SIM LEISURE GROUP LTD.



OFFER DOCUMENT DATED 22 FEBRUARY 2019
(Registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 22 February 2019)

This document is important. Before making any investment in the securities being offered, you should consider that the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s).

ZICO Capital Pte. Ltd. ("**ZICO Capital**" or the "**Sponsor and Issue Manager**") has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all the ordinary shares (the "**Shares**") in the capital of Sim Leisure Group Ltd. (the "**Company**") already issued and the new Shares (the "**Placement Shares**") which are the subject of this Placement (as defined herein), the ZC Shares (as defined herein), the new Shares which may be issued pursuant to the Sim Leisure Performance Share Plan (the "**Award Shares**") or upon the exercise of the options granted or to be granted under the Sim Leisure Employee Share Option Scheme (the "**Option Shares**") on Catalist (as defined herein). The dealing in, and quotation of our Shares will be in Singapore dollars.

Acceptance of applications for the Placement Shares will be conditional upon, amongst others, the allotment and issue of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all of our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and, the Option Shares on Catalist. If the admission and listing do not proceed or the completion of the Placement does not occur because such permission is not granted or for any other reason, monies paid in respect of any application accepted will be returned to you, subject to applicable laws, at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claim whatsoever against us, the Sponsor and Issue Manager and Joint Placement Agents (as defined herein).

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the Shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Placement is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements, or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager confirming that the Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares.

The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority does not imply that the Securities and Futures Act (as defined herein), or any other legal or regulatory requirements, or requirements under the Catalist Rules (as defined herein), have been complied with.

Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document. After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

SIM LEISURE GROUP LTD.

(Company Registration No.: 201808096D)
(Incorporated in the Republic of Singapore on 8 March 2018)

Placement in respect of 26,400,000 Placement Shares at S$0.22 for each Placement Share by way of placement, payable in full upon application

Sponsor and Issue Manager

ZICO Capital Pte. Ltd.
(Company Registration Number: 201613589E)
(Incorporated in the Republic of Singapore)

Joint Placement Agents

RHB Securities Singapore Pte. Ltd.
(Company Registration No.:198701140E)
(Incorporated in the Republic of Singapore)

UOB Kay Hian Private Limited
(Company Registration No.: 197000447W)
(Incorporated in the Republic of Singapore)

CORPORATE PROFILE

Incorporated in Singapore on 8 March 2018, Sim Leisure Group Ltd is a developer and operator of theme parks based in Penang, Malaysia. The Group is a retro-eco theme park developer and operator that provides affordable quality fun where everyone can play the games of yesteryear recreated for today. The Group presently operates the Theme Parks, ESCAPE AdventurePlay and ESCAPE Waterplay, which are co-located next to each other in Penang, Malaysia and cater to both local and foreign visitors and tourists. These theme parks aim to provide a memorable, entertaining and educational experience for all the visitors.



BUSINESS OVERVIEW

ESCAPE Adventureplay

- Commenced operations November 2012
- Activities include; climbing zones, obstacle courses, zip lines and indoor mazes
- Campsite with camping facilities
- Notable awards include TripAdvisor Certificate of Excellence from 2014 to 2018

ESCAPE Waterplay

- Commenced operations November 2017
- Features more than 10 rides and attractions
- Attractions include a high diving platform, water slides of various heights and designs, a wave pool and a lazy river
- Sites for beach volleyball and beach soccer

ESCAPE Gravityplay

- Expected to commence operations first half of 2019
- Featuring two downhill karting tracks
- Visitors to ESCAPE Gravityplay will be able to travel from the hilltop via a downhill karting track or a dry tube ride
- Third in the ESCAPE series

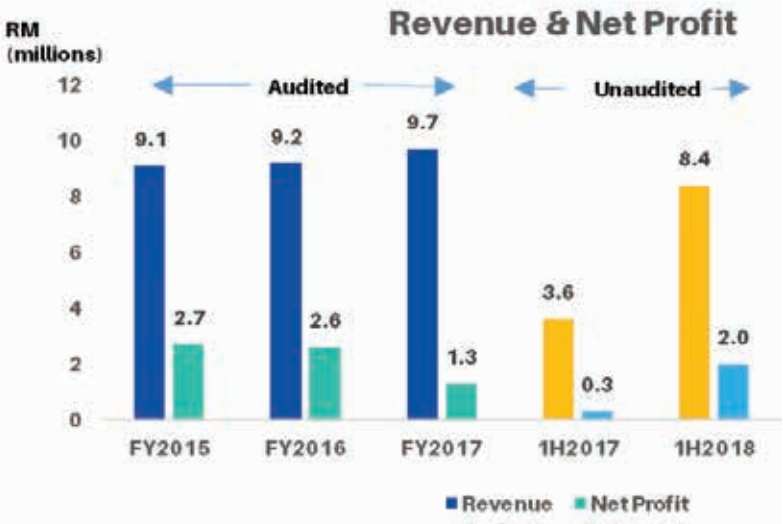






FINANCIAL HIGHLIGHTS

Revenue & Net Profit



Dividend Policy

- Annual dividend of a minimum of 30 per cent of our net profit attributable to owners of the parent in respect of FY2019 and FY2020

WHO WE ARE

A retro-eco theme park developer and operator that provides affordable quality **FUN** where everyone can **PLAY** the games of yesteryear recreated for today



COMPETITIVE STRENGTHS

Providing visitors with a unique recreational experience

- Differentiated products and services from competitors
- Mr. Sim Choo Kheng has gained extensive international experience in the theme park industry
- Theme parks offer valuable educational experiences to visitors and provide a distinctive alternative to the usual indoor or thrill-oriented parks



Operationally efficient and responsive to customers' preferences

- Develop and operate theme parks ourselves, eliminating reliance on third parties
- Flexible, responsive and operationally efficient to manage Theme Parks directly according to customer preferences

Cost competitive

- Do not feature rides and attractions which require the use of highly specific and technical equipment such as roller-coasters
- Able to maintain some of these attractions in-house using materials sourced from a network of subcontractors and suppliers
- Secured PBA Lease for a term of 26 years and 5 months expiring in October 2042, option of extending the lease for an additional 30 years; high barriers to entry for any potential competitors in Penang

Strong and dedicated management team and employees

- Mr Sim Choog Kheng has more than 28 years in the theming industry across multiple countries such as Bulgaria, Armenia, Malaysia and Vietnam

Well-positioned to become an integrated theme park contractor, owner and operator

- 5-year call option to acquire shares in SLC (theme park design and construction services) and SL Gulf (construction of theme attractions and features)
- Opportunity for the Group to become fully-integrated theme park contractor, owner and operator







PROSPECTS AND FUTURE PLANS

Increase in popularity of outdoor corporate and school teambuilding activities

- Our theme parks allow visitors to take part in a range of outdoor physical activities which contribute towards a healthy lifestyle
- Growth in popularity of outdoor activities will result in an increase in the number of visitors to our Theme Parks and will contribute positively towards our Group's business

Increase in number of visitors to Penang

- Number of domestic travellers in Malaysia has increased by 8.5% in 2017 from 2016[1]
- In addition, domestic tourism expenditure in Malaysia grew by 11.1% in 2017, with a total of RM83,103 million spent by domestic tourists in 2017 as compared to RM74,773 million recorded in 2016[2]
- An increase in number of direct flights to Penang as well as foreign visitors and tourists in Penang

Improvements to existing infrastructure in Penang

- Improvements to Penang's transport infrastructure are expected to have a positive impact on attendance to our Theme Parks
- Discussions on expansion of existing Penang International Airport have been announced
- Growth and development of infrastructure in Penang will increase the attractiveness of Penang as a destination for tourists

Expansion of existing theme park operations

- Improving the variety of theme park offerings to provide visitors with more diversified entertainment experiences in order to raise attendance, lengthen visitors' stays, increase in-park spending and the likelihood of re-visits
- Expand existing operations at ESCAPE Waterplay and ESCAPE Adventureplay to include ESCAPE Gravityplay and other additional attractions

1 This information was extracted from a press release by the Department of Statistics of Malaysia on 29 June 2018 titled "Domestic Tourism Survey 2017" and was accessed at https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=320&bul_id=dU9zUGtzRG15dXUrODRUNFQ2cENRQT09&menu_id=b0pIV1E3RW40VWRTUkZocEhyZ1pLUT09 on 30 October 2018

2 This information was extracted from a press release by the Department of Statistics of Malaysia on 29 June 2018 titled "Domestic Tourism Survey 2017" and was accessed at https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=320&bul_id=dU9zUGtzRG15dXUrODRUNFQ2cENRQT09&menu_id=b0pIV1E3RW40VWRTUkZocEhyZ1pLUT09 on 30 October 2018.

EXPANSION INTO NEW GEOGRAPHICAL LOCATIONS



- Expanding into ASEAN cities such as Bangkok, Jakarta, Manila and Ho Chi Minh City
- Entry into a non-binding memorandum of understanding on 1 September 2018 for the design and operation of a theme park in Linyi, Shandong Province marks the beginning of our expansion beyond Malaysia and into the People's Republic of China

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Sim Choo Kheng (*Executive Director and CEO*) Silviya Georgieva Georgieva (*Executive Director*) Wesley James Rae (*Non-Executive Non-Independent Director*) Tay Eng Kiat Jackson (*Chairman and Independent Director*) Chung Yew Pong (*Independent Director*) Yong Oi Ling (*Independent Director*)
COMPANY SECRETARY	:	Chua Kern (LLB (Hons))
REGISTERED OFFICE	:	138 Robinson Road #26-03, Oxley Tower, Singapore 068906
PRINCIPAL PLACE OF BUSINESS	:	828, Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia
SPONSOR AND ISSUE MANAGER	:	**ZICO Capital Pte. Ltd.** 8 Robinson Road #09-00 ASO Building Singapore 048544
JOINT PLACEMENT AGENTS	:	**RHB Securities Singapore Pte. Ltd.** 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 **UOB Kay Hian Private Limited** 8 Anthony Road #01-01 Singapore 229957
INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	:	**BDO LLP** 600 North Bridge Road #23-01 Parkview Square Singapore 188778 Partner-in-charge: Mr. Leong Hon Mun Peter (Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO THE COMPANY ON SINGAPORE LAW	:	**ZICO Insights Law LLC** 8 Robinson Road #13-00 ASO Building Singapore 048544
SOLICITORS TO THE JOINT PLACEMENT AGENTS ON SINGAPORE LAW	:	**Bird & Bird ATMD LLP** 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804

CORPORATE INFORMATION

LEGAL ADVISER TO THE COMPANY ON MALAYSIAN LAW	:	**Zaid Ibrahim & Co** 51-22-B&C Menara BHL Jalan Sultan Ahmad Shah 10050 Penang Malaysia
SHARE REGISTRAR	:	**B.A.C.S. Private Limited** 8 Robinson Road #08-00 ASO Building Singapore 048544
PRINCIPAL BANKERS	:	**Public Bank Berhad** 456, Jalan Dato Keramat 10460 Georgetown, Penang, Malaysia **UOB Bank Lebuh Bishop** 64E-H, Lebuh Bishop 10200 Penang, Malaysia
RECEIVING BANK	:	**RHB Bank Berhad** 90 Cecil Street #04-00 RHB Bank Building Singapore 069531
CONSULTANT	:	**Yeoh Seng Hooi** c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia

In this Offer Document and the accompanying Application Forms, the following definitions apply where the context so admits:

Companies within our Group

"Company" or "SLG"	:	Sim Leisure Group Ltd.
"Group"	:	Our Company and our subsidiaries

Subsidiaries

"SLA"	:	Sim Leisure Adventureplay Sdn. Bhd.
"SLE"	:	Sim Leisure Escape Sdn. Bhd.
"SLW"	:	Sim Leisure Waterplay Sdn. Bhd.

