of this report, Mr Peet has registered to attend the training syllabus as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules and is expected to complete the mandatory training within the first year of the Appointment.

As newly appointed Directors, both Mr Sho and Mr Peet were 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 Sho and Mr Peet with a formal letter of appointment setting out their duties and obligations as a Director of the Company.

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The training courses attended by the Directors of the Company for FY2022 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"> IVAS-IVSC Business Valuation Conference 2022 LED - Environmental, Social and Governance Essentials (Core)
Ms Tan Hui Tsu	Independent Director	<ul style="list-style-type: none"> LED – Environmental, Social and Governance Essentials (Core)
Mr Tan Boon Seng	Non-Executive Non-Independent Director	<ul style="list-style-type: none"> LED - Environmental, Social and Governance Essentials (Core)
Mr Sho Kian Hin, Eric	Independent Director	<ul style="list-style-type: none"> LED - Environmental, Social and Governance Essentials (Core)
Mr Stephen Brian Peet	Independent Director	<ul style="list-style-type: none"> Accounting and Corporate Regulatory Authority - Directors Training Program LED - Environmental, Social and Governance Essentials (Core)

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 FY2022 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 FY2022 and the unaudited full year financial results of the Group for the financial year ended 31 December 2021 (“FY2021”). 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 FY2022 is as follows:

	AGM	Board	Board Committees		
			Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held during the year	1	2	3	1	1
Number of meetings attended					
Dato' Sim Choo Kheng ⁽¹⁾	1	2	2 ⁽⁶⁾	1 ⁽⁶⁾	1 ⁽⁶⁾
Datin Silviya Georgieva Georgieva	1	2	2 ⁽⁶⁾	1 ⁽⁶⁾	1 ⁽⁶⁾
Mr Chung Yew Pong	1	2	3	1	1
Ms Tan Hui Tsu	1	2	3	1	1
Mr Tan Boon Seng	1	2	3 ⁽⁶⁾	1 ⁽⁶⁾	1 ⁽⁶⁾
Mr Sho Kian Hin, Eric ⁽²⁾	-	1	2	-	-
Mr Stephen Brian Peet ⁽³⁾	-	1	1	-	-
Ms Yong Oi Ling ⁽⁴⁾	1	1	1 ⁽⁶⁾	1 ⁽⁶⁾	1 ⁽⁶⁾
Mr Tay Eng Kiat, Jackson ⁽⁵⁾	-	1	1	1	1

Notes:

- ⁽¹⁾ Dato' Sim Choo Kheng ("Dato' Sim") was re-designated from Executive Director and Chief Executive Officer to Executive Chairman on 1 July 2022 in conjunction with the succession planning for the Board and Management. Dato' Sim remains as 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.
- ⁽²⁾ Mr Sho Kian Hin, Eric was appointed as Independent Non-Executive Director with effect from 1 June 2022. He will not be seeking re-election as director at the forthcoming AGM.
- ⁽³⁾ Mr Stephen Brian Peet was appointed as Independent Non-Executive Director with effect from 5 August 2022.
- ⁽⁴⁾ Ms Yong Oi Ling (Ms Yong) ceased to be the Executive Director on 31 May 2022 following her decision not to renew her service contract which lapsed on 31 May 2022.
- ⁽⁵⁾ Mr Tay Eng Kiat, Jackson retired as the Independent Non-Executive Director and relinquished his role as Chairman of the Board on 29 April 2022.
- ⁽⁶⁾ Attendance at meetings were "By Invitation".

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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.

For the first five (5) month period of FY2022, the Board comprises seven (7) members, four (4) of whom are Non-executive Directors including three (3) Independent Directors. Following the subsequent retirement of our Independent Non-Executive Chairman, cessation of an Executive Director and appointment of new Independent Directors, the Company is able to maintain a seven (7)-member Board, five (5) of whom are Non-Executive Directors including four (4) Independent Directors for most part of the remaining period of FY2022, As at the date of this report, 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 ("NC")	Remuneration Committee ("RC")
Dato' Sim Choo Kheng ⁽¹⁾	Executive Chairman	-	-	-
Datin Silviya Georgieva Georgieva (Datin Silviya)	Executive Director	-	-	-
Mr Chung Yew Pong ⁽²⁾	Lead Independent Director	Member	Member	Chairman
Ms Tan Hui Tsu (Ms Tan)	Independent Director	Member	Chairman	Member
Mr Sho Kian Hin, Eric ⁽³⁾	Independent Director	Chairman	Member	Member
Mr Stephen Brian Peet ⁽⁴⁾	Independent Director	-	-	Member
Mr Tan Boon Seng	Non-Executive Non-Independent Director	-	-	-

Notes:

⁽¹⁾ Dato' Sim was re-designated from Executive Director and Chief Executive Officer to Executive Chairman on 1 July 2022.

⁽²⁾ Mr Chung Yew Pong (Mr Chung) was appointed as the Lead Independent Non-Executive Director with effect from 5 August 2022 following the redesignation of Dato' Sim as the Executive Chairman of the Company to enable the Board to discharge its function, duties, and responsibilities effectively and efficiently and to facilitate the compliance of the Code.

⁽³⁾ Mr Sho Kian Hin, Eric was appointed as Independent Non-Executive Director with effect from 1 June 2022. He will not be seeking re-election as director at the forthcoming AGM.

⁽⁴⁾ Mr Stephen Brian Peet was appointed as Independent Non-Executive Director with effect from 5 August 2022.

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 31,000 shares in the Company amounting to 0.02% 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 FY2022.

Save as disclosed above, the Independent Directors (namely Mr Chung, Ms Tan, Mr Sho and Mr Peet) as at end of the FY 2022 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 FY2022. 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 FY2022.

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 or her first appointment.

Provisions 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 comprises a total of seven (7) members. Five (5) of whom are Non-Executive Directors, including four (4) Independent Directors. A Lead Independent Director was appointed among the four (4) Independent Director on 5 August 2022 to enable the Board to discharge its function, duties, and responsibilities effectively and efficiently as well as to facilitate the compliance of the Code.

In respect of FY2022, the Board has enhanced its independent element from 43% to 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 enhanced 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 Committee(s).

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 appropriate to meet the Company's objectives and facilitates effective and informed decision-making. Summary details of the Board composition are as follows:

Description of principle	No. of Directors	Proportion of Board ⁽¹⁾
a)Core Competencies		
• Accounting/Finance/Legal/Corporate governance	4	57%
• Industry/Customer based-knowledge or experience	3	43%
• Strategic planning experience	7	100%
b)Gender Diversity		
• Male	5	71%
• Female	2	29%
c)Age Group		
• 40 – 49 years	3	43%
• 50 – 59 years	3	43%
• 60 – 69 years	1	14%
d)Independence		
• Independent	4	57%
• Non-Independent	3	43%

Note:

⁽¹⁾ As at the date of this report

The NC and Board is further of the view that the Board and the Board Committees is satisfied with the current diversity of the Board, arising from having an appropriate diversity of gender with two (2) female Directors, of whom one (1) is an Executive Director and the other, an Independent Director. In relation to the diversity targets and progress in FY2022, the Company has the following appointment of new Independent Directors to the Board and Board Committees: -

Description of principle	Targets and Progress in FY2022
<p>a) Ensuring diversity of Core Competencies</p>	<ul style="list-style-type: none"> • Accounting/Finance/Legal/Corporate governance <p>Mr Sho was appointed to the Board on 1 June 2022. Mr Sho has vast knowledge in the field of finance, accounting and corporate and extensive experience serving the board of directors and committee boards of various public-listed companies in Singapore.</p> <ul style="list-style-type: none"> • Industry/Customer based-knowledge or experience <p>Mr Peet was appointed to the Board on 5 August 2022. Mr Peet is a veteran in the leisure industry and has gained extensive knowledge and experience in theme park and water park project development, maintenance and operations during his 35-year engagement and participation with leading theme parks in Australia.</p> <p>The above appointments 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.</p> <p>With the network of existing Board members and related institutions, the NC and Board have identified and will continue to identify suitable candidate(s) with in-depth knowledge and geographical experience of the industry in which the Group operates. Such candidate(s) will be observed and tracked for future consideration and evaluation.</p>
<p>b) Gender diversity</p>	<p>The Company will strive to maintain an appropriate level of female director representation of 15% - 20%, 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>

There is no alternate Director on the Board.

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 Independent Chairman/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 FY2022, 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, and no one individual has unfettered powers of decision-making.

Provisions 3.1 and 3.3

The Chairman of the Board and the Chief Executive Officer (“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. In FY2022, the Company redesignated Dato’ Sim, who previously held the role of both Executive Director and CEO of the Company, as the Executive Chairman with effect from 1 July 2022 following 1) the retirement of the Independent Chairman Mr Tay Eng Kiat at the annual general meeting held for the previous financial year ended 31 December 2021; and 2) the appointment of Mr Philip John Whittaker (“Mr Phil”) as the CEO of the Company on 1 July 2022 in conjunction with the succession planning of the Board and Management. Mr Phil is not a Board member of the Company. Mr Phil, the CEO and the Executive Chairman, Dato’ Sim, are not related to each other and do not have any business relationship between them. Dato’ Sim continues to be 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.

Pursuant to the above redesignation of Dato’ Sim, the Company has enhanced its independent element from 43% to 57% comprising four (4) Independent Directors following the appointment of two (2) new Independent Directors namely Mr Sho and Mr Peet as mentioned above and the appointment of Mr Chung an Independent Director, as the Lead Independent Director on 5 August 2022. 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 Independent Chairman’s (prior to his retirement) or Lead Independent Director’s attention, received in FY2022.

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 FY2022, 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 FY2022, the NC comprises three (3) Independent Directors, and the NC members as at end of FY2022 and the date of this report are Ms Tan (Chairman of the NC), Mr Chung and Mr Sho. The Lead Independent Director, Mr Chung is a member of the NC.

Following Mr Sho's intention to not seek re-election as director of the Company for the forthcoming AGM, the NC will not meet the requirement of a minimum three members upon conclusion of the forthcoming AGM. The Board and the NC are currently in the process of reviewing the Board's composition and searching for suitable candidates to be appointed to the Board as an Independent Director and member of its Board Committees to ensure compliance with the Code and relevant Catalist Rules.

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, Dato' Sim and Mr Chung retiring under Regulation 102 of the Company's Constitution at the forthcoming AGM, as well as Mr Sho and Mr Peet, retiring under Regulation 108 of the Company's Constitution at the forthcoming AGM (collectively, the "Retiring Directors"), have been nominated by the NC for re-appointment at the forthcoming AGM. Mr Sho who is due for retirement at the forthcoming AGM, has decided not to seek re-election as the director due to increasing work commitments. As such, Mr Sho 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 Sho and Mr Chung, being a member of the NC, has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-election as a Director.

Mr Chung will, upon re-election as a Director, remain as Lead Independent Director of the Company, Chairman of the RC and a member of the AC and the NC of the Company. Mr Peet will, upon re-election as a Director, remain as Independent Director of the Company and a member of the RC of the Company. The Board considers Mr Chung and Mr Peet to be independent for the purpose of Rule 704(7) of the Catalist Rules. Dato' Sim will, upon re-election as a Director, remain as Executive Chairman 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 31,000 shares in the Company amounting to 0.02% 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 Tay Eng Kiat Jackson (retired on 29 April 2022), Mr Chung, Ms Tan, Mr Sho and Mr Peet) are independent for FY2022.

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 FY2022. 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	11 May 2020 (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. · Sim Leisure Builders Sdn. Bhd. · Sim Leisure Design Sdn. Bhd. · Sim Leisure Milan Sdn. Bhd. · Sim Leisure Challenge Sdn. Bhd. · Sim Leisure Rock Sdn. Bhd. · Sim Leisure Creative 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
				<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 Makers Sdn. Bhd. · Sim Leisure Hong Kong Limited · Team Works Malaysia Sdn. Bhd. · Sim Leisure Gulf Contracting L.L.C. · Gabravo Sdn. Bhd. · Kids Edutainment Pte. Ltd.
Datin Silviya	Executive Director	24 December 2018	29 April 2022	<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 Builders Sdn. Bhd. · Sim Leisure Design Sdn. Bhd. · The Cool Melon 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. · Team Works Malaysia Sdn. Bhd. · Sim Leisure Hong Kong Limited · Kids Edutainment Pte. Ltd.
Mr Chung	Independent Director	24 December 2018	31 May 2021 (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"> · True Vine Capital Partner Pte. Ltd. · Claritas Consulting (Asia) Sdn. Bhd. · CPA Australia 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
Ms Tan	Independent Director	1 July 2021	29 April 2022	<p><u>Present Directorships</u></p> <ul style="list-style-type: none"> · LHN Logistics Limited <p><u>Other Principal Commitments</u></p> <p>Nil.</p>
Mr Tan Boon Seng	Non-Independent Non-Executive Director	8 June 2020	31 May 2021	<p><u>Present Directorships</u></p> <p>Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> · Dragon-I Restaurant Sdn. Bhd. · Dragon-I Restaurant (1U) Sdn. Bhd. · Dragon-I Restaurant (BT) Sdn. Bhd. · Dragon-I Restaurant (CP) Sdn. Bhd. · Dragon-I Restaurant (GP) Sdn. Bhd. · Dragon-I Restaurant (PV) Sdn. Bhd. · Dragon-I Restaurant (QM) Sdn. Bhd. · Dragon-I Restaurant (SP) Sdn. Bhd. · Dragon-I Restaurant (TC) Sdn. Bhd. · Dragon-I Trading Sdn. Bhd. · Canton-I Sdn. Bhd. · CI Xpress (1U) Sdn. Bhd. · Canton-I (QM) Sdn. Bhd. · Canton-I Express (LY) Sdn. Bhd. · Divine Kitchen Sdn. Bhd. · Yayoi Malaysia Sdn. Bhd. · EOM Systems Sdn. Bhd. · EOM Sales Sdn. Bhd. · Jelang Utama Sdn. Bhd. · Desamal Capital Sdn. Bhd. · Diplomat Technology Sdn. Bhd. · Mobile Sentinel Sdn. Bhd. · Pronto Generasi Sdn. Bhd. · Citychemo Manufacturing Sdn. Bhd. · L & S Cosmetics and Toiletries (M) Sdn. Bhd. · Good Virtues (M) Sdn. Bhd. · B Fitness Asia Sdn. Bhd. · Macro System Consultancy Sdn. Bhd. · Alipt Sdn. Bhd. · Peh and Tan Construction Sdn. Bhd. · Bullish Aim Sdn. Bhd. · Bullish Aim Technologies Sdn. Bhd. · OEC Freight Sdn. Bhd. · Orient Containers Sdn. Bhd.

Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
				<ul style="list-style-type: none"> · Sanbos (Malaysia) Sdn. Bhd. · Somnium Capital Sdn. Bhd. · Tan Teck Jooi & Sons Sdn. Bhd. · Cold Jumbo Logistics Sdn. Bhd. · Nanmu Capital Sdn. Bhd. · Rakan Riang Sdn. Bhd.
Mr Sho	Independent Director	1 June 2022	Not Applicable (will not be seeking re-election)	<u>Present Directorships</u> <ul style="list-style-type: none"> · OUE LIPPO Healthcare Ltd. · Choo Chiang Holdings Ltd. · Versalink Holdings Ltd. · Quantum Healthcare Ltd. <u>Other Principal Commitments</u> <ul style="list-style-type: none"> · China Farm Equipment Pte. Ltd. · Hartanah Kencana Sdn Bhd.
Mr Peet	Independent Director	5 August 2022	Not Applicable (shall retire and be subject to re-election at the forthcoming AGM)	<u>Present Directorships</u> <ul style="list-style-type: none"> Nil <u>Other Principal Commitments</u> <ul style="list-style-type: none"> · Peet Leisure Pty Ltd.

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.

Provisions 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 FY2022 without the engagement of an external facilitator.

For FY2022, 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 FY2022, the RC comprises four (4) Independent Directors and the RC members as at the end of the FY2022 and as at the date of this report are, Mr Chung (Chairman of the RC), Ms Tan, Mr Sho and Mr Peet.

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 FY2022, the RC met on 22 February 2022 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 FY2022 and determined that there was no change to the Directors' fees for the Independent Directors. The Directors' fees for the Independent Directors for FY2022 were tabled by the RC to the Board for endorsement and recommendation to Shareholders for approval at the AGM held in April 2022. The RC had also reviewed and determined that there was no change to the remuneration of the key management personnel for FY2022.

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 external expert was engaged by the RC in FY2022.

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.

Provisions 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 FY2022, 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 do not receive any Directors’ fees.

Our Non-Executive Non-Independent Director, Mr Tan Boon Seng who was appointed to the Board on 8 June 2020 has declined to receive his Directors’ fee since his appointment in light of the impact of COVID-19 pandemic on the tourism and leisure section. In line with the recovery of the Group’s business and considering the past contribution of Mr Tan Boon Seng, the RC has recommended, and the Board has approved the Non-Executive Non-Independent Director’s entitlement of Director’s fee commencing from the financial year ending 31 December 2023 (“FY2023”).

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 each 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, has an ongoing service agreement with the Company for a period of three (3) years with effect from 1 March 2022. Datin Silviya, the Executive Director of the Company, has entered into a service agreement with the Company for an initial period of three (3) years effective from 2 January 2020. Datin Silviya's service contract has since been renewed for a period of three (3) years with effect from 2 January 2023.

At the previous AGM for the FY2021, the Shareholders have approved the payment of Directors' fees of S\$130,000 for the FY2022 to be paid in arrears. The Company however has incurred and paid an aggregate Directors' fees of S\$142,500 as a result of the appointment of an additional Independent Non-Executive Director in the second half of FY2022. The Board has increased the composition of its Independent Non-Executive Directors to a majority position of four (4) as compared to three (3) Independent Non-Executive Directors as at end of FY2021. Accordingly, the Board will table for approval by Shareholders of the additional sum of Directors' fees paid for FY2022, of S\$12,500 at the forthcoming AGM.

In addition, an aggregate Directors' fees for the Non-Executive Directors of S\$210,000 for FY2023 (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 FY2022 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 Choo Kheng ⁽¹⁾	47%	53%	-	-	100%
<u>Below S\$250,000</u>					
Datin Silviya Georgieva Georgieva (Datin Silviya)	89%	11%	-	-	100%
Mr Chung Yew Pong ⁽²⁾	-	-	100%	-	100%
Mr Tan Boon Seng	-	-	-	-	-
Ms Tan Hui Tsu (Ms Tan)	-	-	100%	-	100%
Mr Sho Kian Hin, Eric ⁽³⁾	-	-	100%	-	100%
Mr Stephen Brian Peet ⁽⁴⁾	-	-	100%	-	100%
Yong Oi Ling ⁽⁵⁾	99%	-	-	1%	100%
Tay Eng Kiat Jackson ⁽⁶⁾	-	-	100%	-	100%

Notes:

- ⁽¹⁾ Dato' Sim was re-designated from Executive Director and Chief Executive Officer to Executive Chairman on 1 July 2022
- ⁽²⁾ Mr Chung was appointed as the Lead Independent Non-Executive Director with effect from 5 August 2022 following the redesignation of Dato' Sim as the Executive Chairman of the Company to enable the Board to discharge its function, duties, and responsibilities effectively and efficiently and to facilitate the compliance of the Code
- ⁽³⁾ Mr Sho Kian Hin, Eric was appointed as Independent Non-Executive Director with effect from 1 June 2022. He will not be seeking for re-election as director at the forthcoming AGM.
- ⁽⁴⁾ Mr Stephen Brian Peet was appointed as Independent Non-Executive Director with effect from 5 August 2022
- ⁽⁵⁾ Ms Yong Oi Ling ceased to be the Executive Director on 31 May 2022
- ⁽⁶⁾ Mr Tay Eng Kiat, Jackson retired as the Independent Non-Executive Chairman on 29 April 2022

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 FY2022, 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 ⁽²⁾	100%	-	-	-	100%
Mr Milan Vanek	90%	10%	-	-	100%
Ms Ch'ng Winn Nie	87%	13%	-	-	100%
Mr Johann Lim Noordin	85%	12%	-	3%	100%

Notes:

- ⁽¹⁾ There were four (4) key management personnel for the Group in FY2022
- ⁽²⁾ Mr Phil was appointed as the CEO of the Company on 1 July 2022

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 FY2022.

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 FY2022.

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 FY2022, 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 engaged a senior finance person with financial audit background and commercial experience as a head of corporate and finance of public listed companies, to assist in overseeing the Group’s finance and corporate function (“**Senior Finance Person**”), 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 FY2022, the Board has received assurance from:

- (a) the Executive Chairman and CEO (with the assistance of the Outsourced Accountant and Senior Finance Person), 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 FY2022.

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) review the policy and provide oversight and monitoring arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised by whistle-blower and to ensure all whistleblowing reports are, 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; and
- (o) undertaking generally such other functions and duties as may be required by law or the Catalist Rules.
- (p) 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;

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.

Provisions 10.2 and 10.3

In respect of FY2022 and as at the date of this report, the AC comprises three (3) Independent Directors. The AC members as at end of FY2022 and at the date of this report are Mr Sho (Chairman of the AC), Mr Chung and Ms Tan.

Following Mr Sho's intention to not seek re-election as director of the Company at the forthcoming AGM, the AC will not meet the requirement of a minimum three members upon conclusion of the forthcoming AGM. The Board and the NC are currently in the process of reviewing the Board's composition and searching for suitable candidates to be appointed to the Board as an Independent Director and member of its Board Committee to ensure compliance with the Code and relevant Catalist Rules.

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 Board is of the opinion that at least two (2) members of the AC, including the Chairman of the AC, possess recent and relevant accounting or related financial management qualifications, expertise and

experience in discharging their duties.

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 FY2022 was RM396,364 while the combined non-audit fees paid/payable to UHY Lee Tax Services Pte Ltd and an affiliate of UHY network firm, UHY James Dubai United Arab Emirates was at RM22,913 for FY2022.

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 FY2023 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.

Matter Considered	How the AC reviewed this matter and what decisions were made
<p>Revenue Recognition</p>	<p>The AC considered the external auditor's evaluation of the application of SFRS(I) 15 for each revenue stream and evaluated the appropriateness of the Group's revenue recognition policies; obtaining an understanding of management's processes and performing test of controls surrounding the capturing and recording of revenue transactions; performing test of details by obtaining consolidated ticketing reports from the ticketing software to select samples for verification against supporting documents; testing revenue recorded by matching revenue from POS reports to accounting systems, including the review of reconciliations with relevant supporting documents such as third party merchant statements and bank statements; and testing the reports generated from the POS system to ensure unutilised tickets are captured by Management as deferred revenue, and to ensure revenue is recorded in the appropriate accounting period.</p>

Matter Considered	How the AC reviewed this matter and what decisions were made
Revenue Recognition (Continued)	Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for the purpose of the Board's approval of the financial statements for FY2022.
Impairment assessment of trade receivables	<p>The AC considered the external auditor's audit procedures to address this key audit matter, including reviewing selected samples of receivable balances and discussing with management the expected credit loss for all receivables; reviewing the aging analysis of receivables and testing the reliability of the underlying accounting records; reviewing subsequent cash collections for major receivables and overdue amounts; making inquiries of management regarding the action plans to recover overdue amounts; examining other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc; and evaluating the reasonableness and adequacy of the allowance for impairment loss recognised.</p> <p>Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for the purpose of the Board's approval of the financial statements for FY2022.</p>
Provision for litigations and contingent liabilities	<p>The AC considered the external auditor's audit procedures to address this key audit matter, including reviewing all legal documents served to the subsidiaries; reviewing correspondence with legal counsel engaged by the Board; inquiring and discussing with management whether there were any other on-going litigations apart from those confirmed by the legal counsel; sending confirmation letters to legal counsel inquiring on the status of the on-going cases and the probable outcome, where applicable including any new litigations that were made known to the legal counsel; reviewing and discussing with management on the recognition of the provision made in accordance with SFRS(I)1-37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for the purpose of the Board's approval of the financial statements for FY2022.</p>

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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 FY2022.

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 FY2022, 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 FY2022, 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 2022, due to the COVID-19 pandemic, the Company’s AGM (in respect of FY2021) held on 29 April 2022 (“**2021 AGM**”) was held by way of electronic means, through “live webcast” and “audio-only means”. The Company also published a Letter to Shareholders, together with the Notice of the 2021 AGM, detailing the alternative arrangements for the 2021 AGM. Voting at the 2021 AGM was by proxy only, with Shareholders who wish to vote appointing the Chairman of each general meeting as their proxy. Shareholders participated in the 2021 AGM via electronic means, and their questions in relation to any resolution set out in the said Notice of the 2021 AGM was sent to the Company in advance of the 2021 AGM. The Company provided their responses to the queries (if any) and relevant comments from the Shareholders via SGXNet and the Company’s website, together with the minutes of the 2021 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 2021 AGM held in FY2022, 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 2021 AGM in view of the COVID-19 pandemic.

Save for Mr Tay Eng Kiat, Jackson who was retiring as an Independent Chairman of the Company at the 2021 AGM and did not wish to seek re-election, all Directors were present virtually at the 2021 AGM. Save for the 2021 AGM, there were no other general meetings of the Company held during FY2022.

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 2021 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 2021 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 FY2019 and FY2020. For 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 FY2021 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 2021, the Group has experienced substantial upswing in visitor volume with record performance for FY2022. To reward the Shareholders, the Board is recommending a first and final one-tier tax exempt dividend of RM0.05 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.

Provisions 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) are prepared and issued to all Shareholders by post 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.

Provisions 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, including transactions falling under the terms of the Company's general mandate (the "IPT Mandate"), authorising the Group to enter into certain IPT with Sim Leisure Consultants Sdn Bhd ("SLC IPT"), to ensure that the prevailing rules and regulations of Chapter 9 of the SGX-ST Catalist Rules are complied with.

The Company has obtained an IPT Mandate from its shareholders for SLC IPT at the 2021 AGM held on 29 April 2022. Please refer to the Company's Addendum to the annual report for FY2021 ("Annual Report 2021") dated 14 April 2022 for more information. Details of the IPT for FY2022 are as follows:

Name of Interested Person / Description of Transactions	Nature of Relationship	Aggregate value of all IPT during the FY2022 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT during the FY2022 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Mr Tan Boon Seng / Interest charged on loan granted to a wholly-owned subsidiary of the Company ⁽¹⁾	Non-Executive Non-Independent Director	RM'000 416	RM'000 -
Sim Leisure Gulf Contracting L.L.C. ("SL Gulf") / Cooperation Fee ⁽²⁾	An associate of Dato' Sim (Executive Chairman and a controlling shareholder of the Company) and Datin Silviya (Executive Director and spouse of Dato' Sim)	8,035	-

Name of Interested Person / Description of Transactions	Nature of Relationship	Aggregate value of all IPT during the FY2022 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT during the FY2022 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Sim Leisure Consultants Sdn Bhd / Construction and maintenance works and material purchase on behalf of the Group ⁽³⁾	An associate of Dato' Sim and Datin Silviya	-	4,209
Total		8,451	4,209

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. Additionally, please refer to note 17 in the financial statements for further information.

⁽²⁾ Pursuant to the cooperation agreement entered into between the Company's 60%-owned subsidiary, Sim Leisure Creative Pte. Ltd. ("SL Creative"), and SL Gulf on 9 December 2020, which has been approved by independent shareholders of the Company at the Company's extraordinary general meeting held on 20 November 2020. Please refer to the Company's announcement dated 9 December 2020 and the Company's circular to shareholders dated 5 November 2020, for more information on the cooperation agreement.

⁽³⁾ Pursuant to the IPT Mandate

In addition, the Company's 60%-owned subsidiary, SL Creative has on 30 November 2022 entered into a conditional share sale and purchase agreement ("**Agreement**") with Dato' Sim to acquire 300 shares of AED1,000 each in 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 subsequent to FY2022 as announced on 31 January 2023. Detailed information is available in the Company's announcement dated 30 November 2022 and 31 January 2023.

Save as disclosed above, the Company and its subsidiary corporations have not entered into any IPT exceeding S\$100,000 during the FY2022.

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 FY2022 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2021.

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 Catalyst 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 former and current Company's Sponsor, ZICO Capital Pte. Ltd. and PrimePartners Corporate Finance Pte. Ltd. respectively for FY2022. PrimePartners Corporate Finance Pte. Ltd. was appointed as the Company's Sponsor replacing ZICO Capital Pte. Ltd. effective from 1 March 2022.

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 utilized 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 2023	Balance of Net Proceeds as at 31 March 2023
Funding of potential growth and expansion or diversification	2,514	(2,000) ⁽¹⁾	514
General working capital	1,078	(1,078) ⁽²⁾	-
Total	3,592	(3,078)	514

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. The Company will provide periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s) and financial results announcement(s).