Other Companies and Organisations

"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"ASEAN"	:	Association of Southeast Asian Nations comprising Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
"Authority" or "MAS"	:	The Monetary Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"Joint Placement Agents"	:	UOBKH and RHB Securities, and "Joint Placement Agent" refers to any of them
"Ong and Manecksha"	:	Malaysian legal advisers to PDC for the Investment Agreement
"RHB Securities"	:	RHB Securities Singapore Pte. Ltd.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SIC"	:	Securities Industry Council
"SLC"	:	Sim Leisure Consultants Sdn. Bhd.
"SL Gulf"	:	Sim Leisure Gulf Contracting LLC
"Sponsor and Issue Manager" or "ZICO Capital"	:	ZICO Capital Pte. Ltd.
"UOBKH"	:	UOB Kay Hian Private Limited
"ZIPG"	:	Zaid Ibrahim & Co

General

"1HFY"	:	The six-month financial period ended 30 June
"Application Forms"	:	The official printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
"Application List"	:	The list of applications for subscription of the Placement Shares
"Associate"	:	(a) In relation to any director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family (being a spouse, child, adopted child, step-child, sibling and parent); (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; or (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"Audit Committee"	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
"Awards"	:	The awards of Shares granted or which may be granted pursuant to the Sim Leisure Performance Share Plan
"Award Shares"	:	The new Shares which may be allotted and issued and/or transferred pursuant to the vesting of the Awards
"Board" or "Board of Directors"	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time

"CEO"	:	Chief Executive Officer
"CFO"	:	Chief Financial Officer
"Code of Corporate Governance"	:	The Code of Corporate Governance issued by the Authority on 6 August 2018
"Companies Act"	:	The Companies Act, Chapter 50, of Singapore, as amended, supplemented or modified from time to time
"Constitution"	:	The constitution of our Company
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
"Directors"	:	The directors of our Company as at the date of this Offer Document
"EDA"	:	The Entertainments Duty Act 1953 of Malaysia
"EPS"	:	Earnings per Share
"ESCAPE Adventureplay"	:	The outdoor adventure park located at 828 Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia
"ESCAPE Gravityplay"	:	The outdoor adventure park to be located at 828 Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia
"ESCAPE Waterplay"	:	The outdoor water park located at 828 Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia
"Exemption Approval"	:	The exemption of entertainment duty for the Theme Parks for a period of 10 years from November 2010 granted to SLC, pursuant to the terms of a letter from the Penang State Treasury Department dated 9 February 2011
"Exemption Assignment"	:	The assignment of the Exemption Approval from SLC to SLE, for the remaining period of the Exemption Approval
"Executive Directors"	:	The executive Directors of our Company as at the date of this Offer Document
"Executive Officers"	:	The executive officers of our Company as at the date of this Offer Document
"FY"	:	Financial year ended, or as the case may be, ending, 31 December

"GST"	:	Goods and services tax
"Independent Directors"	:	The independent Directors of our Company as at the date of this Offer Document
"Investment Agreement"	:	The investment agreement entered into between Sim Choo Kheng, Silviya Georgieva Georgieva, SLE and the PDC on 28 March 2016 amended/supplemented by two (2) supplemental agreements dated 11 May 2016 and 11 May 2017 respectively and the Novation Agreement
"Latest Practicable Date"	:	17 December 2018, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority
"Listing"	:	The listing of our Company and the quotation of all our Shares on Catalist
"Malaysian Companies Act"	:	The Companies Act 2016 of Malaysia, as amended, supplemented or modified from time to time
"Management and Sponsorship Agreement"	:	The management and sponsorship agreement dated 22 February 2019 entered into between our Company and the Sponsor and Issue Manager, in connection with the Listing, details as described in the section entitled "Plan of Distribution – Management and Sponsorship, and Placement Arrangements" of this Offer Document
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"Nominating Committee"	:	The nominating committee of our Company as at the date of this Offer Document
"Non-Executive Directors"	:	The non-executive directors of our Company (including Independent Directors) as at the date of this Offer Document
"Novation Agreement"	:	The Novation Agreement entered into between our Company, SLE, the PDC, Sim Choo Kheng and Silviya Georgieva Georgieva on 26 November 2018
"NTA"	:	Net tangible assets
"Offer Document"	:	This Offer Document dated 22 February 2019 issued by our Company in respect of the Placement
"Option(s)"	:	The option(s) which may be granted pursuant to the Sim Leisure Employee Share Option Scheme
"Option Shares"	:	The new Shares which may be allotted and issued and/or transferred upon the exercise of the Options

"PBA"	:	Perbadanan Bekalan Air Pulau Pinang Sdn Bhd
"PBA Lease"	:	The lease agreement entered into between SLE and PBA on 3 May 2016
"PDC"	:	Penang Development Corporation
"PEL"	:	A public entertainment licence issued under the Entertainment and Places of Entertainment Enactment 1998 of Malaysia
"PEL Agreement"	:	The agreement dated 16 November 2018 entered into between Sim Choo Kheng, our Company, SLE, SLA and SLW
"PER"	:	Price earnings ratio
"Period Under Review"	:	The financial period comprising FY2015, FY2016, FY2017 and 1HFY2018
"Placement"	:	The placement of the Placement Shares by the Joint Placement Agents on behalf of our Company for subscription at the Placement Price, subject to and on the terms and conditions set out in this Offer Document
"Placement Agreement"	:	The placement agreement dated 22 February 2019 entered into between our Company and the Joint Placement Agents, pursuant to which the Joint Placement Agents agreed to subscribe or procure subscribers for the Placement Shares, details as described in the section entitled "Plan of Distribution – Management and Sponsorship, and Placement Arrangements" of this Offer Document
"Placement Price"	:	S$0.22 for each Placement Share
"Placement Shares"	:	The 26,400,000 new Shares which are the subject of the Placement
"RCPS"	:	The redeemable convertible preference shares in SLE issued to the PDC pursuant to the terms of the Investment Agreement
"Relevant Period"	:	FY2015, FY2016, FY2017, 1HFY2018 and the period commencing 1 July 2018 up to the Latest Practicable Date
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
"Restructuring Agreement"	:	The agreement entered into between Sim Choo Kheng, Silviya Georgieva Georgieva, and our Company dated 12 December 2018

"Restructuring Exercise"	:	The corporate restructuring exercise undertaken in connection with the Listing, as described in the section entitled "Restructuring Exercise" of this Offer Document
"Securities Account"	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
"Securities and Futures Act" or "SFA"	:	The Securities and Futures Act, Chapter 289, of Singapore, as amended, supplemented or modified from time to time
"Service Agreement"	:	The service agreement entered into between our Company and our Executive Director and CEO, Sim Choo Kheng as described in the section entitled "Directors, Executive Officers and Employees – Service Agreement" of this Offer Document
"SFR"	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as amended, supplemented or modified from time to time
"SGXNET"	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
"Share(s)"	:	Ordinary share(s) in the capital of our Company
"Share Split"	:	The sub-division of 21,457,000 Shares in the issued share capital of our Company into 107,285,000 Shares
"Shareholder(s)"	:	Person(s) who are registered as holder(s) of Shares in the register of members of our Company, or where CDP is the registered holder, the term "Shareholders" shall, in relation to such Shares, mean Depositors whose Securities Accounts are credited with Shares
"Sim Leisure Employee Share Option Scheme" or "Share Option Scheme"	:	The share option scheme of our Company known as "Sim Leisure Employee Share Option Scheme" which was approved by the Shareholders on 24 December 2018, details of which are described in the section entitled "Sim Leisure Employee Share Option Scheme" of this Offer Document
"Sim Leisure Performance Share Plan" or "Performance Share Plan"	:	The share incentive plan of our Company known as "Sim Leisure Performance Share Plan" which was approved by the Shareholders on 24 December 2018, details of which are described in the section entitled "Sim Leisure Performance Share Plan" of this Offer Document
"Stakeholders Agreement"	:	The stakeholders agreement entered into between our Company, SLE, PDC, Ong and Manecksha, Sim Choo Kheng, Silviya Georgieva Georgieva and ZIPG, dated 26 November 2018

"Substantial Shareholder"	:	A person who has an interest in our Shares of an aggregate of not less than 5.0% of the total votes attached to all our Shares
"Theme Parks"	:	ESCAPE Adventureplay and ESCAPE Waterplay
"ZC Shares"	:	The 540,000 new Shares to be issued and allotted to ZICO Capital by our Company (after the Share Split) as part satisfaction of ZICO Capital's management fee as the Sponsor and Issue Manager

Currencies, Units and Others

"N.A."	:	Not applicable
"RM" or "sen"	:	Malaysia Ringgit and sen respectively, the lawful currency of Malaysia
"SGD" or "S$" and "cent" or "S$ cent"	:	Singapore dollars and cents respectively, the lawful currency of Singapore
"sq ft"	:	Square feet
"Take-over code"	:	The Singapore Code on Take-overs and Mergers
"USD" or "US$"	:	United States dollars, the lawful currency of the United States of America
"%" or "per cent"	:	Per centum or percentage

The expressions "associated company", "associated entity", "controlling shareholder", "related corporation", "related entity", "Entity At Risk", "Interested Person", "Interested Person Transaction", "subsidiary", "subsidiary entity", "substantial interest-holder" and "Substantial Shareholder" shall have the meanings ascribed to them respectively in the SFA, the SFR, the Companies Act and/or the Catalist Rules, as the case may be.

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any word defined under the Companies Act, the SFA, the SFR, the Catalist Rules, the Malaysian Companies Act or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the SFR, the Catalist Rules, the Malaysian Companies Act or any statutory modification thereto, as the case may be.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any reference in this Offer Document and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Forms shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to "our Group", "we", "our", and "us" or any other grammatical variations thereof shall unless otherwise stated, mean our Company, our Group or any member of our Group as the context requires.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. Where applicable, figures and percentages are rounded off.