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 Dato' Sim, Mr Chung and Mr Peet) 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	Dato' Sim	
Date of first appointment	8 March 2018	
Date of last re-appointment (if applicable)	11 May 2020	
Age	57	
Country of principal residence	Malaysia	
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Dato' Sim as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dato' Sim's qualifications, skills, expertise, past experiences, and overall contribution since he was appointed as a Director of the Company.	(This column is intentionally left blank)
Whether appointment is executive, and if so, the area of responsibility	Executive. Dato' Sim is responsible for responsible for overseeing the overall business development and general management of the Group and formulating the Group's strategic direction and expansion plans	
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Chairman	
Professional qualifications	Not available	

Name of Director	Dato' Sim		
Working experience and occupation(s) during the past 10 years	<p>January 2013 to Present: Sim Leisure Escape Sdn. Bhd. and subsidiaries – Executive Director</p> <p>July 2013 to Present: Sim Leisure Gulf Contracting L.L.C. – General Manager and/or Director</p> <p>January 2013 to Present: Sim Leisure Consultants Sdn. Bhd. – Director</p> <p>January 2013 to Present: Sim Leisure Group Limited and subsidiaries. – Executive Director and CEO and/or Executive Chairman</p>	(This column is intentionally left blank)	
Shareholding interest in the listed issuer and its subsidiaries	91,434,730 shares in the Company (55.29% of the Company).		
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	<p>As at the date of this report, Dato' Sim holds 91,434,730 shares in the Company representing approximately 55.29% of the issued share capital of the Company.</p> <p>Dato' Sim is the spouse of Datin Silviya Georgieva Georgieva (Executive Director of the Company).</p> <p>Datin Silviya Georgeiva Georgieva holds 665,395 shares in the Company.</p>		
Conflict of interest (including any competing business)	Nil		

Name of Director	Dato' Sim	
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)	Directorships: Nil	
Present	Directorships: <ul style="list-style-type: none"> · Sim Leisure Group Limited · Sim Leisure Adventureplay Sdn Bhd · Sim Leisure Escape Sdn Bhd · Sim Leisure Waterplay Sdn Bhd · Sim Leisure Consultants Sdn. Bhd. · Sim Leisure Builders Sdn. Bhd. · Sim Leisure Design 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. · Gabravo Sdn. Bhd. · Kids Edutainment Pte. Ltd. 	(This column is intentionally left blank)

Name of Director	Dato' Sim	
<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>	<p>No</p>	<p>(This column is intentionally left blank)</p>

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Name of Director	Dato' Sim	
(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 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?	No	(This column is intentionally left blank)
(c) Whether there is any unsatisfied judgment against him?	No	
(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?	No	
(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?	No	

Name of Director	Dato' Sim	
(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?	No	
(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?	No	
(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?	No	
(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?	No	

(This column is intentionally left blank)

Name of Director	Dato' Sim	
<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> <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	<p>(This column is intentionally left blank)</p>

Name of Director	Dato' Sim	(This column is intentionally left blank)
(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	
Disclosure applicable to the appointment of Director only.	Not applicable.	
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p>	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.	

Name of Director	Mr Chung	Mr Peet
Date of first appointment	24 December 2018	5 August 2022
Date of last re-appointment (if applicable)	31 May 2021	Nil
Age	50	67
Country of principal residence	Malaysia	Australia

Name of Director	Mr Chung	Mr Peet
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chung as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Chung's qualifications, skills, expertise, past experiences, independence and overall contribution since he was appointed as a Director of the Company.	There-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	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Lead Independent Director, RC Chairman, AC member and NC member.	Independent Director, and RC member.
Professional qualifications	<ul style="list-style-type: none"> • Member of the Malaysian Institute of Accountants • Member of the ASEAN Chartered Professional Accountants • Council member and Fellow at CPA Australia • Fellow at Chartered Institute of Management Accountants (United Kingdom) 	<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	<p>April 2008 to July 2015: Partner of Netrove Partners Sdn Bhd.</p> <p>August 2016 to April 2017: COO of Propellar Crowdplus Sdn Bhd</p> <p>May 2017 to Present: Executive Director of Incitable Digital Asia Sdn Bhd</p> <p>October 2018 to December 2021: Director of Cadence Venture Capital Sdn. Bhd.</p>	September 2014 to Present: Peet Leisure Pty Ltd, Managing Director.
Shareholding interest in the listed issuer and its subsidiaries	Yes 31,000 shares in the Company (direct interest)	No

Name of Director	Mr Chung	Mr Peet
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	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: <ul style="list-style-type: none"> · E.A.R. Services Sdn. Bhd. · MRuncit Commerce Sdn. Bhd. · Cadence Venture Capital Sdn. Bhd. 	Directorships: Nil
Present	Directorships: <ul style="list-style-type: none"> · Sim Leisure Group Limited · Incitable Digital Asia Sdn. Bhd. · True Vine Capital Partners Pte. Ltd. · Claritas Consulting (Asia) Sdn. Bhd. · CPA Australia Ltd. 	Directorships: <ul style="list-style-type: none"> · Sim Leisure Group Ltd. · Peet Leisure Pty. Ltd.
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.		

Name of Director	Mr Chung	Mr Peet
(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?	No	No
(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 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?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(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?	No	No

Name of Director	Mr Chung	Mr Peet
(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?	No	No
(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?	No	No
(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?	No	No

Name of Director	Mr Chung	Mr Peet
(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?	No	No
(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?	No	No
(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? (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

Name of Director	Mr Chung	Mr Peet
<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>		
<p>(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?</p>	No	No
<p>Disclosure applicable to the appointment of Director only.</p>		

Name of Director	Mr Chung	Mr Peet
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p>	<p>Not applicable. This is a re-election of directors.</p>	<p>Not applicable. This is a re-election of directors.</p>
<p>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)</p>	<p>Not applicable.</p>	<p>Not applicable.</p>

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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 2022 and the statement of financial position of the Company as at 31 December 2022.

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 2022, 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
Tan Hui Tsu
Tan Boon Seng
Sho Kian Hin, Eric (Appointed on 1 June 2022)
Stephen Brian Peet (Appointed on 5 August 2022)

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

The Directors of the Company holding office at the end of the financial year had no interests in the shares in or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

4. Directors' interests in shares or debentures (Continued)

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				
Sim Leisure Group Ltd.				
Dato' Sim Choo Kheng	91,434,730	91,434,730	-	-
Datin Silviya Georgieva Georgieva	665,395	665,395	-	-
Chung Yew Pong	32,000	32,000	-	-
Tan Boon Seng	2,000,000	2,000,000	42,562,700	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 2023 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2022.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

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 as at the end of the financial year.

6. Audit committee

The Audit Committee ("**AC**") of the Company is chaired by Sho Kian Hin, Eric, an Independent Non-Executive Director, and includes Chung Yew Pong 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;

6. Audit committee (Continued)

- (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) review the policy and provide oversight and monitoring arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised by whistle-blower and to ensure all whistleblowing reports are, 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;
- (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 CEO 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

6. **Audit committee** (Continued)

- (p) undertake generally such other functions and duties as may be required by law or the Catalist Rules.

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

3 April 2023

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2022

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 2022, 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 a summary of significant accounting policies.

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 2022 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.

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition</p> <p>The Group's primary business segment is that of theme park operations and events. Revenue is derived from ticketing, food and beverages, merchandising sales and services from operating theme parks in Malaysia.</p> <p>The Group captures revenue using the Point-of-Sales ("POS") system and data is recorded as revenue in the accounting system. Reconciliation is performed on a daily basis to match revenue generated from POS system to the accounting system so that errors, if any, are detected promptly.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none">• Evaluated management's assessment of the application of SFRS(I) 15 for each revenue stream and evaluated the appropriateness of the Group's revenue recognition policies;• Obtained an understanding of management's processes and controls surrounding the capturing and recording of revenue transactions;

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2022

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>1. Revenue recognition (Continued)</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. As at 31 December 2022, deferred revenue amounting to RM934,230 (2021: RM1,478,691) 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>The disclosures in the financial statements are set out in Notes 2.17 and 22(a) of the accompanying financial statements.</p>	<p>Our audit procedures included, amongst others, the following: (Continued)</p> <ul style="list-style-type: none"> • Performed test of details by obtaining consolidated ticketing reports from the ticketing software for sample selection. These samples were verified against supporting documents such as monthly sales reconciliation worksheet, journal postings and credit card or bank statements; • Tested revenue recorded by matching revenue from POS reports to accounting systems, including the review of reconciliations with relevant supporting documents such as third-party merchant statements and bank statements; and • Tested the reports generated from the POS system to ensure unutilised tickets are captured by management as deferred revenue and to ensure that revenue is recorded in the appropriate accounting period.
<p>2. Impairment assessment of trade receivables</p> <p>As at 31 December 2022, trade receivables due from external customers and related company amounted to RM3,345,826 and RM7,754,099 respectively before allowance of impairment for RM720,386. 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>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:</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; • 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.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2022

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>3. Provision for litigations and contingent liabilities</p> <p>As disclosed in Note 29, there were several legal claims filed against certain subsidiaries of the Group in the previous financial year, which are still on-going in the current financial year.</p> <p>We considered the measurement of provision of legal claims to be a key audit matter. This is due to the uncertainty surrounding the outcome of court hearings; the high degree of estimates and judgment involved and the potentially material impact of provision of legal claims on the financial position and performance of the Group should the outcome of these legal claims be materially different from management's legal counsel's best estimates.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none">• Reviewed all legal documents served to the subsidiaries;• Reviewed correspondence with legal counsel engaged by the Board;• Inquired and discussed with management whether there were any other on-going litigations apart from those confirmed by the legal counsel;• Sent confirmation letters to legal counsel inquiring on status of the on-going cases and their probable outcome, where applicable including any new litigations that were made known to the legal counsel; and• Reviewed and discussed with management on the recognition of the provision made in accordance with SFRS(I)1-37 Provisions, Contingent Liabilities and Contingent Assets.

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 authorised 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.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2022

Responsibilities of Management and Directors for the Financial Statements (Continued)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2022

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

- 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, related safeguards.

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

3 April 2023

Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2022	2021	2022	2021
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	80,599,663	80,164,300	-	-
Right-of-use assets	5	25,350,306	26,901,634	-	-
Intangible assets	6	1,122,436	1,244,691	-	-
Investments in subsidiaries	7	-	-	52,131,668	52,123,465
		<u>107,072,405</u>	<u>108,310,625</u>	<u>52,131,668</u>	<u>52,123,465</u>
Current assets					
Cash and bank balances	8	36,693,732	18,658,283	5,147,113	8,990,313
Trade and other receivables	9	13,138,612	6,546,720	18,449,204	4,206,183
Inventories	10	307,126	357,155	-	-
Prepayments	11	762,740	325,101	5,426	121,474
Tax recoverable		207,882	139,753	-	-
		<u>51,110,092</u>	<u>26,027,012</u>	<u>23,601,743</u>	<u>13,317,970</u>
Total assets		<u><u>158,182,497</u></u>	<u><u>134,337,637</u></u>	<u><u>75,733,411</u></u>	<u><u>65,441,435</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	66,574,608	66,574,608	66,574,608	66,574,608
Capital reserves	13	68,756	116,678	1,328,829	1,328,829
Merger reserve	14	(12,700,040)	(12,700,040)	-	-
Foreign currency translation reserves	15	177,440	781	-	-
Retained earnings/ (Accumulated losses)		<u>31,074,093</u>	<u>8,913,288</u>	<u>5,956,411</u>	<u>(4,176,758)</u>
Equity attributable to owners of the parent		85,194,857	62,905,315	73,859,848	63,726,679
Non-controlling interests		6,030,430	3,717,527	-	-
Total equity		<u><u>91,225,287</u></u>	<u><u>66,622,842</u></u>	<u><u>73,859,848</u></u>	<u><u>63,726,679</u></u>

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

Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2022	2021	2022	2021
		RM	RM	RM	RM
Non-current liabilities					
Borrowings	16	5,321,781	8,094,113	-	-
Amount due to a director	17	3,887,500	4,785,000	-	-
Provisions	18	4,713,643	4,437,783	-	-
Lease liabilities	19	20,802,269	21,745,542	-	-
Deferred tax liabilities	20	8,441,620	3,530,000	-	-
Contract liabilities	22(b)	231,796	415,349	-	-
		43,398,609	43,007,787	-	-
Current liabilities					
Trade and other payables	21	10,020,013	9,670,111	1,868,192	1,714,756
Borrowings	16	3,458,244	4,306,309	-	-
Amount due to a director	17	897,500	807,039	-	-
Lease liabilities	19	2,776,179	2,641,576	-	-
Contract liabilities	22(b)	1,693,849	2,514,111	-	-
Income tax payable		4,712,816	4,767,862	5,371	-
		23,558,601	24,707,008	1,873,563	1,714,756
Total liabilities		66,957,210	67,714,795	1,873,563	1,714,756
Total equity and liabilities		158,182,497	134,337,637	75,733,411	65,441,435

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2022

	Note	2022 RM	2021 RM
Revenue	22(a)	67,596,934	17,693,381
Cost of sales		(23,380,962)	(11,355,334)
Gross profit		44,215,972	6,338,047
Other item of income			
Other income		3,415,243	440,323
Other items of expense			
Administrative and other expenses		(11,006,550)	(8,192,263)
Write back/ (recognition of) impairment loss on trade and other receivables	9	35,147	(714,213)
Finance costs	23	(2,414,335)	(2,546,490)
Profit/(Loss) before income tax	24	34,245,477	(4,674,596)
Income tax expense	25	(8,314,262)	(5,691,719)
Profit/(Loss) for the year		25,931,215	(10,366,315)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		294,433	1,301
Other comprehensive income for the financial year, net of tax		294,433	1,301
Total comprehensive income/(loss) for the financial year		26,225,648	(10,365,014)
Profit/(Loss) attributable to:			
Owners of the parent		22,160,805	(11,799,245)
Non-controlling interests		3,770,410	1,432,930
		25,931,215	(10,366,315)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		22,337,464	(11,798,464)
Non-controlling interests		3,888,184	1,433,450
		26,225,648	(10,365,014)
Earnings/(loss) per share			
- Basic and diluted (RM sens per share)	26	13.40	(7.80)

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2022

Note	Share capital	Capital reserves	Merger reserve	Currency translation reserve	Retained earnings	Equity attributable to owners of the parent		Non-controlling interests	Total equity
						RM	RM		
Balance at 1 January 2022	66,574,608	116,678	(12,700,040)	781	8,913,288	62,905,315	3,717,527	66,622,842	
Profit for the year	-	-	-	-	22,160,805	22,160,805	3,770,410	25,931,215	
Other comprehensive income:									
Currency translation differences arising from consolidation	-	-	-	176,659	-	176,659	117,774	294,433	
Total comprehensive income for the financial year	-	-	-	176,659	22,160,805	22,337,464	3,888,184	26,225,648	
Transactions with non-controlling interests									
Contributions from non-controlling interests	7(ii)	-	-	-	-	-	1,800	1,800	
Changes in ownership interest in subsidiaries with no changes in control									
Acquisition of shares from non-controlling interests	7(i)	(18,440)				(18,440)	18,437	(3)	
Effect of dilution of interest in a subsidiary	7(ii)	-	(29,482)			(29,482)	29,482		
Total changes in ownership interests in subsidiaries		(47,922)				(47,922)	47,919	(3)	
Dividends paid to non-controlling interests of subsidiary							(1,625,000)	(1,625,000)	
Balance at 31 December 2022	66,574,608	68,756	(12,700,040)	177,440	31,074,093	85,194,857	6,030,430	91,225,287	

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2022

Note	Share capital	Capital reserves	Merger reserve	Currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2021	55,360,320	1,366,485	(12,700,040)	-	20,712,533	64,739,298	(25,745)	64,713,553
(Loss)/Profit for the year	-	-	-	-	(11,799,245)	(11,799,245)	1,432,930	(10,366,315)
Other comprehensive income:								
Currency translation differences arising from consolidation	-	-	-	781	-	781	520	1,301
Total comprehensive income for the financial year	-	-	-	781	(11,799,245)	(11,798,464)	1,433,450	(10,365,014)
Transactions with owners of the parent								
Issuance of new shares pursuant to private placement	12	11,214,288	-	-	-	11,214,288	-	11,214,288
Transactions with non-controlling interests								
Capital contribution by a shareholder of non-controlling interests		-	-	-	-	-	15	15
<u>Changes in ownership interest in subsidiary with no changes in control</u>		-	-	-	-	(1,249,807)	2,309,807	1,060,000
Disposal of shares to non-controlling interests	7 (vi)	-	-	-	-	(1,249,807)	2,309,822	1,060,015
Balance at 31 December 2021	66,574,608	116,678	(12,700,040)	781	8,913,288	62,905,315	3,717,527	66,622,842

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	Note	2022 RM	2021 RM
Operating activities			
Profit/(Loss) before tax		34,245,477	(4,674,596)
Adjustments for:			
Depreciation of property, plant and equipment	4	4,866,735	5,578,555
Depreciation of right-of-use assets	5	1,703,477	1,745,513
Amortisation of intangible assets	6	122,255	125,797
(Write-back)/Recognition of expected credit loss on trade and other receivables	9	(35,147)	714,213
Debt written-off		-	123,703
(Reversal)/Recognition of impairment loss on financial instrument		(37)	7,571
(Reversal of)/Provision for slow moving inventories	10	(147,186)	147,186
Accretion of restoration cost	18	275,860	273,745
(Gain)/Loss on disposal of property, plant and equipment		(171,745)	13,701
Gain on modification of lease term		(7,988)	-
Unrealised exchange difference		(41,093)	64,013
Interest income		(149,507)	(6,809)
Interest expense	23	2,414,335	2,546,490
Operating profit before working capital changes		43,075,436	6,659,082
Working capital changes:			
Inventories		197,215	54,007
Trade and other receivables		(6,573,166)	(4,553,646)
Trade and other payables		282,994	(865,535)
Contract liabilities		(1,003,815)	1,390,174
Cash generated from operations		35,978,664	2,684,082
Income tax paid		(3,927,875)	(396,994)
Income tax refund		310,263	-
Net cash from operating activities		32,361,052	2,287,088
Investing activities			
Purchase of property, plant and equipment	4	(5,321,853)	(594,956)
Proceeds from disposal of property, plant and equipment		191,500	4,000
Balance payment of asset purchased net of lease financing obtained		(14,116)	-
Proceeds from partial disposal of interest in a subsidiary to non-controlling interests	7(vii)	-	1,060,000
Net cash (used in)/from investing activities		(5,144,469)	469,044

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	Note	2022 RM	2021 RM
Financing activities			
Acquisition of non-controlling interests	7(i)	(3)	-
Proceeds from issuance of ordinary shares to non-controlling interests	7(ii)	1,800	15
Proceeds from issuance of ordinary shares to owners of the parent (Note A)	12	-	11,214,288
Proceeds from loan from a director (Note A)		-	1,000,000
Repayment of loan from a director (Note A)		(1,221,278)	(1,189,298)
Repayment of borrowings (Note A)		(3,835,439)	(300,287)
Interest paid (Note A)		(635,272)	(669,969)
Repayment of obligations under leases (Note A)		(2,303,539)	(2,244,475)
Dividends paid to non-controlling interests of a subsidiary		(1,625,000)	-
Interest received		86,754	6,809
Changes in fixed deposits pledged		(12,154)	(19,248)
Net cash (used in)/from financing activities		<u>(9,544,131)</u>	<u>7,797,835</u>
Net change in cash and cash equivalents		17,672,452	10,553,967
Effect of exchange rate changes on balances of cash held in foreign currencies		350,843	7,830
Cash and cash equivalents at beginning of financial year		17,594,748	7,032,951
Cash and cash equivalents at end of financial year	8	<u><u>35,618,043</u></u>	<u><u>17,594,748</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 2022

Note A: Reconciliation of liabilities arising from financing activities

	1 January 2022	Addition	Cash flows	Non-cash changes			31 December 2022
				Modification of lease term	Unrealised exchange difference	Accretion of interest	
	RM	RM	RM	RM	RM	RM	RM
Share capital (Note 12)	66,574,608	-	-	-	-	-	66,574,608
Amount due to a director (Note 17)	5,592,039	-	(1,221,278)	-	-	414,239	4,785,000
Borrowings (Note 16)	12,400,422	-	(4,470,711)	-	215,042	635,272	8,780,025
Lease liabilities (Note 19)	24,387,118	376,015	(2,303,539)	(245,970)	-	1,364,824	23,578,448
	<u>108,954,187</u>	<u>376,015</u>	<u>(7,995,528)</u>	<u>(245,970)</u>	<u>215,042</u>	<u>2,414,335</u>	<u>103,718,081</u>

	1 January 2021	Cash flows	Non-cash changes			31 December 2021
			Unrealised exchange difference	Accretion of interest		
	RM	RM	RM	RM	RM	RM
Share capital (Note 12)	55,360,320	11,214,288	-	-	-	66,574,608
Amount due to a director (Note 17)	5,333,995	(189,298)	-	447,342	-	5,592,039
Borrowings (Note 16)	12,636,505	(970,256)	64,204	669,969	-	12,400,422
Lease liabilities (Note 19)	25,202,414	(2,244,475)	-	1,429,179	-	24,387,118
	<u>98,533,234</u>	<u>7,810,259</u>	<u>64,204</u>	<u>2,546,490</u>	<u>-</u>	<u>108,954,187</u>

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the financial statements.

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 2022 and the statement of financial position of the Company as at 31 December 2022 were authorised for issue in accordance with a Directors’ resolution dated 3 April 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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

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 SFRS(I)s 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (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 2022. The adoption of these standards did not have any material effect on the financial performance or position 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. 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation

When the Group loses control of 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

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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.

Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into MYR 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

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 impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items and any other costs directly attributable to bringing the asset to working condition for its intended use, 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	5 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.6 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.6 Leases (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

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

The carrying amounts of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.9 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards (see Note 2.19).

When the Group revises its estimate of any lease term (i.e., probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.6 Leases (Continued)

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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.

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

	Years
License fees	20
Accounting software	3

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 over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.9 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs of disposal is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial assets

The Group classifies its financial assets as financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for amortised cost is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and short-term deposits in the statements of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as FVTPL upon initial recognition.

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.

Recognition and derecognition

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.17 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e., sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. A performance obligation may be satisfied at a point in time or over time. The goods or service is transferred when or as the customer obtained control of the goods or services.

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). The stage of completion is assessed with reference to the contract costs incurred to date in proportion to the total estimated contract costs of the contract.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.17 Revenue recognition (Continued)

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

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.

2.19 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised in profit or loss using the effective interest method.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.20 Income tax

Current income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

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 are 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
- 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.20 Income tax (Continued)

Deferred tax (Continued)

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 2022

2. Summary of significant accounting policies (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 2022

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 tangible assets values and fair value of investment less costs to sell. The carrying amount of the investments are disclosed in Note 7.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

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 5 to 50 years.

During the current financial year, management determined that the estimated useful lives of its ESCAPE operating plant and park structures capitalised as property, plant and equipment should be extended from 10 to 13 years in 2021 to 12.5 to 23 years in 2022. This revision was made following a review and benchmarking against regional and international accepted industry standards as well as the Group's consistent preventive maintenance programmes to these rides and slides which have contributed to the extension of the estimated useful lives of these assets. As a result, the expected useful lives of these assets have been increased accordingly.

The effect of these changes on depreciation expense, recognised in profit or loss under cost of sales, in current and future years are as follows: -

	2022	2023	2024
	RM	RM	RM
Decrease in depreciation charges	243,035*	809,336	809,336

*- Changes with effect from October 2022

Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore estimates of future depreciation could be revised if expectations differ from previous estimates.

The carrying amount of the Group's property, plant and equipment as at 31 December 2022 was RM80,599,663 (2021: RM80,164,300).

(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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(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. There are also higher levels of estimation uncertainty and judgement required due to changes in market and economic conditions brought on by the Coronavirus Disease (COVID-19) outbreak, on-going war between Russia and Ukraine and high interest rate environment as a result of global inflation amid global supply chain disruption.

The carrying amount of trade receivables as at 31 December 2022 was RM10,379,539 (2021: RM4,626,927) (Note 9).

(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 2022 was 4.87% (2021:4.87%). The carrying amount of the Group’s lease liabilities as at 31 December 2022 was RM 23,578,448 (2021: RM24,387,118) (Note 19).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(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.

(vii) Income taxes

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement 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 RM207,882 (2021: RM139,753), RM4,712,816 (2021: RM4,767,862), RM4,995,683 (2021: RM8,024,269), RM13,437,303 (2021: RM11,554,269) respectively.

(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 judgement 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 view 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

4. Property, plant and equipment

Group

	Plant, machinery and park structures RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and Renovation RM	Motor vehicles RM	Construction- in-progress RM	Total RM
Cost						
Balance at 1.1.2022	104,440,780	1,760,508	13,059,629	717,681	4,351,091	124,329,689
Additions	2,974,479	16,329	1,085,246	14,300	1,231,499	5,321,853
Adjustments	64,781	(186,922)	240,790	-	-	118,649
Disposals	-	-	-	(477,402)	-	(477,402)
Reclassification	2,580,752	-	-	-	(2,580,752)	-
Balance at 31.12.2022	110,060,792	1,589,915	14,385,665	254,579	3,001,838	129,292,789
Accumulated depreciation						
Balance at 1.1.2022	32,741,077	1,058,094	9,693,415	672,803	-	44,165,389
Depreciation for the financial year	4,209,808	125,178	524,144	7,605	-	4,866,735
Adjustments	(17,985)	(42,011)	178,645	-	-	118,649
Disposals	-	-	-	(457,647)	-	(457,647)
Balance at 31.12.2022	36,932,900	1,141,261	10,396,204	222,761	-	48,693,126
Carrying amount						
Balance at 31.12.2022	73,127,892	448,654	3,989,461	31,818	3,001,838	80,599,663

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

4. Property, plant and equipment (Continued)

Group

Cost	Plant, machinery and park structures	Kitchen and other operating equipment	Furniture, fittings, office equipment and Renovation	Motor vehicles	Construction- in-progress	Total
	RM	RM	RM	RM	RM	RM
Balance at 1.1.2021	104,358,868	1,715,689	12,976,673	745,179	3,965,822	123,762,231
Additions	81,912	44,819	82,956	-	385,269	594,956
Disposals	-	-	-	(27,498)	-	(27,498)
Balance at 31.12.2021	104,440,780	1,760,508	13,059,629	717,681	4,351,091	124,329,689
Accumulated depreciation						
Balance at 1.1.2021	27,910,060	890,667	9,124,380	671,524	-	38,596,631
Depreciation for the financial year	4,831,017	167,427	569,035	11,076	-	5,578,555
Disposals	-	-	-	(9,797)	-	(9,797)
Balance at 31.12.2021	32,741,077	1,058,094	9,693,415	671,803	-	44,165,389
Carrying amount						
Balance at 31.12.2021	71,699,703	702,414	3,366,214	44,878	4,351,091	80,164,300

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

5. Right-of-use assets

Group	Leasehold land	Leasehold buildings	Kiosk	Motor vehicles	Total
	RM	RM	RM	RM	RM
Balance as at 1 January 2022	9,147,769	17,675,603	55,251	22,984	26,901,634
Additions	-	-	-	390,132	390,132
Modification of lease	-	(237,983)	-	-	(237,983)
Depreciation	(179,368)	(1,510,857)	-	(13,252)	(1,703,477)
Balance as at 31 December 2022	8,968,428	15,926,763	55,251	399,864	25,350,306
Balance as at 1 January 2021	9,327,164	18,896,947	66,120	26,350	28,316,581
Additions	-	330,566	-	-	330,566
Depreciation	(179,368)	(1,551,910)	(10,869)	(3,366)	(1,745,513)
Balance as at 31 December 2021	9,147,796	17,675,603	55,251	22,984	26,902,634

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 RM8,964,624 (2021: RM9,147,796) 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, Sim Leisure Challenge Sdn. Bhd. leases leasehold building with a carrying amount of RM406,269 (2021: RM131,570) under a non-cancellable agreement. The lease term is 3 years effective from 15 August 2019 with an option to renew for another 9 years.

The Company's subsidiary, Rakan Riang Sdn. Bhd. leases leasehold building with a carrying amount of RM15,674,477 (2021: RM17,135,525) 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 RM399,864 (2021: RM22,984) was acquired under leasing arrangement and the corresponding lease liability of RM332,616 (2021: RM22,984) 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 2022

6. Intangible assets

<u>Group</u>	License fees RM	Accounting software RM	Total RM
Cost			
At 1 January 2021, 31 December 2021 and 31 December 2022	2,445,750	890,372	3,336,122
Accumulated amortisation			
At 31 December 2020	1,078,772	886,862	1,965,634
Amortisation	122,288	3,509	125,797
At 31 December 2021	1,201,060	890,371	2,091,431
Amortisation	122,255	-	122,255
At 31 December 2022	1,323,315	890,371	2,213,686
Carrying amount			
At 31 December 2022	1,122,435	1	1,122,436
At 31 December 2021	1,244,690	1	1,244,691

The license fees are amortised over a period of 20 years from the commercial public opening of the Kidzania facility on 28 February 2012.