The information on our website or any website directly or indirectly linking to such websites does not form part of this Offer Document and should not be relied on.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these statements by forward-looking terms such as "anticipate", "believe", "could", "estimate", "profit estimate", "expect", "intend", "may", "plan", "will" and "would" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, cost measures, planned strategy and anticipated expansion plans, expected growth in demand, expected industry trends and development and any other matters discussed in this Offer Document regarding matters that are not historical fact, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

(i) changes in political, social and economic and capital market conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;

(ii) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;

(iii) our inability to implement our business strategies and future plans;

(iv) changes in currency exchange or interest rates;

(v) changes in technology;

(vi) changes in customer preferences and needs;

(vii) changes in competitive conditions and our ability to compete under such conditions, locally and internationally;

(viii) changes in our future capital needs and the availability of financing and capital to fund these needs;

(ix) other factors beyond our control; and

(x) other factors that are described under the section entitled "Risk Factors" of this Offer Document.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document. All forward-looking statements by or attributable to us or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Offer Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of us, the Sponsor and Issue Manager and the Joint Placement Agents or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Sponsor and Issue Manager and the Joint Placement Agents disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure.

In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Placement, we become aware of:

(a) a false or misleading statement or matter in this Offer Document;

(b) an omission from this Offer Document of any information that should have been included in it under section 243 of the SFA; or

(c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, which would have been required by section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, our Company may in consultation with the Sponsor and Issue Manager and Joint Placement Agents, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

Where such changes occur and are material or are required to be disclosed by law, we will comply with the relevant provisions of the SFA and make an announcement of the same to the SGX-ST and the public, and, if required, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority pursuant to the SFA. All applicants should take note of any such announcement, or supplementary or replacement offer document and, upon the release of the same, shall be deemed to have notice of such changes.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Sponsor and Issue Manager and the Joint Placement Agents to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Sponsor and Issue Manager and the Joint Placement Agents.

Each person to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (i) copied, photocopied or duplicated in any form by any means, or (ii) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

MALAYSIA

No approval, authorisation or recognition of or from the Securities Commission Malaysia has been applied for or will be obtained for the making available, offering for subscription, or issuing an invitation to subscribe for, the Placement Shares in Malaysia pursuant to the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"). This Offer Document has not been reviewed and approved by the Securities Commission Malaysia, has not and will not be registered as a prospectus with the Securities Commission Malaysia and does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription, invitation to subscribe for any securities requiring the registration of a prospectus with the Securities Commission Malaysia under the CMSA. Neither has nor will any other offering material or document in connection with the Placement Shares been or be registered with the Securities Commission Malaysia pursuant to the CMSA.

Accordingly, this Offer Document and any other document or material in connection with the offer or sale, or invitation for subscription, of the Placement Shares, may not be circulated or distributed, nor may the Placement Shares be offered or sold, or made the subject of an invitation for subscription, whether directly or indirectly to anyone in Malaysia, unless the making available, offering for subscription, or issuing of an invitation to subscribe for, the Placement Shares, is made to individuals or entities which fall within any of the categories specified in Schedule 5 of the CMSA, which include:

(a) a closed-end fund approved by the Securities Commission Malaysia;

(b) a holder of a Capital Markets Services Licence (as defined in the CMSA) granted under Section 61 of the CMSA;

(c) a person who acquires the Placement Shares, as principal, for a consideration of not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid in cash or otherwise;

(d) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds RM3,000,000 or its equivalent in foreign currencies, excluding the value of the primary residence of the individual;

(e) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;

(f) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;

(g) a corporation with total net assets exceeding RM10,000,000 or its equivalent in foreign currencies based on the last audited accounts;

(h) a partnership with total net assets exceeding RM10,000,000 or its equivalent in foreign currencies;

(i) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 (Act 704);

(j) an Islamic bank licensee or takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 (Act 705); and

(k) any other person as may be specified by the Securities Commission Malaysia,

provided that the Placement Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities, and is an excluded offer, excluded invitation or excluded issue under Schedule 6 or Schedule 7, as the case may be, of the CMSA in which case this Offer Document will be deposited as an information memorandum with the Securities Commission Malaysia under the CMSA. If you are in doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

LISTING ON CATALIST

An application has been made to the SGX-ST for permission to deal in, and for listing and quotation of, all our Shares already issued, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares, on Catalist. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications and the allotment of the Placement Shares will be conditional upon, among others, the completion of the Placement, which is subject to certain conditions, including permission being granted by the SGX-ST to deal in, and for listing and quotation of, all our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares, on Catalist. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Placement does not occur because the said permission is not granted or for any reason, and the applicant will not have any claim against us, the Sponsor and Issue Manager and the Joint Placement Agents.

After the expiration of six (6) months from the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares or the Option Shares.

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. Registration of the Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the SFR, the Catalist Rules or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares or the Option Shares, as the case may be, being offered for investment. We have not lodged or registered this Offer Document in any other jurisdiction.

We are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

(a) a false or misleading statement or matter in this Offer Document;

(b) an omission from this Offer Document of any information that should have been included in it under section 243 of the SFA; or

(c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and which would have been required by section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority pursuant to section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares, and:

(a) where the Placement Shares have not been issued and allotted to the applicants, our Company shall either:

    (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;

    (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or

    (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) we shall within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or

(b) where the Placement Shares have already been issued and allotted to the applicants but trading has not commenced, our Company will, either:

(i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;

(ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicant a copy of the supplementary or replacement offer document, as the case may be, and provide the applicant with an option to return to our Company the Placement Shares which they do not wish to retain title in and without any right or claim against our Company, the Sponsor and Issue Manager and/or the Joint Placement Agents; or

(iii) subject to compliance with the Companies Act and our Constitution, (A) treat the issue of the Placement Shares as void, in which case the issue of the Placement Shares shall be deemed void; and (B) we shall within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk,

and the applicants shall not have any claim against our Company, the Sponsor and Issue Manager and/or the Joint Placement Agents.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against us, the Sponsor and Issue Manager and/or the Joint Placement Agents.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to us, whereupon we shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the issue of those Placement Shares shall be deemed to be void, and the applicant shall not have any claim against us, the Sponsor and Issue Manager and/or the Joint Placement Agents.

Pursuant to Section 242 of the SFA, the Authority and/or the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or

misleading (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority's opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority, the SGX-ST, acting as agent on behalf of the Authority, or other competent authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

(a) where the Placement Shares have not been issued to the applicants, the applications of the Placement Shares pursuant to the Placement shall be deemed to have been withdrawn and cancelled and we shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or

(b) where the Placement Shares have been issued to the applicants, the issue of the Placement Shares pursuant to the Placement shall be deemed to be void and we shall, within 14 days from the date of the Stop Order pay to the applicants all monies paid by them for the Placement Shares,

and the applicants shall not have any claim against our Company, the Sponsor and Issue Manager and/or the Joint Placement Agents.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any claim against our Company, the Sponsor and Issue Manager and/or the Joint Placement Agents.

No representation, warranty or covenant, expressed or implied, is made by us, the Sponsor and Issue Manager, the Joint Placement Agents or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us, the Sponsor and Issue Manager, the Joint Placement Agents or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither our Company, the Sponsor and Issue Manager, the Joint Placement Agents, nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal, financial or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, financial, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor and Issue Manager and the Joint Placement Agents. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will comply with the relevant provisions and, if required, make an announcement of the same to the

SGX-ST and to the public and/or lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority. You should take note of any such announcement and, upon release of such an announcement and/or supplementary or replacement offer document, shall be deemed to have been given notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription for solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

An electronic copy of this Offer Document is available on the SGX-ST website, http://www.sgx.com.

Copies of this Offer Document and the Application Forms may also be obtained on request, subject to availability during office hours, from:

ZICO Capital Pte. Ltd.
8 Robinson Road
#03-00 ASO Building
Singapore 048544

RHB Securities Singapore Pte. Ltd.
10 Collyer Quay
#09-08 Ocean Financial Centre
Singapore 049315

UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957

The Application List will open immediately upon the registration of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority, and will remain open until 12.00 noon on 27 February 2019 or for such further period or periods as our Directors may, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures to subscribe for the Placement Shares are set out in "Appendix H – Terms, Conditions and Procedures for Application and Acceptance" to this Offer Document.

An indicative timetable for the Placement and trading in our Shares is set out below:

Indicative date/time	Event
22 February 2019 immediately upon registration of this Offer Document	Commencement of Placement
27 February 2019 at 12.00 p.m.	Close of Application List
1 March 2019 at 9.00 a.m.	Commence trading on a "ready" basis
5 March 2019	Settlement date for all trades done on a "ready" basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 27 February 2019, the date of admission of our Company to Catalist is 1 March 2019, the SGX-ST's shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 1 March 2019. **The actual date on which our Shares will commence trading on a "ready" basis will be announced when it is confirmed by the SGX-ST.**

The above timetable and procedures may be subject to such modifications as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a "ready" basis and the commencement date of such trading.

With the agreement of the Sponsor and Issue Manager, and the Joint Placement Agents, we may at our discretion, subject to all applicable laws and regulations and the Catalist Rules, agree to extend or shorten the period during which the Placement is open.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

(a) through a SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com; and

(b) in a local newspaper(s) in Singapore.

We will publicly announce the details of the results of the Placement as soon as it is practicable after the close of the Application List through the channels described in (a) and (b) above.

We reserve the right to reject or accept, in whole or in part, or to scale down any application for the Placement Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

Investors should consult the SGX-ST's announcement on the "ready" trading date released on the internet (at the SGX-ST website, http://www.sgx.com) or the local newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

PLAN OF DISTRIBUTION

THE PLACEMENT

The Placement is for 26,400,000 Placement Shares.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by our Company following consultation with the Sponsor and Issue Manager and the Joint Placement Agents, taking into consideration, *inter alia*, the prevailing market conditions and estimated market demand for the Placement Shares determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

Pursuant to the Management and Sponsorship Agreement entered into between us and ZICO Capital as set out in the section entitled "Plan of Distribution – Management and Sponsorship, and Placement Arrangements" of this Offer Document, we have appointed ZICO Capital to manage and to be the full sponsor for the Listing. The Sponsor and Issue Manager will receive a management fee for its services rendered in connection with the Listing.

PLACEMENT SHARES

The Placement Shares are made available to retail and institutional investors in Singapore. Applications for the Placement Shares may be made by way of printed Application Forms or such other forms of application as the Sponsor and Issue Manager and the Joint Placement Agents deem appropriate. The terms and conditions and procedures for application and acceptance are set out in Appendix H entitled "Terms, Conditions and Procedures for Application and Acceptance" to this Offer Document.

Pursuant to the terms and conditions contained in the Placement Agreement as disclosed in the section entitled "Plan of Distribution – Management and Sponsorship, and Placement Arrangements" of this Offer Document, the Joint Placement Agents have agreed to subscribe for or procure subscribers for the Placement Shares, at the Placement Price. The Joint Placement Agents may, at their absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Placement Price to the Joint Placement Agents (and the prevailing GST thereon, if applicable).

SUBSCRIPTION FOR THE PLACEMENT SHARES

Save for Chung Yew Pong and Wesley James Rae, none of our Directors or Substantial Shareholder intends to subscribe for the Placement Shares pursuant to the Placement. As far as we are aware, none of our Independent Directors, the members of our Company's management or employees intends to subscribe for 5.0% or more of the Placement Shares in the Placement.

To the best of our knowledge, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for 5.0% or more of the Placement Shares in the Placement.