7. Investments in subsidiaries

	Company	
	31 December 2022 RM	31 December 2021 RM
Unquoted equity shares, at cost	46,467,468	46,459,265
Loans and receivables		
Amounts due from a subsidiary	5,664,200	5,664,200
Carrying amount of investments in subsidiaries	52,131,668	52,123,465

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

7. Investments in subsidiaries (Continued)

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 2022 %	31 December 2021 %	31 December 2022 %	31 December 2021 %
<u>Held by the Company</u>						
Sim Leisure Escape Sdn. Bhd. ⁽²⁾ ("SLESB")	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⁾	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") (Note i)	Singapore	Dormant	100	51	-	49
Sim Leisure Makers Sdn. Bhd. ⁽³⁾ (Note ii)	Malaysia	Design and construction of theme attractions and nature-inspired parks of the ESCAPE brand	82	-	18	-
<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	-	-
Sim Leisure Challenge Sdn. Bhd. ^{(2), (3)}	Malaysia	Business in relation to sports, recreation and teambuilding	100	100	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

7. Investments in subsidiaries (Continued)

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 2022 %	31 December 2021 %	31 December 2022 %	31 December 2021 %
<u>Held by the SLESB</u>						
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⁾ (Note iv)	Malaysia	Owns and operates Kidzania educational and entertainment facility	80	80	-	-
Team Works Malaysia Sdn Bhd ⁽³⁾ (Note iii)	Malaysia	Dormant	100	-	-	-
<u>Held by TMPL</u>						
The Cool Melon Sdn. Bhd. ^{(2), (3)}	Malaysia	Dormant	100	100	-	-

⁽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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

7. Investments in subsidiaries (Continued)

During the current financial year:

- (i) 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 (Note13).	<u>(18,440)</u>

- (ii) The Company through its wholly owned subsidiary Sim Leisure Escape Sdn. Bhd. incorporated a 100% owned subsidiary, Sim Leisure Makers Sdn. Bhd. ("SL Makers"), for a sum of RM1 and subsequently entered into a Joint Venture cum Shareholders' Agreement with a related party, Mr. Milan Vanek to jointly manage and control the operations of SL Makers.

Pursuant to the JV Shareholders' Agreement, the Company and Joint Venture partner shall subscribe for 8,199 and 1,800 new SL Makers shares. Following the issuance of additional shares in SL Makers as described, the percentage shareholdings of the Company in SL Makers has been reduced from 100% to 82%. The effect of changes in the Group's ownership interest in SL Makers during the year is summarized as follows:

	2022
	RM
Carrying amount of net assets attributable to owners of the parent transferred to non-controlling interests due to dilution of interest in subsidiary (Note 13)	29,482
Capital contribution from non-controlling interests	1,800
Increase in carrying amounts of non-controlling interests	<u>31,282</u>

- (iii) The Company through its wholly owned subsidiary Sim Leisure Escape Sdn. Bhd. incorporated a 100% owned subsidiary, Team Works Malaysia Sdn. Bhd. ("Teamworks"), for a sum of RM100.

- (iv) The Company through its wholly owned subsidiary The Cool Melon Pte. Ltd. incorporated a 100% owned subsidiary, The Cool Melon Sdn. Bhd. for a sum of RM2.

In the previous financial year:

- (v) The Company through its wholly owned subsidiary Sim Leisure Escape Sdn. Bhd. incorporated a 100% owned subsidiary, Sim Leisure Cameron Sdn. Bhd., for a sum of RM2.

- (vi) The Company incorporated a 51% owned subsidiary, The Cool Melon Pte. Ltd., for a sum of RM16 by subscribing for 51 ordinary shares in the capital of the subsidiary.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

7. Investments in subsidiaries (Continued)

(vii) The Group disposed 20% of its equity interest in Rakan Riang Sdn Bhd (“RRSB”) to a non-controlling interest for a cash consideration of RM1,060,000. There was no loss in control subsequent to the disposal of its stake in RRSB.

The carrying amount of RRSB at the date of disposal was RM11,549,033. The Group derecognised 20% of the carrying value which amounted to RM2,309,807 and recorded a decrease in equity attributable to owners of the parent of RM1,249,807. The effect of the changes in the Group’s ownership interest in RRSB during the year is summarised as follows:

	2021 RM
Carrying amount of RRSB disposed to non-controlling interests	2,309,807
Consideration received from non-controlling interests	1,060,000
Negative carrying amount attributable to owners of the parent (Note 13)	<u>1,249,807</u>

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 financial position

	Rakan Riang Sdn. Bhd.		Sim Leisure Creative Pte. Ltd.	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Current				
Assets	9,051,564	3,295,973	11,778,992	5,282,657
Liabilities	(6,517,723)	(10,869,880)	(3,295,330)	(882,252)
Net Current Assets/ (Liabilities)	<u>2,533,841</u>	<u>(7,573,907)</u>	<u>8,483,662</u>	<u>4,400,405</u>
Non-Current				
Assets	32,031,869	34,978,926	-	-
Liabilities	(18,168,049)	(17,467,087)	(1,361,713)	-
Net non-current assets/ (liabilities)	<u>13,863,820</u>	<u>17,511,839</u>	<u>(1,361,713)</u>	<u>-</u>
Net assets	<u>16,397,661</u>	<u>9,937,932</u>	<u>7,121,949</u>	<u>4,400,405</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

7. Investments in subsidiaries (Continued)

Summarised statements of comprehensive income

	Rakan Riang Sdn. Bhd.		Sim Leisure Creative Pte. Ltd.	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Revenue	17,545,379	2,833,502	8,035,291	5,510,019
Profit/(Loss) before income tax	8,045,713	(6,006,073)	7,791,586	5,260,804
Income tax (expense)/credit	(1,585,984)	211,060	(1,301,975)	(878,781)
Profit/(Loss) after tax - continuing operations	6,459,729	(5,795,013)	6,489,611	4,382,023
Other comprehensive income	-	-	294,433	1,301
Total comprehensive income/ (loss)	6,459,729	(5,795,013)	6,784,044	4,383,324

Summarised cash flows

	Rakan Riang Sdn. Bhd.		Sim Leisure Creative Pte. Ltd.	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Net cash from operating activities	9,495,272	197,153	3,816,057	24,987
Net cash used in investing activities	(608,080)	(212,736)	-	-
Net cash (used in)/ from financing activities	(3,875,583)	334,879	(1,025,463)	133

8. Cash and bank balances

	Group		Company	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Cash at banks and on hand	17,417,178	17,594,748	3,496,247	8,990,313
Short-term bank deposits	19,276,554	1,063,535	1,650,866	-
	36,693,732	18,658,283	5,147,113	8,990,313

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

8. Cash and bank balances (Continued)

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 2022 RM	31 December 2021 RM
Cash and bank balances (as above)	36,693,732	18,658,283
Less:		
Fixed deposits pledged for banking facilities	(1,075,689)	(1,063,535)
Cash and cash equivalents per consolidated statement of cash flows	35,618,043	17,594,748

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

Fixed deposits

Fixed deposits are denominated in Malaysian Ringgit (RM) and Singapore Dollar (SGD).

The effective interest rates relating to fixed deposits with banks at the reporting date for the Group ranged between 2.34% to 3.05% (2021: 1.84%) per annum with various tenure ranges from 1 month to 6 months. Certain fixed deposits amounting to RM1,075,689 (2021: RM1,063,535) 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 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Malaysian Ringgit	32,560,115	9,122,452	1,653,834	2,968
Singapore Dollar	4,123,300	9,526,329	3,482,962	8,977,842
United States Dollar	10,317	9,502	10,317	9,503
	36,693,732	18,658,283	5,147,113	8,990,313

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

9. Trade and other receivables

	Group		Group	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Trade receivables				
- third parties	3,345,826	1,794,445	-	-
- related company (Note 28)	7,754,099	3,555,380		
- less: allowance for impairment	(720,386)	(722,898)	-	-
	<u>10,379,539</u>	<u>4,626,927</u>	-	-
Non-trade receivables				
- third parties	559,971	502,354	12	15
- a subsidiary of the Company	-	-	15,695,658	4,196,717
- related companies (Note 28)	563,942	96,050	2,528,619	9,451
- shareholders	-	12,093	-	-
- less: allowance for impairment	(76,098)	(92,334)	-	-
	<u>1,047,815</u>	<u>518,163</u>	<u>18,224,289</u>	<u>4,206,183</u>
Deposits	1,711,558	1,401,630	224,915	-
	<u>13,138,612</u>	<u>6,546,720</u>	<u>18,449,204</u>	<u>4,206,183</u>

Trade receivables are unsecured, non-interest bearing and generally on 0 to 60 (2021: 0 to 60) days' credit terms.

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 2022

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 Lifetime ECL		Other receivables 12 months ECL	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
At beginning of the year	722,898	100,610	92,334	-
Movement in allowance amount : (Write back)/ charge for the year [Note 24(c)]	(18,911)	621,879	(16,236)	92,334
Foreign exchange difference	16,399	409	-	-
At end of the year	<u>720,386</u>	<u>722,898</u>	<u>76,098</u>	<u>92,334</u>

Trade and other receivables are denominated in the following currencies:

	Group		Group	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Malaysian Ringgit	4,324,345	2,682,492	18,449,204	4,206,183
Chinese Renminbi	-	296,489	-	-
Singapore Dollar	8,716,605	3,567,739	-	-
United States Dollar	97,662	-	-	-
	<u>13,138,612</u>	<u>6,546,720</u>	<u>18,449,204</u>	<u>4,206,183</u>

10. Inventories

	Group	
	31 December 2022 RM	31 December 2021 RM
Trading goods	<u>307,126</u>	<u>357,155</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

10. Inventories (Continued)

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

	Group	
	31 December 2022 RM	31 December 2021 RM
At beginning of the year	147,186	-
Allowance made during the year [Note 24(b)]	-	147,186
Reversal of allowance during the year [Note 24(b)]	(147,186)	-
At end of the year	-	147,186

The cost of inventories recognised as an expense and included in “cost of sales” line item amounted to RM4,218,787 (2021: RM1,331,783) [Note 24(b)].

The Group has recognised a reversal of RM147,186 (2021: Nil), being the entire inventory write-down in the last financial year, as these inventories were sold to a vendor above their carrying amounts subsequent to the financial year.

11. Prepayments

	Group		Company	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Prepaid other operating expenses	684,547	288,746	5,426	121,474
Prepaid insurance	78,193	36,355	-	-
	762,740	325,101	5,426	121,474

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

12. Share capital

	Group and Company			
	31 December 2022		31 December 2021	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully-paid:				
Balance at beginning of financial year	165,365,200	66,574,608	147,647,500	55,360,320
Issuance of new ordinary shares	-	-	17,717,700	11,214,288
Balance at end of financial year	<u>165,365,200</u>	<u>66,574,608</u>	<u>165,365,200</u>	<u>66,574,608</u>

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.

In the previous financial year, the shareholders of the Company approved the issuance of 17,717,700 new ordinary shares in the issued capital of the Company for a total cash consideration of RM11,214,288 pursuant to a private placement. The newly issued shares rank pari passu in all aspects with the previously issued shares.

13. Capital reserves

	Group		Company	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Balance at beginning	116,678	1,366,485	1,328,829	1,328,829
Acquisition of non-controlling interests [Note 7(i)]	(18,440)	-	-	-
Effect of dilution of interest in a subsidiary [Note 7(ii)]	(29,482)	-	-	-
Disposal to non-controlling interests [Note 7(vii)]	-	(1,249,807)	-	-
Balance at end	<u>68,756</u>	<u>116,678</u>	<u>1,328,829</u>	<u>1,328,829</u>

Capital reserves comprise of acquisition and disposal with non-controlling interests that do not result in a change of control.

14. Merger reserve

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

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 2022 RM	31 December 2021 RM
Bank overdrafts	-	1,975,282
Bank loans		
-Term loan 1	3,229,282	3,272,554
-Term loan 2	2,830,821	4,064,145
-Term loan 3	1,967,549	2,165,262
-Term loan 4	752,373	923,179
Total interest-bearing borrowings	8,780,025	12,400,422
Less:		
Amount due for settlement within 12 months	(3,458,244)	(4,306,309)
Amount due for settlement after 12 months	5,321,781	8,094,113

Bank overdrafts are repayable on demand.

Term loan 1 is repayable over a period of 5 years and bears average interest rate of 7.7% (2021: 6.60%) 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 7.7% to 7.83% (2021: 6.7% to 6.83%) 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 6.7% to 7.45% per annum (2021: 6.45%). 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. (2021: 3.5%). It is secured by 80% guarantee coverage by Syarikat Jami nan 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

16. Borrowings (Continued)

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 2022 RM	31 December 2021 RM
Malaysian Ringgit	5,949,204	8,336,277
Singapore Dollar	2,830,821	4,064,145
	<u>8,780,025</u>	<u>12,400,422</u>

17. Amount due to a director

	Group	
	31 December 2022 RM	31 December 2021 RM
Current		
-loan	483,261	359,697
-interest payable	414,239	447,342
	<u>897,500</u>	<u>807,039</u>
Non-current		
-loan	3,887,500	4,785,000
	<u>4,785,000</u>	<u>5,592,039</u>

Amount due to a director pertains to 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

18. Provisions

	Group	
	31 December 2022 RM	31 December 2021 RM
Balance at beginning	4,437,783	3,833,472
Additions	-	330,566
Accretion of restoration costs [Note 24(c)]	275,860	273,745
Balance at end	4,713,643	4,437,783

The above provision represents the restoration costs of dismantling, removing and restoring the site on which the Group currently occupied for its themed attraction operation. 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.

19. Lease liabilities

	Group	
	31 December 2022 RM	31 December 2021 RM
Current	2,776,179	2,641,576
Non-current	20,802,269	21,745,542
	23,578,448	24,387,118

The details and movement of lease liabilities are as follow:

	Leasehold land RM	Leasehold buildings RM	Motor vehicles RM	Total RM
2022				
Balance at 1 January 2022	10,198,957	14,162,507	25,654	24,387,118
Addition	-	-	376,015	376,015
Modification of lease term	-	(245,970)	-	(245,970)
Interest expense (Note 23)	497,709	862,351	4,764	1,364,824
Lease payments	(318,668)	(1,911,054)	(73,817)	(2,303,539)
Balance at 31 December 2022	10,377,998	12,867,834	332,616	23,578,448
2021				
Balance at 1 January 2021	10,016,801	15,156,474	29,139	25,202,414
Interest expense (Note 23)	488,820	938,502	1,857	1,429,179
Lease payments	(306,664)	(1,932,469)	(5,342)	(2,244,475)
Balance at 31 December 2021	10,198,957	14,162,507	25,654	24,387,118

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

19. Lease liabilities (Continued)

The Group leases a piece of land and two buildings in Malaysia. 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 2022, the average incremental borrowing rate applied was 4.87% (2021: 4.87%).

Lease liabilities are denominated in Malaysian Ringgit.

Amounts recognised in profit or loss

	Group	
	31 December 2022 RM	31 December 2021 RM
Depreciation of right-of-use assets (Note 5)	1,703,477	1,745,513
Interest expense on lease liabilities (Note 23)	1,364,824	1,429,179
Lease expense not capitalised in lease liabilities		
- Expense relating to short-term leases (included in cost of sales) [Note 24(c)]	368,377	-
- Expense relating to leases of low value assets (included in cost of sales) [Note 24(b)]	10,983	14,989
- Expense relating to short-term leases (included in administrative and other expenses) [Note 24(c)]	99,730	241,194
Total	470,090	256,183
Total amount recognised in profit or loss	3,547,391	3,430,875

The Group had total cash outflows for leases of RM2,773,629 (2021: RM2,500,658).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

20. Deferred taxes

	Group	
	31 December 2022 RM	31 December 2021 RM
<u>Deferred tax liabilities</u>		
Balance at beginning of financial year	3,530,000	3,116,060
Charged/(Credited) to profit or loss		
- Current year	4,859,786	(14,850)
- Under provision in prior year	7,861	428,790
Exchange difference	43,973	-
Balance at end of financial year	8,441,620	3,530,000

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 2022 RM	31 December 2021 RM
Deferred tax liabilities	13,437,303	11,554,269
Deferred tax assets	(4,995,683)	(8,024,269)
	8,441,620	3,530,000

Deferred tax liabilities have been recognised by the Group during the financial year in respect of the following items:

	Group	
	31 December 2022 RM	31 December 2021 RM
Accelerated tax depreciation	12,075,590	11,554,269
Royalties' income not yet remitted to the Group	1,361,714	-
Unabsorbed tax losses	(125,070)	(2,378,365)
Unabsorbed capital allowances	(218,314)	(699,921)
Provisions	(4,360,992)	(4,596,942)
Contract liabilities	(291,308)	(349,041)
	8,441,620	3,530,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

20. Deferred taxes (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 2022 RM	31 December 2021 RM
<u>Unrecognised deferred tax assets – Group</u>		
Other deductible temporary differences	(2,126)	33,582
Unabsorbed capital allowances	727	-
Unutilised tax losses	52,730	13,155
	<u>51,331</u>	<u>46,737</u>

	Group	
	31 December 2022 RM	31 December 2021 RM
<u>Expiry date of utilisation</u>		
Unabsorbed capital allowances with no expiry date	902,439	12,911,345
Unutilised tax losses, expiring on:		
- Year assessment 2028	521,125	2,873,390
- Year assessment 2030	54,817	63,477
- Year assessment 2031	-	69,367
- Year assessment 2032	164,891	-
	<u>1,643,272</u>	<u>15,917,579</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

21. Trade and other payables

	Group		Company	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Trade payables				
- third parties	1,166,780	4,687,197	-	282,634
Other payables				
- third parties	3,255,616	2,013,534	937,492	53,195
- related companies	2,128,796	219,731	3,228	3,228
- subsidiaries	-	-	730,472	1,120,695
- acquisition of a subsidiary	786,473	786,473	-	-
	6,170,885	3,019,738	1,671,192	1,177,118
Accrued operating expenses	2,682,348	1,963,176	197,000	255,004
	<u>10,020,013</u>	<u>9,670,111</u>	<u>1,868,192</u>	<u>1,714,756</u>

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 (2021: 30 to 90) days' terms.

Acquisition of a subsidiary

This relates to deferred purchase consideration of RM786,473 which was recorded as other payables and was to be settled within 12 months from the completion date of acquisition of Rakan Riang Sdn. Bhd. (RRSB) in 2020. Pursuant to the terms of the Sale of Shares Agreement, this deferred purchase consideration was due and payable on 4 November 2021 to the former owners of RRSB by Sim Leisure Escape Sdn. Bhd. after satisfactory outcome of a joint inspection by both parties. It was agreed that the purchase consideration will be reduced by agreed amounts of the initial acquisition cost of each item in the event that any item from the list of assets taken over are not locatable in the premises or are not in working condition. In addition, any amount payable or liable to be paid by the seller to the Group shall be set-off against the amount of the purchase consideration.

During the previous financial year, the Group discovered that certain assets were not locatable in the premises or were not in working condition after taking over the business. The Group determined that the deductions exceeded the consideration payable and did not arrange to make payment on the agreed date. Despite proactive communication with the seller to discuss on the disagreement, there has been no response from the seller as at the reporting date. Accordingly, the deferred purchase consideration remained outstanding as at 31 December 2022.

The non-trade amounts due to third parties, related parties and subsidiaries of the Company are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

21. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31 December 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Malaysian Ringgit	9,939,703	9,273,851	1,845,347	1,435,968
United States Dollar	57,465	95,499	-	-
Singapore Dollar	22,845	300,451	22,845	278,788
Chinese Renminbi	-	310	-	-
	<u>10,020,013</u>	<u>9,670,111</u>	<u>1,868,192</u>	<u>1,714,756</u>

22. Revenue

(a) Disaggregation of revenue

Disaggregation of the Group's revenue for the financial year is as follows:

	Group	
	2022 RM	2021 RM
<u>Type of goods or services</u>		
Admission fees to theme parks	47,984,717	10,249,591
Sale of food, beverages and merchandise	5,878,970	1,342,671
Services income	2,608,462	575,475
Royalty income	8,035,291	5,510,019
Sponsorship income	2,186,321	15,625
Revenue from construction of theme park attractions and nature parks	903,173	-
	<u>67,596,934</u>	<u>17,693,381</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

22. Revenue (Continued)

(a) Disaggregation of revenue (Continued)

Timing of transfer of goods or services

	Group			
	At the point in time		Overtime	
	2022 RM	2021 RM	2022 RM	2021 RM
Admission fees to theme parks	47,984,717	10,249,591	-	-
Sale of food, beverages and merchandise	5,878,970	1,342,671	-	-
Services income	2,608,462	575,475	-	-
Royalty income	-	-	8,035,291	5,510,019
Sponsorship income	-	-	2,186,321	15,625
Revenue from construction of theme park attractions and nature parks	-	-	903,173	-
	<u>56,472,149</u>	<u>12,167,737</u>	<u>11,124,785</u>	<u>5,525,644</u>

(b) Contract liabilities

Contract liabilities comprise of unsatisfied performance obligations in relation to customers purchased tickets to theme parks from the Group in advance and sponsorship income. Contract liabilities are recognised as revenue when performance obligations are satisfied.

	Group	
	31 December 2022 RM	31 December 2021 RM
<u>Contract liabilities</u>		
Current	1,693,849	2,514,111
Non-current	231,796	415,349
	<u>1,925,645</u>	<u>2,929,460</u>

Included in contract liabilities is an amount of RM934,230 (2021: RM1,478,691) pertaining to ticket purchased in advance by customers.

An amount of RM2,514,111 (2021: RM1,045,299) 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 2022 (31 December 2021).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

22. Revenue (Continued)

(b) Contract liabilities (Continued)

Timing of transfer of goods or services (Continued)

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2022 is RM 1,925,645 (2021: RM2,929,460) and is expected to be recognised over the years as follows:

	Group	
	2022 RM	2021 RM
Within one year	1,693,849	2,514,111
More than 1 year and less than 2 years	231,796	415,349
	<u>1,925,645</u>	<u>2,929,460</u>

23. Finance costs

	Group	
	2022 RM	2021 RM
Interest expense		
- lease liabilities (Note 19)	1,364,824	1,429,179
- term loans	603,677	539,199
- bank overdraft	31,595	130,770
- director	414,239	447,342
	<u>2,414,335</u>	<u>2,546,490</u>

24. Profit/(Loss) 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	
	2022 RM	2021 RM
(a) Other income		
Write off of payables	1,772,500	-
Discount received from lessor	645,301	765
Gain on disposal of property, plant and equipment	171,745	-
One off sponsorship income	241,145	-
Finance income from bank deposits	149,507	21,047
Subsidy and other income received	<u>435,045</u>	<u>407,283</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

24. Profit/(Loss) before tax (Continued)

	Group	
	2022 RM	2021 RM
(b) Cost of sales		
Amortisation of intangible assets (Note 6)	122,255	125,797
Depreciation of property, plant and equipment [Note 24(e)]	4,616,601	5,320,563
Depreciation of right-of-use assets (Note 5)	1,703,477	1,745,513
Cost of inventories recognised as expense (Note 10)	4,218,787	1,331,783
(Reversal of allowance)/allowance for slow moving inventories (Note 10)	(147,186)	147,186
Utilities expense	768,682	352,198
Repair and maintenance expenses	1,630,494	137,041
Insurance for visitors	426,489	116,423
Lease expense on:		
- Short term leases (Note 19)	368,377	-
- low value assets (Note 19)	10,983	14,989
Employee benefit expenses [Note 24(d)]		
- salaries, bonus and other benefits	5,637,520	1,613,873
- social security contributions	55,056	19,418
- defined contribution plans	373,600	131,740
	5,637,520	1,613,873
(c) Administrative and other expenses		
Audit fees:		
- Auditors of the Company	247,831	166,515
- Member firms of UHY International	148,533	99,000
Non-audit fees:		
- Member firms of UHY International	22,913	9,076
Accretion of restoration cost (Note 18)	275,860	273,745
Bad debts written-off	-	123,703
Depreciation of property, plant and equipment [Note 24(e)]	250,134	257,992
Legal and professional fees	732,568	1,331,748
Lease expenses on:		
- short-term leases (Note 19)	99,730	241,194
Loss on foreign exchange		
- realised	(5,449)	9,800
- unrealised	(256,135)	64,011
Travelling and vehicle expenses	409,469	134,522
Marketing and promotion expenses	1,130,168	158,935

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

24. Profit/(Loss) before tax (Continued)

	Group	
	2022 RM	2021 RM
(c) Administrative and other expenses (Continued)		
(Write-back)/recognition of expected credit loss on trade and other receivables [Note 9]	(35,147)	714,213
Directors' remuneration		
- directors' fee	625,906	502,860
- salaries, bonus and other benefits	2,607,816	1,209,499
- defined contribution plans	120,480	57,280
Employee benefits expense (excluding directors' remuneration)		
- salaries, bonus and other benefits	1,826,669	1,301,840
- social security contributions	25,573	158,001
- defined contribution plans	167,188	26,349
	167,188	26,349
(d) Employee benefits expenses are includes in the following line items:		
Cost of sales [Note 24(b)]	6,066,176	1,765,031
Administrative and other expenses [Note 24(c)]	2,019,430	1,486,190
Total employee benefits expenses	8,085,606	3,251,221
(e) Depreciation of property, plant and equipment is includes in the following line items:		
Cost of sales [Note 24(b)]	4,616,601	5,320,563
Administrative and other expenses [Note 24(c)]	250,134	257,992
Total depreciation of property, plant and equipment (Note 4)	4,866,735	5,578,555

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

25. Income tax expense

	Group	
	2022 RM	2021 RM
Current income tax		
- current financial year	4,142,620	890,781
- (over)/under provision in prior financial years	(696,005)	4,386,998
	3,446,615	5,277,779
Deferred income tax		
- movement in temporary differences	4,859,786	(14,850)
- under provision in prior financial years	7,861	428,790
	4,867,647	413,940
Total income tax expense recognised in profit or loss	<u>8,314,262</u>	<u>5,691,719</u>

Reconciliation of effective income tax rate

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2022 RM	2021 RM
Profit/(Loss) before income tax	<u>34,245,477</u>	<u>(4,674,596)</u>
Tax at the domestic tax rates applicable to profit in the countries where the Group operates	8,218,914	(1,121,904)
Tax effect in respect of:		
Non-allowable expenses	1,296,490	1,921,309
Effect of different tax rates in foreign jurisdiction	(384,484)	(368,256)
Income not subject to tax	(193,739)	(81,400)
Deferred tax assets not recognised	65,225	526,182
(Over)/Under provision of current income tax in prior financial years	(696,005)	4,386,998
Under provision of deferred income tax in prior financial years	7,861	428,790
Total income tax expense recognised in profit or loss	<u>8,314,262</u>	<u>5,691,719</u>

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 disclose in Note 29(iii) to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

26. Earnings/(loss) per share

The calculation of earnings/(loss) per share ("EPS") is based on the following data:

	Group	
	2022 RM	2021 RM
Profit/(Loss) for the financial year attributable to owners of the parent	22,160,805	(11,799,245)
Weighted-average number of ordinary shares in issue during the financial year	165,365,200	151,239,582
Earnings/ (loss) per share - Basic and diluted (RM sens per share)	13.40	(7.80)

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

Proposed but not recognised as a liability as at 31 December:

At an Annual General Meeting scheduled to be held on 28 April 2023, a final dividend of one tier, tax exempt cash dividend of RM0.05 per ordinary share amounting to a total of RM8,268,260 for the financial year ended 31 December 2022 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 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	
	2022 RM	2021 RM
Royalty income charged to a related company	8,035,291	5,209,669
Interest payable to a director	415,817	481,337
Construction costs charged by a related company	4,209,455	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

28. Significant related party transactions (Continued)

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	
	2022 RM	2021 RM
Short-term employee benefits	2,607,816	1,209,499
Post-employment benefits	120,480	57,280
Directors' fee	625,906	502,860
	<u>3,354,202</u>	<u>1,769,639</u>
Comprise amounts paid to:		
Directors of the Company [Note 24(c)]	<u>3,354,202</u>	<u>1,769,639</u>

The outstanding balances with related parties 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.

29. Contingent liabilities

(i) Corporate Guarantees

	Group	
	31 December 2022 RM	31 December 2021 RM
Corporate guarantees to financial institutions for subsidiaries' banking facilities	<u>5,550,744</u>	<u>7,152,586</u>

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

29. Contingent liabilities (Continued)

(ii) Legal claims (Continued)

- (a) 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 2022.

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 RM2,912,298 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. 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 2022.

- (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 had 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 2022.

(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 last financial year 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

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 2022 RM	31 December 2021 RM
Capital commitment in respect of: Property, plant and equipment	3,700,000	-

The Company has committed to provide working capital required to develop and complete the expansion of Escape Penang to add in additional attractions on the undeveloped vacant land.