However, through a book-building process to assess market demand for our Placement Shares, there may be person(s) who may indicate an interest to subscribe for 5.0% or more of the Placement Shares. If such person(s) were to make an application for 5.0% or more of the Placement Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Catalist Rules.

PLAN OF DISTRIBUTION

No Shares shall be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.

MANAGEMENT AND SPONSORSHIP, AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Sponsorship Agreement dated 22 February 2019 between our Company and ZICO Capital as the Sponsor and Issue Manager, our Company appointed ZICO Capital to manage and sponsor the Listing. ZICO Capital will receive a management fee for such services rendered.

The Sponsor and Issue Manager may by notice in writing to our Company terminate the Management and Sponsorship Agreement on the occurrence of certain events, including the following:

(a) at any time up to the close of the Application List, a notice of refusal to an admission of our Company to Catalist is issued by the SGX-ST to the Sponsor and Issue Manager;

(b) at any time after the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority but before the close of the Application List, our Company fails and/or neglects to procure the lodgement of a supplementary or replacement offer document (as the case may be) if it becomes aware of:

  (i) a false or misleading statement in this Offer Document;

  (ii) an omission from this Offer Document of any information that should have been included in it under the Catalist Rules or the SFA; or

  (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the Catalist Rules or the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

  that is materially adverse from the point of view of an investor;

(c) the Shares and the Placement Shares have not been admitted to Catalist on or before 1 March 2019 (or such other date as our Company and the Sponsor and Issue Manager may in consultation agree, subject to prior approval of the SGX-ST);

(d) at any time our Company releases or discharges the Sponsor and Issue Manager from its obligations under or pursuant to the mandate letter appointing ZICO Capital as the Sponsor and Issue Manager in relation to preparing our Company for admission to Catalist; or

(e) if there shall have been, since the date of the Management and Sponsorship Agreement and prior to or on the close of the Application List:

  (i) any breach of the warranties or undertakings by our Company in the Management and Sponsorship Agreement which comes to the knowledge of the Sponsor and Issue Manager or that any of the warranties is untrue or incorrect;

  (ii) any occurrence of certain specified events which comes to the knowledge of the Sponsor and Issue Manager;

(iii) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of our Company and/or any of our subsidiaries or of our Group as a whole;

(iv) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law) and including, without limitation, any directive or request issued by the Authority, the SIC or the SGX-ST or relevant authorities elsewhere, in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere;

(v) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange controls in Singapore and overseas or any combination of any such changes or developments or crisis, or any deterioration of any such conditions);

(vi) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets) in any jurisdiction;

(vii) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or

(viii) any other occurrence of any nature whatsoever,

which in the opinion of the Sponsor and Issue Manager results or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas; or is likely to materially prejudice the success of the Placement; or makes it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated under the Management and Sponsorship Agreement; or is likely to have a material adverse effect on the business, trading position, operations or prospects of our Company and/or any of our subsidiaries or of our Group; results or is likely to result in the issue of a notice of refusal to an admission of our Company to Catalist by the SGX-ST to the Sponsor and Issue Manager at any point prior to the listing of our Shares; or makes it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for the Sponsor and Issue Manager to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement.

PLAN OF DISTRIBUTION

Pursuant to the Placement Agreement, our Company appointed RHB Securities and UOBKH as Joint Placement Agents, and the Joint Placement Agents have agreed, severally and not jointly, to subscribe, or procure subscriptions for, such number of Placement Shares indicated in the table below.

Joint Placement Agent	Number of Placement Shares
RHB Securities	12,857,000
UOBKH	13,543,000

The Company shall pay to the Joint Placement Agents an aggregate placement commission of 2.75% of the Placement Price for the total number of Placement Shares which the Joint Placement Agents have agreed to subscribe or procure subscribers for, such commission to be allocated between the Joint Placement Agents in accordance with the terms of the Placement Agreement. The Joint Placement Agents may, at their absolute discretion, appoint one or more sub-placement agents for the Placement.

The Placement Agreement and the obligation of the Joint Placement Agents under the Placement Agreement is conditional upon among others:

(a) the Offer Document having been registered by the SGX-ST acting as agent on behalf of the Authority by the date on which the Offer Document shall be registered by the SGX-ST acting as agent on behalf of the Authority or such other date as our Company, ZICO Capital and the Joint Placement Agents shall decide in accordance with the Catalist Rules and the SFA;

(b) the registration notice being issued or granted by the SGX-ST acting as agent on behalf of the Authority and such registration notice not being revoked or withdrawn on or prior to the date of commencement of trading of the Shares on Catalist;

(c) the compliance by our Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the registration notice (if any), where such conditions are required to be complied with by the closing date of the Application List or the date of commencement of trading of Shares on the Catalist, as the case may be;

(d) such approvals as may be required for the transactions described in the Placement Agreement and in the Offer Document being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company, ZICO Capital and the Joint Placement Agents may agree);

(e) there having been, in the opinion of the Joint Placement Agents, no material adverse change or any development likely to result in a material adverse change in the business, trading, operational, financial or other condition of our Group between the date of the Placement Agreement and the date of Listing nor the occurrence of any event nor the discovery of any fact rendering untrue, incorrect or misleading in any respect, as at the date of Listing, any of the warranties or representations nor any breach by our Company of any of its obligations under the Placement Agreement; and

(f) the compliance by our Company with all applicable laws and regulations concerning the Placement, the admission of our Company to Catalist and the listing and quotation of all the existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares on Catalist and the transactions contemplated in the Placement Agreement

and the Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Joint Placement Agents, has or may have an adverse effect on the Placement and the Listing.

Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the subscription of the Placement Shares.

No commission, discount or brokerage, has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing for or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in our Company or any of our subsidiaries.

INTERESTS OF THE SPONSOR AND ISSUE MANAGER

In the reasonable opinion of our Directors, ZICO Capital does not have a material relationship with our Company save as disclosed below:

(a) ZICO Capital is the Sponsor and Issue Manager in relation to the Listing;

(b) ZICO Capital will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist; and

(c) pursuant to ZICO Capital's mandate letter and the Management and Sponsorship Agreement, as part satisfaction of ZICO Capital's fees as the Sponsor and Issue Manager, our Company will issue the ZC Shares representing approximately 0.40% of the issued and paid-up share capital of our Company immediately after the Placement.

INTERESTS OF THE JOINT PLACEMENT AGENTS

In the reasonable opinion of our Directors, the Joint Placement Agents do not have a material relationship with our Company save as disclosed below:

(a) that RHB Securities and UOBKH are the Joint Placement Agents in relation to the Placement;

(b) RHB Securities is a wholly-owned subsidiary of RHB Bank Berhad and we have received a letter of offer from RHB Bank Berhad for a four-year term loan of S$2.0 million. We are in discussion with RHB Bank Berhad and are confident that RHB Bank Berhad will extend the letter of offer which will expire on 28 February 2019; and

(c) RHB Securities is a wholly-owned subsidiary of RHB Bank Berhad and RHB Bank Berhad has been appointed by our Company as the receiving bank for the Listing.

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Offer Document. As it is a summary, it does not contain all of the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Offer Document carefully, especially the section entitled "Risk Factors" of this Offer Document and our financial statements and related notes before deciding on whether or not to invest in our Shares.

OUR COMPANY

Our Company was incorporated in the Republic of Singapore on 8 March 2018 under the Companies Act as a private company limited by shares, under the name of "Sim Leisure Group Pte. Ltd.". Our Company's registration number is 201808096D. Our Company was converted into a public limited company and the name of our Company was changed to "Sim Leisure Group Ltd." in connection therewith on 24 December 2018. Our Company became the holding company of our Group following the completion of the Restructuring Exercise on 24 December 2018. For more information, please refer to the section entitled "Restructuring Exercise" of this Offer Document.

BUSINESS OVERVIEW

We are a theme park developer and operator and run the Theme Parks through our subsidiaries, SLA and SLW. Our subsidiary, SLA, operates ESCAPE Adventureplay which commenced operations in November 2012 while SLW operates ESCAPE Waterplay which commenced operations in November 2017. ESCAPE Adventureplay and ESCAPE Waterplay are located next to each other in Penang, Malaysia, and cater to both local and foreign visitors and tourists. ESCAPE Adventureplay is an outdoor adventure theme park comprising eco-friendly features and design elements reminiscent of traditional villages in Malaysia. The attractions in ESCAPE Adventureplay include climbing zones, obstacle courses, a vertical leap, zip lines, dry slides, a rock-wall, trapeze and indoor mazes. ESCAPE Adventureplay also has a campsite with camping facilities and services for visitors. ESCAPE Waterplay features the same eco-friendly and traditional design elements. The attractions in ESCAPE Waterplay include a high diving platform, water slides of various heights and designs, a wave pool, a lazy river and a children's play area with slides. ESCAPE Waterplay also has an activity pool and children's pool with sites for beach volleyball and beach soccer.

ESCAPE Adventureplay has been awarded the TripAdvisor Certificate of Excellence from 2014 to 2018, the Certificate of Merit and Winner in the category of Best Tourist Attraction (Man-Made Attraction/Theme Park) at the 19th Malaysia Tourism Awards for 2014/2015 and the 20th Malaysia Tourism Awards for 2016/2017, respectively.

Please refer to the section entitled "General Information on our Group – Business Overview" of this Offer Document for further details.

OUR COMPETITIVE STRENGTHS

Our competitive strengths are:

- Our Theme Parks are able to provide visitors with a unique recreational experience
- As we are both the owner and operator of our Theme Parks, our business is operationally efficient and responsive to our customers' preferences
- We are cost-competitive

- We have a strong and dedicated management team and employees
- We are well-positioned to become an integrated theme park contractor, owner and operator

Please refer to the section entitled "General Information on our Group – Competitive Strengths" of this Offer Document for further details.

PROSPECTS

Our Directors believe that the prospects of our Group are encouraging for the following reasons:

- Increase in popularity of outdoor corporate and school teambuilding activities
- Increase in the number of visitors to Penang
- Improvements to existing infrastructure in Penang

Please refer to the section entitled "General Information on our Group – Prospects" of this Offer Document for further details.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

- Expansion of existing theme park operations
- Expansion into new geographical locations
- Evolution of ESCAPE products to indoor spaces
- Expansion of our network of customers
- Exploring acquisitions, strategic alliances and/or joint ventures

Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document for further details.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" as well as the Independent Auditors' Report and Audited Combined Financial Statements For the Financial Years Ended 31 December 2015, 2016 and 2017, Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 and Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018, as set out in Appendices A to C of this Offer Document.

Selected items from the combined statements of comprehensive income of our Group

	← Audited →			← Unaudited →		← Pro forma →	
(RM'000)	**FY2015**	**FY2016**	**FY2017**	**1HFY2017**	**1HFY2018**	**FY2017**	**1HFY2018**
Revenue	9,108	9,243	9,683	3,588	8,448	9,683	8,448
Profit before income tax	3,171	2,886	1,708	288	2,729	1,708	2,729
Profit attributable to owners of the parent	2,679	2,574	1,288	295	2,048	1,288	2,048
Pre-Placement EPS (sen)[(1)]	2.50	2.40	1.20	0.28	1.91	1.20	1.91
Pre-Placement EPS (S$ cents)[(1)(3)]	0.88	0.80	0.39	0.09	0.64	0.39	0.64
Post-Placement EPS (sen)[(2)]	2.00	1.92	0.96	0.22	1.53	0.96	1.53
Post-Placement EPS (S$ cents)[(2)(3)]	0.70	0.64	0.31	0.07	0.52	0.31	0.52

Notes:

(1) For comparative purposes, the pre-Placement EPS for the respective financial year/period have been computed based on profit attributable to owners of the parent and the pre-Placement share capital of 107,285,000 Shares.

(2) For comparative purposes, the post-Placement EPS for the respective financial year/period have been computed based on profit attributable to owners of the parent and the post-Placement share capital of 134,225,000 Shares.

(3) The exchange rates used to compute the EPS in S$ cents, were based on the average exchange rates between S$ and RM for the respective financial years or periods.

Selected items from the combined statements of financial position of our Group

	← Audited →			Unaudited	← Pro-Forma →	
(RM'000)	**As at 31 December 2015**	**As at 31 December 2016**	**As at 31 December 2017**	**As at 30 June 2018**	**As at 31 December 2017**	**As at 30 June 2018**
Non-current assets	16,681	31,412	44,883	46,346	44,883	46,346
Current assets	2,537	3,770	3,175	2,695	3,175	2,695
Total assets	**19,218**	**35,182**	**48,058**	**49,041**	**48,058**	**49,041**
Non-current liabilities	470	12,627	12,004	11,841	12,003	11,841
Current liabilities	1,436	2,431	14,605	13,700	8,639	7,088
Total liabilities	**1,906**	**15,058**	**26,609**	**25,541**	**20,642**	**18,929**
Total equity	**17,312**	**20,124**	**21,449**	**23,500**	**27,416**	**30,112**
Pre-Placement NAV per Share (sen)[(1)]	16.14	18.76	19.99	21.90	25.55	28.07
Pre-Placement NAV per Share (S$ cents)[(1)(2)]	5.31	6.05	6.60	7.39	8.43	9.48

Notes:

(1) For comparative purposes, the pre-Placement NAV per Share for the respective financial year/period have been computed based on the NAV of the Group and the pre-Placement share capital of 107,285,000 Shares.

(2) The exchange rates used to compute the NAV per Share in S$ cents, were based on the closing exchange rates between S$ and RM for the respective financial years or periods.

OUR CONTACT DETAILS

Our registered office is located at 138 Robinson Road #26-03, Oxley Tower, Singapore 068906 and our principal place of business is at 828 Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia. The telephone and facsimile numbers for our registered office are +65 6236 9350 and +65 6532 9937 respectively, and principal place of business are +604 881 1106 and +604 881 1755 respectively. Our email address is info@escape.my. Our internet address is www.escape.my. **Information contained in our website does not constitute part of this Offer Document.**

THE PLACEMENT

Placement Size	:	26,400,000 Placement Shares offered in Singapore The Placement Shares, will upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares
Placement Price	:	S$0.22 for each Placement Share, payable in full on application.
Purpose of the Placement	:	Our Directors believe that the listing of our Company and the listing and quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to raise funds from the capital markets for the expansion of our business operations. In addition, the proceeds of the issue of Placement Shares will enable us to fully redeem the outstanding RCPS.
Listing Status	:	Prior to the Placement, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to admission of our Company to Catalist and permission for dealing in, and for listing and quotation of, our Shares being granted by the SGX-ST.
Use of Proceeds	:	Please refer to the section entitled "Use of Proceeds and Listing Expenses" of this Offer Document for more details.
Risk Factors	:	Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document.

PLACEMENT STATISTICS

Placement Price	22.00 cents
NAV[1]	
Pro forma NAV per Share based on the unaudited pro forma combined statements of financial position of our Group as at 30 June 2018:	
(a) before adjusting for the gross proceeds of the Placement and the estimated listing expenses[2] and based on the pre-Placement share capital of 107,285,000 Shares	9.48 cents[3]
(b) after adjusting for the gross proceeds of the Placement and the estimated listing expenses[2] and based on the post-Placement share capital of 134,225,000 Shares	10.83 cents[4]
Premium of Placement Price over the Pro forma NAV per Share:	
(a) before adjusting for the gross proceeds of the Placement and the estimated listing expenses[2] and based on the pre-Placement share capital of 107,285,000 Shares	132.1%[3]
(b) after adjusting for the gross proceeds of the Placement and the estimated listing expenses[2] and based on the post-Placement share capital of 134,225,000 Shares	103.1%[4]
EPS[5]	
Pro forma EPS of our Group for FY2017 based on the unaudited pro forma combined statements of comprehensive income of our Group for FY2017 and the pre-Placement share capital of 107,285,000 Shares	0.39 cents
Pro forma EPS of our Group based on the unaudited pro forma combined statements of comprehensive income of our Group for FY2017 and the pre-Placement share capital of 107,285,000 Shares, assuming that the Service Agreement had been in place since the beginning of FY2017	0.28 cents
PER	
PER based on the Placement Price, the Pro forma EPS of our Group for FY2017 and the pre-Placement share capital of 107,285,000 Shares	56.4 times
PER based on the Placement Price, the Pro forma EPS of our Group for FY2017 and the pre-Placement share capital of 107,285,000 Shares, assuming that the Service Agreement had been in place since the beginning of FY2017	78.6 times
Net cash from operating activities[5]	
Pro forma net cash from operating activities per Share based on the unaudited pro forma combined statements of cash flows of our Group for FY2017 and the pre-Placement share capital of 107,285,000 Shares	1.05 cents

Pro forma net cash from operating activities per Share based on the unaudited pro forma combined statements of cash flows of our Group for FY2017 and the pre-Placement share capital of 107,285,000 Shares, assuming that the Service Agreement had been in place since the beginning of FY2017	0.90 cents

Price to net cash flow from operating activities ratio

Placement Price to Pro forma net cash from operating activities per Share of our Group for FY2017 based on the pre-Placement share capital of 107,285,000 Shares	21.0 times
Placement Price to Pro forma net cash from operating activities per Share of our Group for FY2017, assuming that the Service Agreement had been in place since the beginning of FY2017 based on the pre-Placement share capital of 107,285,000 Shares	24.4 times

Market capitalisation

Market capitalisation based on the Placement Price and the post-Placement share capital of 134,225,000 Shares	S$29.53 million

Notes:

(1) Based on the exchange rate of S$1:RM2.9624, being the closing exchange rate as at 30 June 2018.

(2) The estimated listing expenses is approximately S$1.55 million. S$0.79 million of the listing expenses have been paid by our Group as at the date of the Offer Document, and the balance will be settled by a portion of the proceeds from the Placement, our internally generated resources, loans from Controlling Shareholder and/or external financing.

(3) Had adjustments been made to the Pro forma NAV per Share to take into account our Group's disposal or acquisition of assets which occurred between 1 July 2018 and the Latest Practicable Date, the Pro forma NAV per Share (before adjusting for the gross proceeds of the Placement and the listing expenses would have been 10.49 cents and the premium of Placement Price over Pro forma NAV per Share would have been 109.7%.

(4) Had adjustments been made to the Pro forma NAV per Share to take into account our Group's disposal or acquisition of assets which occurred between 1 July 2018 and the Latest Practicable Date, the Pro forma NAV per Share (after adjusting for the gross proceeds of the Placement and the listing expenses would have been 11.64 cents and the premium of Placement Price over Pro forma NAV per Share would have been 89.0%.

(5) Based on the exchange rate of S$1:RM3.1122, being the average exchange rate for FY2017.

An investment in our Shares involves risks. Prospective investors should carefully consider and evaluate each of the following risk factors (which are not intended to be exhaustive) and all other information contained in this Offer Document before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in the value of our Shares. The following describes some of the significant risks known to us now that could directly or indirectly affect us and any investments in, or the value or trading price of, our Shares. The following does not state risks unknown to us now but which could occur in the future and risks which we currently believe to be immaterial, which could turn out to be material. Should such risks occur or turn out to be material, they could materially and adversely affect our business operations, financial performance and financial condition.

You should also note that certain of the statements set forth below constitute "forward-looking statements" that involve risks and uncertainties. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document. If any of the following risk factors and uncertainties develops into actual events, our business may be adversely affected. In such circumstances, the trading price of our Shares could decline and investors may lose all or part of their investment. To the best of our Directors' belief and knowledge, all the risk factors that are material to investors in making an informed judgment about our Group have been set out below.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our business may be affected by macroeconomic factors and other factors beyond our control

Macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence, may affect our business. Various factors may influence these macroeconomic conditions, including without limitation, unemployment rates and real disposable income, inflation, recession, stock market performance, the interest rate environment, the availability of consumer credit, and regulatory (including fiscal and other governmental policies), social or political change, all of which are beyond our control. Any adverse macroeconomic conditions may lead customers to becoming more budget conscious which will result in a decrease in discretionary consumer spending. In particular, the frequency with which visitors choose to visit our Theme Parks could be adversely affected due to decrease in discretionary consumer spending. A reduction in attendance at our Theme Parks, which is a key driver of our revenue and profitability, could materially adversely affect our business operations and financial performance.

Further, unforeseeable circumstances and other factors such as changes in consumer preferences, labour disputes, severe weather conditions and natural disasters, may disrupt our operations and cause loss and damage to our business. Because most of the attractions at our Theme Parks are outdoors, attendance at our Theme Parks can be adversely affected by continuous bad or extreme weather and by forecasts of bad or mixed weather conditions, which would negatively affect our business, operations and financial performance. An outbreak of ZIKA, SARS, avian influenza and/or other communicable diseases, if uncontrolled, could affect our operations, as well as the number of visitors to our Theme Parks. In addition, our ability to attract visitors to our properties is influenced by the aesthetics and natural beauty of the outdoor environment where our Theme Parks are located. Natural disasters or severe weather conditions could damage our properties or surrounding areas and have a long-term negative impact on visitation, as it would take several years for the environment to recover. Our insurance policies may not cover lost revenues due to a decline in visitation caused by damage to our properties or surrounding areas.

Terrorist attacks or other acts of violence, may also materially and adversely affect global businesses and general consumer confidence. If any of these events occur, our business, operations and financial performance may be materially and adversely affected.

We may lose our shareholding in SLE

Pursuant to the terms of the Investment Agreement, PDC has the right to take over the entire shareholding of SLE, the sole directly-held principal subsidiary of our Company, at the agreed nominal sum of RM2.00 in the event that payment default in respect of dividends or redemption price occurs or PDC terminates the Investment Agreement in agreed circumstances specified therein including breach of any of the terms of the said Investment Agreement.