31. Segment information

The Group has two primary business segments, which is that of theme park operations and events and royalty income derived from relevant cooperation agreements entered with the Group's customers. Revenue from theme park operations and events is derived from ticketing, food and beverages, merchandising sales and locker sales from operating theme parks in Malaysia. Revenue from royalty income is 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 CEO. Segment profit (loss) 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 2022

31. Segment information (Continued)

Information about reportable segments:

	Theme Park RM	Royalties RM	Others RM	Adjustments and eliminations RM	Group RM
2022					
Revenue					
External customers	58,175,871	8,035,291	1,385,772	-	67,596,934
Inter-segment revenue	3,957,795	-	574,215	(4,532,010)	-
Total revenue	62,133,666	8,035,291	1,959,987	(4,532,010)	67,596,934
Interest income	133,479	-	16,028	-	149,507
Interest expense	(2,414,335)	-	-	-	(2,414,335)
Depreciation and amortisation	(6,700,783)	-	(3,484)	11,800	(6,692,467)
Dividend income	-	-	12,437,500	(12,437,500)	-
Reportable segment profit before income tax	28,528,599	7,791,586	10,331,723	(12,406,431)	34,245,477
Income tax expense	(7,006,916)	(1,301,975)	(5,371)	-	(8,314,262)
Other material non-cash items:					
- Write back/(recognition of) impairment loss on trade and other receivables	12,426	74,873	-	(122,446)	(35,147)
Reportable segment assets	141,739,678	11,778,992	77,151,429	(72,487,602)	158,182,497
				Note A	
Additions to:					
- Property, plant and equipment	7,915,103	-	40,430	(2,633,680)	5,321,853
Reportable segment liabilities	85,256,354	4,657,043	3,095,018	(26,051,205)	66,957,210
				Note A	
2021					
Revenue					
External customers	12,183,362	5,510,019	-	-	17,693,381
Inter-segment revenue	1,440,000	-	-	(1,440,000)	-
Total revenue	13,623,362	5,510,019	-	(1,440,000)	17,693,381
Interest income	267	133	20,647	-	21,047
Interest expense	(2,546,490)	-	-	-	(2,546,490)
Depreciation and amortisation	(7,461,665)	-	-	11,800	(7,449,865)
Reportable segment loss before income tax	(8,003,466)	5,260,804	(1,931,934)	-	(4,674,596)
Income tax expense	(4,812,938)	(878,781)	-	-	(5,691,719)
Other material non-cash items:					
- Impairment loss on trade and other receivables	491,693	222,520	-	-	714,213
Reportable segment assets	122,276,284	5,282,657	65,444,466	(58,665,770)	134,337,637
Additions to:					
- Property, plant and equipment	594,956	-	-	-	594,956
Reportable segment liabilities	77,314,646	882,252	1,724,402	(12,206,505)	67,714,795
				Note A	

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

31. Segment information (Continued)

Note A: Inter-segment assets/liabilities are deducted from segment assets/liabilities to arrive at total assets/liabilities reported in the consolidated statement of financial position.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	59,280,446	12,183,362	107,072,405	108,310,625
United Arab Emirates	8,035,291	5,202,276	-	-
Others	281,197	307,743	-	-
	<u>67,596,934</u>	<u>17,693,381</u>	<u>107,072,405</u>	<u>108,310,625</u>

^{N1} Non-current assets information presented above consist of property, plant and equipment, deferred tax assets and other receivables as presented in the consolidated statement of financial position.

Major customers

Revenue from one customer of the Group's royalty segment represents approximately RM8,035,291 (2021: RM5,202,276) or 100% of the Group's total revenue for its royalty income segment. Due to the diverse base of customers visiting the theme parks, the Group is not reliant on any customer for its revenue and no one single customer accounted for more than 10% of the Group's total revenue for its theme park operations and events for the financial years ended 31 December 2022 and 2021.

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 2022

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 cash equivalents and short-term deposits.

Trade receivables

The exposure to credit risk for trade receivables by types of customers at each reporting date is as follows:

	Group	
	31 December 2022 RM	31 December 2021 RM
Online payment portals, credit card issuers and operating partners	1,554,380	487,145
Travel agencies	-	117,537
Sponsorship income receivable	436,700	83,911
Royalty income	7,754,099	3,851,869
Contract customer from construction of theme park and nature parks	319,964	-
Design services and corporate clients	314,396	86,465
	<u>10,379,539</u>	<u>4,626,927</u>

As at 31 December 2022 and 31 December 2021, approximately 73% and 86% of the Group's trade receivables from third parties were due from 6 and 4 customers respectively.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

32. Financial instruments, financial risks and capital management (Continued)

32.1 Credit risk (Continued)

At the reporting date, the age analysis of trade receivables past due but not impaired is as follows:

	Group			
	2022		2021	
	Gross carrying amount RM	Less allowance provision RM	Gross carrying amount RM	Less allowance provision RM
Neither past due nor impaired	5,149,397	-	3,299,244	-
Past due less than 1 month	612,513	-	1,249,810	-
Past due 1 to 2 months	97,825	-	-	-
Past due over 2 to 3 months	76,545	-	-	-
Past due over 3 months	5,163,645	720,386	800,771	722,898
	<u>11,099,925</u>	<u>720,386</u>	<u>5,349,825</u>	<u>722,898</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 RM36,693,732 as at 31 December 2022 (2021: RM18,658,283). 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 2022

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	After one financial year but within five financial years RM	After five years RM	Total RM
Group					
2022					
Trade and other payables	-	10,020,013	-	-	10,020,013
Amount due to a director	8%	897,500	3,887,500	-	4,785,000
Bank borrowings	4.5% to 7.83%	3,463,205	6,461,602	168,769	10,093,576
Lease liabilities	3.44% to 6.26%	2,391,512	9,570,831	43,492,664	55,455,007
		<u>16,772,230</u>	<u>19,919,933</u>	<u>43,661,433</u>	<u>80,353,596</u>
2021					
Trade and other payables	-	9,670,111	-	-	9,670,111
Amount due to a director	8%	807,039	4,785,000	-	5,592,039
Bank borrowings	3.5% to 6.83%	4,645,649	8,251,566	1,012,143	13,909,358
Lease liabilities	3.44% to 6.26%	2,320,738	9,551,894	45,708,536	57,581,168
		<u>17,443,537</u>	<u>22,588,460</u>	<u>46,720,679</u>	<u>86,752,676</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

32. Financial instruments, financial risks and capital management (Continued)

32.2 Liquidity risk (Continued)

Company	Effective interest rate %	Within one financial year RM	After one financial year but within five financial years RM	After five years RM	Total RM
2022					
Trade and other payables	-	1,868,192	-	-	1,868,192
2021					
Trade and other payables	-	1,714,756	-	-	1,714,756

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 RM43,900 at 31 December 2022 (Group's loss and equity will increase or decrease by approximately RM61,987 as at 31 December 2021), 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 2022

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:

Group	CNY RM	SGD RM	USD RM	Total RM
2022				
Cash and bank balances	-	4,123,300	10,317	4,133,617
Trade and other receivables	-	8,716,605	97,662	8,814,267
Trade and other payables	-	(22,845)	(57,465)	(80,310)
Borrowings	-	(2,830,821)	-	(2,830,821)
	-	9,986,239	50,514	10,036,753
2021				
Cash and bank balances	-	9,526,329	9,502	9,535,831
Trade and other receivables	296,489	3,567,739	-	3,864,228
Trade and other payables	(310)	(300,451)	(95,499)	(396,260)
Borrowings	-	(4,064,145)	-	(4,064,145)
	296,179	8,729,472	(85,997)	8,939,654
Company				
		SGD RM	USD RM	Total RM
2022				
Cash and bank balances		3,482,962	10,317	3,493,279
Trade and other receivables		48,859	-	48,859
Trade and other payables		(22,845)	-	(22,845)
		3,508,976	10,317	3,519,293
2021				
Cash and bank balances		8,977,842	9,503	8,987,345
Trade and other payables		(278,788)	-	(278,788)
		8,699,054	9,503	8,708,557

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

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 [2021: increase/(decrease) (loss)] before income tax as shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Chinese renminbi	-	14,809	-	-
Singapore dollar	499,312	436,474	175,449	434,953
United States dollar	2,526	4,300	516	475
	<u>501,838</u>	<u>446,983</u>	<u>175,965</u>	<u>435,428</u>

A 5% (2021: 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 amounts 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 2022

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 2022 RM	31 December 2021 RM	31 December 2022 RM	31 December 2021 RM
Financial assets at amortised costs				
- Trade and other receivables	13,138,612	6,546,720	24,113,404	4,206,183
- Cash and bank balances	36,693,732	18,658,283	5,147,113	8,990,313
	<u>49,832,344</u>	<u>25,205,003</u>	<u>20,260,517</u>	<u>13,196,496</u>
Financial liabilities measured, at amortised cost				
- Trade and other payables	10,020,013	9,670,111	1,868,192	1,714,756
- Bank borrowings	8,780,025	12,400,422	-	-
- Lease liabilities	23,578,448	24,387,118	-	-
- Amount due to a director	4,785,000	5,592,039	-	-
	<u>47,163,486</u>	<u>52,049,690</u>	<u>1,868,192</u>	<u>1,714,756</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 2022 and 31 December 2021.

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 equivalents. Total equity comprises of share capital plus reserves.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

32. Financial instruments, financial risks and capital management (Continued)

32.7 Capital management policies and objectives (Continued)

	Group	
	31 December 2022 RM	31 December 2021 RM
Trade and other payables	16,730,658	18,191,610
Bank borrowings (Note 16)	8,780,025	12,400,422
Lease liabilities (Note 19)	23,578,448	24,387,118
Less: Cash and bank balances (Note 8)	(36,693,732)	(18,658,283)
Net debt	12,395,399	36,320,867
Total equity	91,225,287	66,622,842
Total capital	103,620,686	102,943,709
Gearing ratio (%)	12.0%	35.3%

33. Events occurring after the reporting period

(a) Investment in a subsidiary

On 30 November 2022, the Company through its 60%-owned subsidiary, Sim Leisure Creative Pte. Ltd. entered into a conditional share sale and purchase agreement to acquire 300 shares of AED1,000 each in Sim Leisure Gulf Contracting L.L.C. ("SLGC"), representing the entire issued and paid-up share capital of SLGC for a total cash consideration of RM2,100,000.

On 31 January 2023, the Group has completed the acquisition following the registration of the change of ownership of the 100% equity in SLGC with the Department of Economic & Tourism of Dubai.

As announced by the Board on 30 November 2022, following the acquisition, the Group's net tangible assets and earnings per share are estimated to increase to 0.53 per share and RM0.1484 per share respectively.

(b) Corporate guarantees

As announced by the Board on 11 May 2022, a subsidiary - Sim Leisure Rock Sdn. Bhd. ("Sim Leisure Rock") entered into an agreement with TT5 Park Sdn Bhd ("TT5") and TT5 Theme Assets Sdn Bhd ("Owner") in relation to the project management of the construction and the operation and maintenance of an environmentally sustainable ESCAPE theme park at Jalan Tanjung Tualang Batu Gajah, Perak, Malaysia ("Agreement").

As further announced by the Board on 2 February 2023, the Company entered into a corporate guarantee agreement ("CG") with the Owner pursuant to the Agreement whereby the Company unconditionally agrees, undertakes and guarantees to, with and in favour of the Owner, as a continuing obligation:

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

33. Events occurring after the reporting period (Continued)

(b) *Corporate guarantees (Continued)*

(a) if whenever Sim Leisure Rock defaults in paying the Owner payments, the Company shall within 14 days of demand by the Owner, pay such amount to or for the account of the Owner in the required currency specified in the Agreement and TPA SA; and

(b) that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal caused by Sim Leisure Rock, the Company shall, indemnify the Owner, immediately on demand by the Owner, against any cost, loss or liability it incurs as a result of Sim Leisure Rock not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Agreement and TPA SA on the date when it would have been due.

The Company also undertakes and agrees with the Owner throughout the term of the Agreement (“**Term**”) that in the event that the cost of the construction works exceeds the amount of RM15,000,000, and if the Owner decides not to fund such additional cost and Sim Leisure Rock fails to finance such additional costs in accordance with the terms of the relevant agreements, the Company shall, upon notification by the Owner, finance such cost of the construction works exceeding RM15,000,000. Such finance shall be treated as an interest free advance to the Owner which shall be repaid on an equal yearly instalment due and payable on the anniversary date of the opening date of the Theme Park over the Term.

The Directors are of the view that the above events are not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of the Company and the Group for the current financial year ending 31 December 2023.

(c) *Incorporation of a local subsidiary*

On 16 February 2023, the Company incorporated Kids Edutainment Pte. Ltd. (KEPL) with 100% equity interest for a cash consideration of \$1. The KEPL Registration was funded by the Group’ internal resources and is not expected to have any material effect on the consolidated net tangible assets per share and earnings per share of the Company and of the Group for the financial year ending 31 December 2023.

(d) *Incorporation of a foreign subsidiary*

On 31 March 2023, the Company announced the completion of setting-up and activating exercise of Sim Leisure Arabia Contracting Company (“SL Arabia”) in the Kingdom of Saudi Arabia (“KSA”) on 8 March 2023. The share capital of SL Arabia is SAR20,000 represented by twenty (20) shares at the value of SAR1,000 each.

The intended principal activity of SL Arabia is to carry out the business of design and construction of theme attractions and parks as well as theme features mainly for restaurants and hotels and general construction in KSA.

The SL Arabia Registration was funded by the Group’s internal resources and is not expected to have any material effect on the consolidated net tangible assets per share and earnings per share of the Company and of the Group for the financial year ending 31 December 2023.

Statistics of Shareholdings

As at 22 March 2023

Authorised share capital	: S\$55,360,320
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	8	14.55	4,700	0.00
1,001 - 10,000	12	21.82	85,200	0.05
10,001 - 1,000,000	27	49.09	4,843,595	2.93
1,000,001 and above	8	14.54	160,431,705	97.02
Total	55	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	%
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 22 March 2023 and to the best knowledge of the Directors of the Company, approximately 11.95% of the issued ordinary shares of the Company was held by the public as defined in the Singapore Exchange Securities Trading Limited Listing 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 22 March 2023

Top Twenty Shareholders as at 22 March 2023

No.	Name	No. of Shares	% of Shares
1.	Dato' Sim Choo Kheng	91,434,730	55.29
2.	DB Nominees (Singapore) Pte Ltd	47,093,700	28.48
3.	OCBC Securities Private Ltd	8,742,100	5.29
4.	UOB Kay Hian Pte Ltd	5,308,400	3.21
5.	DBS Nominees Pte Ltd	2,594,400	1.57
6.	Yeoh Seng Hooi	2,013,375	1.22
7.	Nomura Singapore Limited	1,752,900	1.06
8.	Phillip Securities Pte Ltd	1,492,100	0.90
9.	ABN AMRO Clearing Bank N.V.	998,400	0.60
10.	Sim Goay Heoh	737,000	0.45
11.	Datin Silviya Georgieva Georgieva	665,395	0.40
12.	CGS-CIMB Securities (Singapore) Pte Ltd	639,200	0.39
13.	Sim Goay Hoon	403,800	0.24
14.	Maybank Securities Pte. Ltd.	222,000	0.13
15.	Tan Wey Ling	191,400	0.11
16.	Ng Lyp-Hau	141,400	0.09
17.	Lim Bee Pheng	115,000	0.07
18.	Ang Hao Yao (Hong HaoYao)	108,100	0.07
19.	Yeoh Chiew Lim	80,000	0.05
20.	Yeoh Bee Yee	80,000	0.05
	Total	164,813,400	99.67

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“AGM”) of SIM LEISURE GROUP LTD. (the “Company”, and together with its subsidiaries, the “Group”) will be held by way of electronic means on Friday, 28 April 2023 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 the Group for the financial year ended 31 December 2022 (“FY2022”), together with the Independent Auditor’s Report thereon. **(Resolution 1)**

2. To declare and approve the payment of a final tax exempt (one-tier) dividend of RM0.05 per ordinary share in the capital of the Company for FY2022. **(Resolution 2)**

3. To note the retirement of Mr Sho Kian Hin, Eric pursuant to Regulation 108 of the Company’s 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 (“Directors”) retiring pursuant to the constitution of the Company (“Constitution”) and who, being eligible, offer themselves for re-election, as Directors:
 - (a) Dato’ Sim Choo Kheng (Regulation 102) **(Resolution 3)**
 - (b) Mr. Chung Yew Pong (Regulation 102) **(Resolution 4)**
 - (c) Mr. Stephen Brian Peet (Regulation 108) **(Resolution 5)**
[See Explanatory Note (ii)]

5. To approve, ratify, and confirm the payment of additional Directors’ fees of S\$12,500 for FY2022. **(Resolution 6)**

[See Explanatory Note (iii)]

6. To approve the payment of Directors’ fees of S\$210,000 for the financial year ending 31 December 2023 (“FY2023”), to be paid quarterly in arrears (FY2022: S\$142,500). **(Resolution 7)**

[See Explanatory Note (iv)]

7. To re-appoint Messrs UHY Lee Seng Chan & Co as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

8. To transact any other ordinary business which may be properly 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 9)

That pursuant to Section 161 of the Companies Act 1967 (the “**Companies Act**”), the Constitution and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Directors be and are hereby authorised 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:

- (i) 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) does not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:

- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

- (b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares,

and provided also that adjustments under sub-paragraphs (ii) (a) and (ii)(b) above are only to be made in respect of new Shares arising from Instruments, convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules 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

(iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion 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, whichever is earlier.

[See Explanatory Note (v)]

10. Authority to offer and grant options and to allot and issue Shares under the Sim Leisure Employee Share Option Scheme

(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 Employee Share Option Scheme (the “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 options granted under the 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 aggregate number of Shares allotted and issued and/or issuable pursuant to the ESOS, the Sim Leisure Performance Share Plan and options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion 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, whichever is earlier.

[See Explanatory Note (vi)]

11. Authority to offer and grant awards and to allot and issue Shares under the Sim Leisure Performance Share Plan

(Resolution 11)

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 Performance Share Plan (the “PSP”) 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 vesting of awards granted under the 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 aggregate number of Shares allotted and issued and/or issuable pursuant to the PSP, the ESOS and options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion 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, whichever is earlier.

[See Explanatory Note (vi)]

By Order of the Board of Directors
of **Sim Leisure Group Ltd.**

Chua Kern
Company Secretary
Singapore, 13 April 2023

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Explanatory Notes:

- (i) Following the retirement of Mr. Sho Kian Hin, Eric, the Board and the relevant Board Committees will review the respective compositions to ensure compliance with the Catalist Rules and the Code of Corporate Governance 2018 (“Code”), including but not limited to meeting (i) Principle 4 (Guideline 4.2) of the 2018 Code which provides that the Nominating Committee should each comprise at least three directors, the majority of whom are independent; (ii) Rule 704(7) of the Catalist Rules to fill the vacancy in the Audit Committee to meet the requirement of a minimum number of not less than three Audit Committee members within two months, but in any case not later than three months.
- (ii) Dato’ Sim Choo Kheng will, upon re-election as a Director, remain as the Executive Chairman of the Company.

Mr. Chung Yew Pong will, upon re-election as a Director, remain as the Lead Independent Director, Chairman on the Remuneration Committee (the “RC”) and a member of the Audit Committee (the “AC”) and the Nominating Committee (the “NC”) of the Company. Mr. Chung Yew Pong is considered independent by the Board of Directors of the Company (the “Board”) for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr. Chung Yew Pong and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

Mr. Stephen Brian Peet will, upon re-election as a Director, remain as the Independent Director and a member of the RC of the Company. Mr. Stephen Brian Peet is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr. Stephen Brian Peet and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

Detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) on the abovementioned Directors who are proposed to be re-elected at the AGM of the Company can be found in the Company’s annual report 2022, in the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Statement”.

- (iii) The Ordinary Resolution 6 above is to ratify the payment of additional Directors’ fees of S\$12,500 paid for FY2022. The amount approved at the AGM last year was insufficient due to additional fees payable to the newly appointed Directors during FY2022.
- (iv) The Ordinary Resolution 7 above is to seek approval for the payment of Directors’ fee for FY2023. The amount of these Directors’ fees has been computed based on the current fees structure reported in the Corporate Governance Report section of the Company’s Annual Report 2022.
- (v) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors from the date of the AGM of the Company until the conclusion 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 and 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 in pursuance of 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%) may be issued other than on a pro rata basis to the shareholders of the Company.
- (vi) The Ordinary Resolutions 10 and 11 proposed in items 10 and 11 above, if passed, will empower the Directors from the date of the AGM of the Company until the conclusion 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 and revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares pursuant to the exercise of options and the vesting of awards under the ESOS and PSP respectively, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company 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.

Notes:

1. Conduct of Meeting

This AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and the accompanying proxy form will NOT be sent to members. Instead, these documents will be made available on (i) SGXNet at <https://www.sgx.com/securities/company-announcements> and (ii) the Company's corporate website at <https://www.simleisuregroup.com>.

2. Registration for the AGM

The Company will arrange for a live webcast, which allows members, or where applicable, their appointed proxy(ies) to participate in the proceedings of the AGM via "live" audio and video feed ("**Webcast**"). In addition, members, or where applicable, their appointed proxy(ies) will be able to observe the AGM proceedings by audio only means via a "live" audio only stream ("**Audio Link**"). Members, or where applicable, their appointed proxy(ies) who wish to participate in the AGM proceedings by Webcast or Audio Link must pre-register at <https://conveneagm.com/sg/simleisureagm2023> ("**AGM Registration Website**") by 2.00 p.m. on 25 April 2023 ("**Pre-registration Deadline**"). Following verification of their shareholding status, members, or where applicable, their appointed proxy(ies) will receive a confirmation email ("**Registration Confirmation Email**") by 2.00 p.m. on 27 April 2023 and will be able to access the Webcast and the Audio Link on the AGM day using their login credentials created during pre-registration.

Members, or where applicable, their appointed proxy(ies) who have registered by the Pre-Registration Deadline but do not receive the Registration Confirmation Email by 2.00 p.m. on 27 April 2023 should contact the Company at investorrelations@simleisuregroup.com stating: (a) the member's full name; and (b) the member's identification/registration number.

3. Submission of Questions

Members or, where applicable, their appointed proxy(ies) who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by submitting text-based questions during the AGM within a certain prescribed time limit. The Company will endeavour to respond to questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

Alternatively, members who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance by 2.00 p.m. on 20 April 2023 by email to investorrelations@simleisuregroup.com or via the AGM Registration Website. The Company will respond to substantial and relevant queries from shareholders submitted in advance and received by the Company and publish its responses on SGXNet and the Company's website prior to the AGM, by 2.00 p.m. on 23 April 2023. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

Members submitting questions via email are requested to state: (a) their full name; and (b) their identification/registration number, failing which the Company shall be entitled to regard the submission as invalid. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM. The minutes of the AGM will include the responses to substantial and relevant questions received from members which are addressed during the AGM.

4. Voting and Submission of Proxy Forms

Members (except a Relevant Intermediary, as defined in Section 181 of the Companies Act) may cast their votes for the resolution live at the AGM. Members who have pre-registered and are verified to attend the AGM will be able to vote live by signing in to the AGM Registration Website during the AGM.

As an alternative to live voting at the AGM in the foregoing manner, a member (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as their proxy to vote on their behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.

A member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.

Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, 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 in the instrument appointing the proxies.

A member who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

In addition, Supplementary Retirement Scheme (“SRS”) investors who have used their SRS monies to buy Shares in the Company:-

- (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have questions regarding their appointment as proxies; or
- (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective SRS Operators no later than 2.00 p.m. on 19 April 2023 (being seven (7) working days before the AGM).

The signed instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a certified copy thereof, must be:

- (a) submitted by email to **main@zicoholdings.com**; or
- (b) lodged at registered office of 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**; or
- (c) submitted via the AGM Registration Website,

in either case, by no later than 2.00 p.m. on 25 April 2023, being seventy-two (72) hours before the time appointed for holding this AGM, failing which the Company shall be entitled to regard the instrument of proxy as invalid.

The proxy form must be signed by the appointor or his attorney duly authorised in writing. Where the instrument is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

The Company shall be entitled to reject an instrument of proxy 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 the instrument of proxy. In the case of a member whose Shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument of proxy if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Members who hold their Shares through a Relevant Intermediary (as defined in Section 181 of the Companies Act) and who wish to participate in the AGM, submit questions or exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective Relevant Intermediaries to submit their voting instructions at least seven (7) working days prior to the date of the AGM, being by 2.00 p.m. on 19 April 2023.

The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Members are advised to check SGXNet regularly for updates on the AGM.

A corporation which is a member may authorise by resolution of its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

“Relevant Intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act.

Personal Data Privacy:

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/or representatives appointed for the AGM and/or any adjournment thereof and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM and/or 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”),
- (i) warrants that where a 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, and
- (i) 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.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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SIM LEISURE GROUP LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 201808096D)

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this form)

IMPORTANT:

- The Annual General Meeting (“AGM” or the “Meeting”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- Alternative arrangements relating to, among others, attendance, submission of questions in advance of or live at the AGM and/or voting by electronic means live or by proxy at the AGM are set out in the Notice of AGM dated 13 April 2023 which has been uploaded on SGXNet and the Company’s website on the same day as this form.
- A member will not be able to attend the AGM in person. Members (except a Relevant Intermediary) may cast their votes for each resolution live at the AGM. Members who have pre-registered and are verified to attend the AGM and cast their votes. As an alternative to live voting at the AGM in the foregoing manner, a member (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.
- By submitting an instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, the member accepts and agrees to the personal data privacy terms and the personal information collection statement set out in the Notice of AGM dated 13 April 2023.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM (or any person other than the Chairman of the AGM) as a member’s proxy to vote on his/her/its behalf at the AGM.

** This form of proxy has been made available on SGXNet and may be accessed at <https://www.simleisuregroup.com>. A printed copy of this proxy form will not be despatched to Members.*

I/We* _____ (Name) _____ (NRIC/Passport Number/
Company Registration No.*) of _____
(Address) being a Member/Members* of **SIM LEISURE GROUP LTD.** (the “Company”), hereby appoint:

Name	Address	NRIC/Passport No.	Email Address	Proportion of Shareholdings	
				No. of Shares	%

*and/or

Name	Address	NRIC/Passport No.	Email Address	Proportion of Shareholdings	
				No. of Shares	%

and/or Chairman of the AGM as my/our* proxy to attend and vote on my/our* behalf, at the AGM of the Company, to be held by way of electronic means on 28 April 2023 at 2.00 p.m. and at any adjournment thereof. I/We* direct the Chairman of the AGM, being my/our* proxy to vote for or against, or abstain from voting the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

All resolutions put to the vote of the AGM will be conducted by poll. Please indicate the number of votes as appropriate.

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 the Group for the financial year ended 31 December 2022 ("FY2022"), together with the Independent Auditor's Report thereon.			
2.	Declaration and approval of the payment of a final tax exempt (one-tier) dividend of RM0.05 per ordinary share in the capital of the Company for FY2022.			
3.	Re-election of Dato' Sim Choo Kheng as a Director of the Company under Regulation 102 of the Constitution of the Company (" Constitution ").			
4.	Re-election of Mr. Chung Yew Pong as a Director of the Company under Regulation 102 of the Constitution.			
5.	Re-election of Mr. Stephen Brian Peet as a Director of the Company under Regulation 108 of the Constitution.			
6.	Approval, ratification, and confirmation of the payment of additional Directors' fees of S\$12,500 for FY2022.			
7.	Approval of the payment of Directors' fees of S\$210,000 for the financial year ending 31 December 2023 (" FY2023 "), to be paid quarterly in arrears.			
8.	Re-appointment of Messrs UHY Lee Seng Chan & Co as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.			
AS SPECIAL BUSINESS				
9.	Authority to allot and issue shares in the capital of the Company.			
10.	Authority to offer and grant options and to allot and issue shares in the capital of the Company under the Sim Leisure Employee Share Option Scheme.			
11.	Authority to offer and grant awards and to allot and issue shares in the capital of the Company under the Sim Leisure Performance Share Plan.			

* Please delete accordingly.

** If you wish to exercise all your votes "For" or "Against" or to "Abstain" from voting, please indicate with an "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate. **In the absence of specific directions in respect of a resolution, the appointment of Chairman as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2023

Signature(s) of Member(s) or,
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM

1. Please insert the total number of 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 of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares 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, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.
2. Members (whether individual or corporations) who pre-register to observe and/or listen to the AGM proceedings and wish to vote on the resolutions to be tabled for approval at the AGM may:
 - a) (where such Members are individuals) vote live at the AGM by casting their votes for each resolution through real-time remote electronic voting, or (where such Members are individuals or corporations) appoint proxies (other than the Chairman of the AGM) to vote live at the AGM via real-time remote electronic voting on their behalf; or
 - b) (where such Members are individuals or corporations) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in accordance with the instructions set out in the relevant Proxy Forms.

3. Persons who hold shares in the Company through relevant intermediaries may:
 - a) vote live at the AGM via electronic means if they are appointed as proxies by their relevant intermediaries, and should approach their relevant intermediaries if they have any queries regarding their appointment as proxies; or
 - b) appoint the Chairman of the AGM as proxy, in which case they should approach their relevant intermediaries.

“Relevant Intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.

4. A member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.

Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, 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 in the instrument appointing the proxies.

A member who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

Persons holding shares through Relevant Intermediaries, including Supplementary Retirement Scheme (“**SRS**”) investors, who wish to participate in the AGM via webcast should contact their relevant intermediaries (e.g. their respective SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM by 2.00 p.m., 19 April 2023.

5. The proxy form must be signed by the appointor or his attorney duly authorised in writing. Where the instrument executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The signed instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy must be submitted to the Company in the following manner:

- a) submitted via email to main@zicoholdings.com; or
- b) lodged at the registered office of 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**; or
- c) submitted via the AGM Registration Website,

In either case, by no later than 2:00 p.m. on 25 April 2023 (being not less than seventy-two (72) hours before the time appointed for holding this AGM), failing which the Company shall be entitled to regard the instrument of proxy as invalid.

7. The Company shall be entitled to reject an instrument of proxy 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 the instrument of proxy. In the case of a member whose Shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore, the Company may reject any instrument of proxy if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing proxy(ies) and/or representative(s), the Member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 13 April 2023.

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