Pursuant to the terms of the Novation Agreement, the share certificates in respect of all of SLE's ordinary shares and executed share transfer forms in favour of PDC are required to be held in escrow for PDC to enable the entire shareholding of SLE to be transferred to PDC. Prior to the registration of this Offer Document, the share certificates in respect of all of SLE's ordinary shares and executed share transfer forms in favour of PDC will be held by ZIPG in escrow pending the redemption of the RCPS and are expected to be returned to us approximately 1 to 2 working days from the date of the Listing. Further details of the said redemption process and an extract of ZIPG's opinion on this matter are set out in the section entitled "Capitalisation and Indebtedness" of this Offer Document. While we intend to redeem all outstanding RCPS issued under the Investment Agreement out of the proceeds from the Placement, we may, before the full redemption of the RCPS, lose our interest in SLE in the event of a breach of the Investment Agreement and Novation Agreement or repayment default in respect of dividends.

Sim Choo Kheng and Silviya Georgieva Georgieva have confirmed in writing that (i) there is no breach or non-compliance of any obligations, warranties, undertakings, terms or conditions in the Investment Agreement to which SLE, Sim Choo Kheng and/or Silviya Georgieva Georgieva are bound, and (ii) PDC has not highlighted any breaches or non-compliance nor made any claims against SLE, Sim Choo Kheng and/or Silviya Georgieva Georgieva (nor threatened to do so) since 28 March 2016 (being the date of the Investment Agreement). Sim Choo Kheng and Silviya Georgieva Georgieva have also undertaken to the Company that for as long as Sim Choo Kheng remains as the CEO or director of the Company, each of them shall comply with and procure the compliance of SLE with the obligations, warranties, undertakings, terms and conditions contained in the Investment Agreement until the full redemption by SLE of the RCPS in accordance with the Investment Agreement.

We may face competition with new entrants and existing operators in the theme park operations industry

Our Theme Parks compete with other theme, water and amusement parks and with other types of recreational facilities and forms of entertainment, including movies, home entertainment options, sporting events, restaurants and vacation travel in the markets in which we operate. Some of our competitors may possess longer operating histories, greater brand recognition and larger marketing and other resources which will enable them to respond to changes in market conditions more quickly than us. In addition, we may be subject to additional competition with new theme parks that operate near our Theme Parks. If we are unable to compete effectively against our competitors, our financial performance may be adversely affected.

We may be required to pay entertainment tax in relation to our Theme Park operations

Under the EDA, an entertainment duty is to be charged, levied and paid to the Minister of Finance of Malaysia upon every payment for admission to any entertainment. The EDA provides that the rate of entertainment tax shall be determined at the discretion of the Dewan Rakyat (House of

Representatives, being the lower house of the Parliament of Malaysia). We are currently not aware of any publicly available official pronouncement on the rate of entertainments duty chargeable or levied in respect of theme parks in the Penang state.[1]

Pursuant to the terms of a letter from the Penang State Treasury Department dated 9 February 2011, SLC has been granted the Exemption Approval. SLC is wholly-owned by our Executive Directors, Sim Choo Kheng and Silviya Georgieva Georgieva, and is not part our Group. The Exemption Approval was issued to SLC as it was the entity that previously tendered for the theme park project and entered into the initial lease agreement with PBA dated 12 November 2010 for the relevant lands to implement the said project. ZIPG is of the opinion that the likelihood of our Group being held liable under the EDA in relation to ESCAPE Adventureplay and ESCAPE Waterplay in respect of the period prior to the Exemption Assignment is low based on its interpretation of the broad purpose of the entertainment duty regime under the EDA and taking into account the background giving rise to the issuance of the Exemption Approval. Notwithstanding that ZIPG has opined that such a risk is low for the reasons stated above, there is no absolute assurance that our Group will not be held liable under the EDA in respect of the period prior to the Exemption Assignment. Please refer to the section entitled "General Information on our Group – Material Licences, Permits and Approvals" of this Offer Document for further information on the legal opinion on this matter from ZIPG.

SLE has submitted an application in July 2018 to the Chief Minister of Penang for the assignment of the Exemption Approval from SLC to SLE, for the remaining period of the Exemption Assignment. By a letter dated 9 November 2018, the Penang State Treasury Department notified SLE that the State Executive Council has, on 24 October 2018, considered and agreed to approve the application for the Exemption Assignment and the said entertainments duty exemption will expire on 11 November 2020. In the event that we are unable to obtain an extension of the duration of the Exemption Approval or be otherwise required to pay entertainments duty pursuant to the EDA, our business, operations and financial performance may be adversely affected.

We have relied on external financing and shareholders' loans in the past to finance our capital expenditure

During the Period Under Review, we have financed our capital expenditure through sources such as shareholders' loans and proceeds from issuances of the RCPS, resulting in our Group's negative working capital position as at 31 December 2017 and 30 June 2018. There is no assurance that such funding, if required, will continue to be available on acceptable terms. Any inability to obtain sufficient funding to improve, maintain or add attractions to our Theme Parks could negatively affect the attractiveness of our Theme Parks and could materially adversely affect our business, operations and financial performance.

Our business is seasonal and the occurrence of adverse events during our peak periods could have a material adverse effect on our business, operations and financial performance

Although each of our Theme Parks operates throughout the year, we generate higher revenues during the period from October to December, which includes the school holiday season in Malaysia. The seasonality of our revenues and our dependence on peak operating periods increases the impact of certain events such as disruptions to public infrastructure and continuous bad or extreme weather on our financial performance. The occurrence of these events as well as

1 The Penang State Treasury Department has vide letter of 18 October 2018 to ZIPG provided a list setting out the rates of entertainments duty for the state of Penang applicable to different types of entertainments which amongst others indicate the rate of 25% from ticket price (admission with ticket) and RM200.00 per month (without ticket) for temporary amusement parks. The said list is however silent on amusement parks which are not temporary.

other risk factors discussed herein such as incidents occurring in our Theme Parks during these peak operating periods could have a material adverse effect on our business, operations and financial performance.

We are dependent on key management personnel for our continued success and growth

Our Group's success to-date is attributable to the contributions and expertise of our key management personnel, who each have valuable and extensive experience and knowledge of our industry. In particular, our Executive Director and CEO, Sim Choo Kheng has been instrumental in formulating our business strategies and spearheading the growth of our business and operations. Our continued success and growth will depend, to a large extent, on our ability to retain the services of our Executive Directors and Executive Officers. The loss of services of any key management personnel without suitable and timely replacements may materially and adversely affect our business, prospects and financial performance.

Further, in the event that we need to increase employee compensation levels substantially to attract and/or retain any key management personnel, our costs may increase which may result in lower profitability.

Our business model involves fixed costs, which can result in lower profitability if revenues decline significantly

A large portion of our expenses is relatively fixed because the costs for full-time employees, repair and maintenance, utilities and rental of land do not vary significantly with attendance at our Theme Parks. If revenues were to decline, and our cost-cutting efforts are insufficient to offset declines in revenues or are impractical, we could experience a decline in our profitability. With the new Minimum Wages Order 2018 coming into operation on 1 January 2019, the minimum monthly wages for Peninsular Malaysia will increase from RM1,000 to RM1,100. Also, the range of minimum daily wages for Peninsular Malaysia will increase from RM38.46-RM57.69 to RM42.31-RM63.46 and the minimum hourly wages for Peninsular Malaysia will increase from RM4.81 to RM5.29. While there is no material impact to our Group's operating expenses since the wages currently paid to our permanent employees and part-time employees are in compliance with the Minimum Wages Order 2018, our operating expenses may nevertheless increase as a result of upward pressure on wages following the implementation of the Minimum Wage Order 2018.

We face risks of incidents occurring at our Theme Parks and may be exposed to negative publicity, customer complaints and potential litigation

While we carefully maintain the safety of our theme park operations, there are inherent risks involved with theme park operations such as accidents or injuries arising from theme park equipment failures or otherwise, or water-borne illnesses from water rides at any of our Theme Parks.

Such accidents or injuries may result in personal injury claims from our employees, visitors or other persons involved in accidents. An accident occurring at our Theme Parks could result in potential litigation, reduce attendance, increase insurance premiums, and negatively impact our financial performance. Any significant claims which are not covered by our insurance policies or are contested by the insurance companies may also adversely affect our financial performance.

Further, accidents or injuries that receive media attention could negatively impact our brand or reputation, cause loss of consumer confidence in the Company and negatively impact our financial performance. The considerable expansion in the use of social media over recent years has compounded the impact of negative publicity. Bad publicity, whether merited or otherwise, may materially and adversely affect our business and financial performance. If any such incident

occurs during a time of high seasonal demand, the effect could disproportionately impact our financial performance of the year.

There has not been any major accidents in our Theme Parks resulting in permanent injury or death since we commenced operations in 2012.

We rely on skilled and experienced personnel for the operation of our Theme Parks

Our business relies on skilled and experienced personnel for the operation of our Theme Parks. If we are unable to employ and/or attract sufficient skilled personnel, or our skilled personnel do not fulfil their roles despite the training provided by our Group or if we experience a high turnover of skilled and experienced personnel without suitable and timely replacements, the quality of our services may decline, and our business and financial performance may be materially and adversely affected.

We face general risks associated with doing business outside Malaysia

We plan to expand our business beyond our current presence in Malaysia, in particular, to countries in the ASEAN region and to the People's Republic of China. There are inherent risks in doing business overseas, such as unexpected changes in regulatory requirements, difficulty in staffing and managing foreign operations, social and political instability, labour unrest, potentially adverse tax consequences, legal uncertainty regarding liability, reduced protection for intellectual property rights in some countries, tariffs and other trade barriers, unexpected changes in local law and barriers to the repatriation of capital or profits. In some developing countries, there may be uncertainty in the local regulatory requirements relating to our operations. As we embark on our expansion plans overseas, our exposure to such risks will increase. If any of the aforementioned risks were to occur, our overseas expansion plans and financial performance may be adversely affected.

Our insurance coverage may not indemnify us against all potential losses

We have taken up insurance policies for our Theme Parks and assets, and liability insurance for accidents suffered at the Theme Parks. Please refer to the "General Information on our Group – Insurance" section of the Offer Document for further details on the insurance policies maintained by us. There is no assurance that such insurance policies will compensate us for all potential losses, that we will be able to obtain coverage at commercially reasonable rates, or that our insurers will pay on any particular claim. There are also certain types of risks that are not covered by our insurance policies, including acts of war, acts of terrorism, natural disasters, or loss or damage cause by industrial actions. We also do not have keyman insurance policies at this time, but may put them in place in the future. If such events were to occur, we may have to bear the costs of the uninsured risk or the uninsured loss, and our business, operations, financial performance and prospects may be adversely affected. Our insurance premiums may also increase substantially following any claims made, thereby adversely affecting our financial performance.

We may be subject to risks associated with joint ventures or strategic alliances

We may seek growth opportunities through joint ventures or strategic alliances, in particular for larger scale projects or projects which require more than our expertise. These joint ventures and strategic alliances involve a certain amount of business or operating risks, including (a) inability of our Group to exert control over the actions of our partners, including any non-performance, default or bankruptcy of the partners, (b) difficulty in integrating management, operations, services and personnel, (c) strain on resources in order to coordinate internal systems, controls, procedures and policies, and (d) exposure to unknown liabilities incurred by our partners. In the

event of any dispute with our partners on the business and day-to-day operations of our joint ventures or strategic alliances, there is no assurance that we will be able to arrive at a resolution that is favourable to us. Furthermore, our partners may take actions contrary to our instructions, requests or policies and/or be unable or unwilling to fulfil their obligations which may affect the operations of the joint venture or strategic alliance. In such event, we may not be able to complete projects within the stipulated budget and time schedule and our financial performance, business and reputation may be adversely affected.

We are subject to risks associated with non-renewal of the PBA Lease

We lease the lands on which our Theme Parks are constructed from Perbadanan Bekalan Air Pulau Pinang Sdn Bhd ("**PBA**"). The current lease is for an initial term of 26 years 5 months, expiring on 17 October 2042, and we have the option to renew the lease for an additional 30 years subject to payment of RM1,000,000 by SLE to PBA as consideration for granting the option to renew which is payable in 15 annual instalments on or before 31 January of each and every year commencing from 31 January 2017 at RM66,666.67 per instalment for the first 14 instalments and RM66,666,62 for the final instalment ("**Lease Renewal Fee**") and SLE not having, as at the date of expiration of the initial lease term, committed any act of default under the PBA Lease resulting in termination of the PBA Lease and forfeiture of the lease. We have paid the first two instalments of the Lease Renewal Fee. We are required to comply with conditions under the lease such as to take out a fire and workmen compensation policy from a reputable insurance company and to keep the lands under the PBA Lease secured and maintained in a proper state and condition. The lease is subject to automatic termination in the event of an unremedied breach by us and if such termination occurs, our Group will not be able to continue to operate our Theme Parks. Sim Choo Kheng and Silviya Georgieva Georgieva have each represented and warranted to the Company that (i) there is no breach or non-compliance of any obligations, warranties, undertakings, terms or conditions in the PBA Lease to which SLE, Sim Choo Kheng and/or Silviya Georgieva Georgieva are bound, and (ii) PBA has not highlighted any breaches or non-compliance nor made any claims against SLE, Sim Choo Kheng and/or Silviya Georgieva Georgieva (nor threatened to do so) since 3 May 2016 (being the date of the PBA Lease); and (b) covenanted with and undertook to the Company that for as long as Sim Choo Kheng remains as the CEO or director of the Company, each of them shall comply with and procure the compliance of SLE with the obligations, warranties, undertakings, terms and conditions contained in the PBA Lease.

We may not be able to successfully implement our future plans

As part of our future business plans, we intend to capitalise on our established track record to develop and operate theme parks outside of Malaysia.

Please refer to the "General Information on our Group – Business Strategies and Future Plans" section of this Offer Document for further details. While we plan our expansion based on the outlook of our business prospects, there is no assurance that the results of our expansion plans will match our expectations. The success and viability of our expansion plans are dependent upon, *inter alia*, the growth and development, and the government's expenditure and support, of the sectors that we serve, the availability of financial, operational and other resources and our ability to hire and retain skilled employees to carry out our future plans.

Further, the implementation of our future plans may also require substantial capital expenditure, increased working capital requirements and additional financial resources and commitment. There is no assurance that these future plans will achieve the expected results or outcomes such as an increase in revenue which will commensurate with our investment costs. In the event that the results or outcome of our future plans do not meet our expectations or if we fail to achieve a

sufficient level of revenue or manage our costs efficiently, we may not be able to recover our investment costs and our financial performance and business operations may be adversely affected.

We may be subject to disruptions in our IT systems

We rely on our information technology ("**IT**") systems for our operations and the timely exchange of business information within our Group. These systems are critical to our business operations. For example, we have a booking system on the Internet to process ticketing orders from our customers and also allow our visitors to pre-order their tickets for our Theme Parks online. There can be no assurance that our IT systems will operate without interruption or will not malfunction.

There can be no assurance that these systems will be adequate to support our operations in the event of a prolonged breakdown of our primary system, or that our back-up systems will not break down simultaneously with our primary system. Any breakdown for an extended period of time, or other failure of our IT systems due to, *inter alia*, security breaches, viruses, hacking or damage to the hardware or software systems may cause disruptions or cessations of our business and/or lead to loss of confidential information. This may negatively affect customer satisfaction and/or cause us to incur costs in reimbursing third parties, which may materially and adversely affect our reputation, business and financial performance.

Our business could be adversely affected by any disruption to public infrastructure

Our business relies on the proper performance of a variety of public infrastructure such as transportation, water and electricity supply. If the traffic flow near our Theme Parks is affected by the lack or disruption of transportation infrastructure, attendance of visitors and our revenue may decrease, affecting our business, operations and financial performance. In addition, if we experience a shortage in the supply of electricity and water, we may have to close part of or our entire Theme Parks until such supplies resume. If any of these occurs, our business, financial performance and financial condition may be materially and adversely affected.

If we lose or are unable to renew licences and permits required to conduct our businesses, our business will be materially and adversely affected

We are required to hold government licences and permits, some of which are subject to yearly or periodic renewal, for purposes of conducting the businesses. In the event that any of our licences or permits are not renewed or any of our licences or permits are revoked, our affected Theme Parks might not be able to remain open or we may have to suspend or cease our business operations for which we are unable to obtain the required licence or permit.

The City Council of Penang Island has issued a valid PEL for the operation of each of ESCAPE Adventureplay and ESCAPE Waterplay to Sim Choo Kheng, our Executive Director and CEO on behalf of SLA and SLW respectively. ZIPG, based on its consultation with the Licensing Division of the City Council of Penang Island has advised that it is a common practice and standard licensing procedure of the City Council of Penang Island to issue the PEL to an authorised representative of a company (who is a natural person) instead of the company itself. The PEL is subject to annual renewal. There is no assurance that the PELs issued in respect of our Theme Parks can be renewed as the licences are not renewable as of right and future applications may be subject to review by the City Council of Penang Island.

New rules and regulations of the government and authorities that govern the area which we operate in or might expand into, may come into effect from time to time with respect to the theme park industry or we may encounter other material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all the other necessary certificates or permits for our operations

in a timely manner. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our Theme Parks or projects, our business, financial condition and financial performance may be adversely affected.

Cyber security risks and the failure to maintain the integrity of internal or customer data could result in damages to our reputation and/or subject us to costs, fines or lawsuits

We collect and retain customer data and other personally identifiable information, for business purposes, including for ticketing, transactional or target marketing and promotional purposes, and our various IT systems enter, process, summarise and report such data. We also maintain personally identifiable information about our employees. The integrity and protection of our customer, employee and Company data is critical to our business and our customers and employees have high expectations that we will adequately protect their personal information. The regulatory environment, as well as the requirements imposed on us by the credit card industry, governing information, security and privacy laws are increasingly demanding and continue to evolve. Maintaining compliance with applicable security and privacy regulations may increase our operating costs and/or adversely impact our ability to market our Theme Parks, products and services to our customers. Furthermore, a penetrated or compromised data system or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss, fraudulent or unlawful use of customer, employee or Company data which could harm our reputation or result in remedial and other costs, fines or lawsuits.

We are subject to foreign exchange risks

Our revenue, purchases and operating expenses are predominantly denominated in Malaysian Ringgit, and some of our purchases, operating expenses and purchases of fixed assets are denominated in Renminbi, Singapore dollars, United States dollars and United Arab Emirates Dirham. To the extent that our revenue, purchases and operating expenses are not sufficiently matched in the same currency and to the extent that there are timing differences between receipt and payment, we may be exposed to adverse foreign exchange rate fluctuations. As a result, our profitability may be adversely affected.

We currently do not have any formal policy for hedging against foreign exchange exposure. However, we will continue to monitor our foreign exchange exposure and may employ a formal policy to manage our foreign exchange exposure should the need arise. Please refer to the "Management's Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Management" section of this Offer Document for further details.

RISKS RELATING TO OUR OPERATIONS IN MALAYSIA

Our operations in Malaysia are subject to the relevant Malaysian laws and regulations

Our Theme Parks are located in Penang, Malaysia and we have three subsidiaries which are incorporated in Malaysia and thus subject to the relevant laws and regulations of Malaysia, including those relating to corporate, investment, marketing, labour, environmental, occupational health and safety, and taxation matters. Failure by us to comply with such laws and regulations will result in us being subject to fines or other penalties.

Land acquisition by state authority

In particular, the Land Acquisition Act 1960 allows the respective state authorities to acquire any land within its jurisdiction which is needed for any public purpose, by any person or corporation for any purpose which in the opinion of the state authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public

or for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes. In the event any substantial part of our lands on which our Theme Parks are operated is compulsorily acquired, our business operation may be adversely affected.

Foreign entity's acquisition lease of lands

The National Land Code 1965 of Malaysia ("**NLC**"), applicable to states in West Malaysia including Penang, restricts foreign entities' acquisition or lease of land unless the prior approval of the relevant state authority has been obtained (except if otherwise exempted). The following persons are (amongst others) regarded as foreign entities under the NLC:

(a) a company incorporated outside Malaysia (a "**Foreign Company**");

(b) a Malaysian incorporated company with 50% or more of its voting shares being held by a natural person who is not a citizen of Malaysia ("**non-Malaysian**") or by a Foreign Company, or both ("**Direct Foreign Controlled Local Company**"); and

(c) a Malaysian incorporated company with 50% or more of its voting shares being held by a Direct Foreign Controlled Local Company, or by a Direct Foreign Controlled Local Company together with a non-Malaysian or a Foreign Company.

Based on the foregoing definition, all entities in our Group including (as a result of the Restructuring Exercise) our Malaysian subsidiaries are foreign entities for the purpose of the NLC. We were not required under the NLC to obtain the approval of the relevant state authority of Penang at the time of creation of the PBA Lease as SLE was not a foreign entity then. While there is no requirement to obtain approval of the relevant state authority of Penang under the NLC for the proposed Restructuring Exercise, our future renewal of the PBA Lease which will be expiring in 2042, and any plans to expand our theme park business into other states of West Malaysia by acquisition or lease of lands, would require the approval of the relevant state authority pursuant to the NLC.

There are also other circumstances which (unless otherwise exempted) may give rise to restraints which prohibit, restrict or require regulatory approval to be obtained in connection with, the acquisition or lease of lands, whether or not the acquirer or lessee is a foreign entity; examples include where the land in question involves Malay reserved land, or customary land or, where the acquisition results in dilution of interest of Bumiputera or government agency over land valued at RM20 million and above[1] or where such requirement is endorsed on the land title as a specific restriction in interest.

Our operations are affected by changes in existing, and adoption of new, Malaysian laws and regulations and/or the changes in interpretation of the Malaysian laws and regulations as well as possible inconsistencies between the various Malaysian laws and regulations and/or the corresponding interpretation

The legal and regulatory regimes in Malaysia are subject to changes. At times, the interpretation or application of laws and regulations in Malaysia may be unclear. Government policies, regulations and guidelines issued and imposed by the relevant authorities may change from time to time.

1 Under the Guideline on the Acquisition of Properties issued by the Economic Planning Unit of the Prime Minister's Department (the "EPU"), generally, acquisition of property (except for residential units) valued at RM20 million and above resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency requires the approval of the EPU.

Our operations may be adversely affected by the adoption of new laws and regulations and/or changes to, or changes in the interpretation or implementation of, existing laws and regulations. In addition, the adoption of new laws and regulations or any modification to the existing laws and regulations may result in us having to incur additional expenses to comply with the new laws. We have no control over such conditions and developments and there can be no assurance that such conditions and developments will not have a material adverse effect on its business, financial performance, operations and prospects.

We are subject to the foreign exchange legislation and regulations in Malaysia

Local and foreign investors are subject to Foreign Exchange Administration Rules in Malaysia. The Financial Services Act 2013 ("**FSA**") and the Islamic Financial Services Act 2013 ("**IFSA**") govern the foreign exchange control framework in Malaysia. In exercising its powers under the FSA and the IFSA, the Malaysian central bank, Bank Negara Malaysia ("**Bank Negara**"), has issued seven notices ("**BNM Notices**") which embody Bank Negara's general permissions and directions, setting out transactions that are allowed by Bank Negara which are otherwise prohibited under the FSA and the IFSA.

The BNM Notices are reviewed regularly according to changing circumstances. As at the Latest Practicable Date, foreign investors are free to repatriate divestment proceeds, profits, dividends, or any income arising from investments in Malaysia provided that the repatriation is made in foreign currency. In the event Bank Negara introduces any restrictions in the future, this will limit our ability to distribute dividends to our Shareholders from our Malaysian business operations.

Also, as at the Latest Practicable Date, resident companies (such as our Malaysian subsidiaries) are free to borrow any amount in foreign currency from licensed onshore banks or through the issuance of foreign currency debt securities[1] to another resident. Resident companies are also allowed to borrow any amount in foreign currency from their resident or non-resident entities within its group of entities or resident or non-resident shareholder who holds at least 10% of its shareholding ("**direct shareholder**") unless the borrowing is from non-resident financial institutions or non-resident special purpose vehicles which are set up to obtain borrowing from any person which is not part of the resident entity's group of entities. Resident companies are only allowed to borrow in foreign currency of up to RM100 million equivalent in aggregate from other non-residents. The RM100 million equivalent is based on the aggregate borrowing of the resident entity and other resident entities within its group of entities with parent-subsidiary relationship.

In respect to borrowing in Malaysian Ringgit from non-residents, a resident company is allowed to obtain Malaysian Ringgit borrowing in any amount from non-resident entities within its group of entities and its non-resident direct shareholders, not being non-resident financial institution and non-resident special purpose vehicle used to obtain borrowing from any person who is not part of the resident company's group of entities provided that such borrowing is obtained to finance activities in the real sector in Malaysia; otherwise, it is only allowed to borrow in Malaysian Ringgit up to RM1,000,000 in aggregate for use in Malaysia from any non-resident other than a non-resident financial institution (and the RM1,000,000 shall be based on the aggregate borrowing of the resident company and other resident entities within its group of entities with parent-subsidiary relationship) and to borrow in Malaysian Ringgit in any amount from non-residents through the issuance of Malaysian Ringgit or Islamic debt securities[2] subject to certain conditions. Under the BNM Notices, "activities in the real sector" means activities relating to:

(a) the production or consumption of goods or services, other than:

    (i) activities in the financial services sector, whether Islamic or otherwise;

1 Issuance of debt securities is however subject to compliance with the CMSA, where applicable.

2 Issuance of debt securities is however subject to compliance with the CMSA, where applicable.

(ii) the purchase of security or Islamic security;

(iii) the purchase of financial instrument or Islamic financial instrument; or

(b) the construction or purchase of a residential or commercial property excluding the purchase of land only.

The relevant rules and regulations on foreign exchange control in Malaysia may change. If there is any adverse change in the foreign exchange rules and regulations relating to the borrowing or repatriation of foreign currency, our business and financial performance may be adversely affected.

Please refer to the section entitled "Exchange Rates and Exchange Controls – Exchange Controls" of this Offer Document for further details on the exchange controls in Malaysia.

We may be subject to additional taxes and penalties if we do not comply with transfer pricing and similar tax regulations in Malaysia

We are subject to transfer pricing and similar tax regulations in Malaysia designed to ensure that our intercompany transactions are entered into at prices that have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned by our Malaysian subsidiary, and that we are taxed appropriately on such transactions. In the event that the tax authorities in Malaysia determine that we are in breach of the transfer pricing and similar tax regulations, additional taxes and penalties may be assessed and we will be required to pay the assessments. In such event, our financial performance may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we had not been required to pay any additional taxes or penalties due to breach of transfer pricing or similar tax regulations which had a material adverse impact on our operations or financial performance.

We are subject to risks relating to the political, social and economic environment in Malaysia

Any adverse development in the political, social and economic conditions in Malaysia could materially and adversely affect our financial performance and operations. These developments may include, but are not limited to, changes in political leadership, nationalisation, price and capital controls, sudden restrictive changes to government policies, introduction of new taxes on goods and services and introduction of new laws, as well as demonstrations, riots, coups and war. These may result in the nullification of contracts and/or prohibit us to continue our business operations.

There is no assurance that social and civil disturbances will not occur in the future and such disturbances will not, directly or indirectly, materially and adversely affect our business, operations, prospects and financial performance. Terrorist attacks, increased hostilities and other acts of violence or war may adversely affect the regional and worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and have an adverse effect upon our business, prospects, financial performance and/or operations. In addition, any deterioration in international relations may result in increased investors' concern regarding regional stability which may, in turn, adversely affect our business.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Our Controlling Shareholder, Sim Choo Kheng, together with his spouse Silviya Georgieva Georgieva, will retain significant control over our Group after the Placement, which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of the Placement, our Controlling Shareholder, Sim Choo Kheng, together with his spouse, Silviya Georgieva Georgieva, will own an aggregate of approximately 78.43% of our post-Placement share capital. As a result, they will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. Sim Choo Kheng will also effectively have veto power with respect to any Shareholders' action or approval requiring a majority vote except where he is required by the Catalist Rules or other applicable regulations to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a takeover or change in control of our Group even if it may benefit the Shareholders.

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

We have made an application for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies. In general, an investment in securities quoted on Catalist may carry a higher risk, as compared to an investment in securities quoted on the Main Board of the SGX-ST. There is no assurance that an active or liquid trading market for our Shares will develop or be sustained after the Placement.

Pursuant to the Catalist Rules, we are required to, *inter alia*, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor must act as our continuing sponsor for at least three (3) years after the admission of our Company to Catalist. Following the expiration of the three-year period, there is no assurance that the Sponsor will continue to act as our sponsor or that we will be able to find a new sponsor. In the event that we do not have a sponsor for more than three (3) continuous months, we may be removed from the Official List of SGX-ST.

Our Share price may be adversely affected by future sale of our Shares

Any future sale or issuance or availability of our Shares in the public market can have a downward pressure on our Share price. The sale of a significant amount of our Shares in the public market after the Placement, or the perception that such sales may occur, may materially and adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described under the section entitled "Shareholders – Moratorium" of this Offer Document and subject to all applicable laws and regulations, there will be no restriction on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise. Our Share price may decline if certain Shareholders sell their Shares upon expiry of their moratorium periods.

There has been no prior market for our Shares, and the Placement may not result in an active or liquid market for our Shares

Prior to the Placement, there has been no public market for our Shares. Therefore, we cannot assure investors that an active public market will develop or be sustained after the Placement. The Placement Price was arrived at after consultation between our Company, the Sponsor and Issue Manager, and the Joint Placement Agents, after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the Placement Shares. The Placement Price may not be indicative of the prices that may prevail in the trading market after the Placement. Investors may not be able to sell their Shares at or above the Placement Price.

There are inherent risks in the stock market

There exists both a potential for risks and benefits when an investor participates in the stock market. The market price of our Shares is determined not only by internal factors such as our Group's profitability and development prospects, but may also be adversely affected by changes in macro political and economic conditions. The market price of our Shares is also subject to extraneous factors such as the market demand and supply conditions, prevailing interest rates, inflation, the prevailing investor sentiment and other unforeseeable factors. All these factors can give rise to a deviating share value which can, directly or indirectly, cause an investor to suffer a loss whilst investing in the stock market.

Our Share price may fluctuate following the Placement

The market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

(a) fluctuations in stock market prices and volume;

(b) variations of our operating results;

(c) success or failure of our management team in implementing business and growth strategies;

(d) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(e) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;

(f) announcements by our competitors or ourselves of the gain or loss of significant acquisitions, strategic partnerships, joint ventures or capital commitments;

(g) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed in Singapore or elsewhere;

(h) ability to obtain or maintain regulatory approval for our operations;

(i) appointments or departures of key personnel;

(j) involvement in material litigation or arbitration proceedings; and/or

(k) material changes or uncertainty in the political, economic and regulatory environment in Malaysia.

For these reasons, among others, our Shares may trade at prices that are higher or lower than the Pro forma NAV per Share. In addition, our Shares are not capital-safe products and there is no guarantee that investors of our Shares can realise a higher amount or even the principal amount of their investments.

We may require additional funding for our future growth

In view of the fast-changing business requirements and market conditions, certain business opportunities that may increase our revenue may arise from time to time and we may be required to expand our capabilities and business through acquisitions, joint ventures, strategic partnerships or alliances with parties who can add value to our business. Funding for expansion, if raised through the issuance of equity or securities convertible into equity, may result in a dilution of our Shareholders' equity, particularly if issued at a discount to the then prevailing market price

of our Shares. If we fail to use the new equity to generate a commensurate increase in earnings, our EPS may be diluted, and this could lead to a decrease in our Share price.

Alternatively, if our funding requirements are met by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may, *inter alia*:

(a) limit our ability to pay dividends or require us to seek consent for the payment of dividends;

(b) increase our vulnerability to general adverse economic and industry conditions;

(c) limit our ability to pursue our growth plans;

(d) require us to dedicate a substantial portion of our cash flow from our operations to payment of our debt, thereby reducing the availability of our cash flow to fund other capital expenditure, working capital requirements and other general corporate purposes; and/or

(e) limit our flexibility in planning for, or reacting to, changes in our business and our industry.

Our Share price may be adversely affected by negative publicity relating to our Group or any of our Directors, Executive Officers, Controlling Shareholders or Substantial Shareholders

Any negative publicity or announcement relating to our Group, any of our Directors, Executive Officers, Controlling Shareholders or Substantial Shareholders may adversely affect the stock market's perception of our Company, whether or not this is justified. Some examples are unsuccessful attempts in joint ventures, takeovers or involvement in litigation.

Investors may not be able to participate in future issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we may be subject to regulations as to the procedures to be followed in making such rights offering available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. We may choose not to offer the rights or other equity issues to our Shareholders or investors having an address outside Singapore. Accordingly, Shareholders or investors who have a registered address outside Singapore may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as such.

Investors in our Shares will face immediate and substantial dilution in NAV per Share and may experience future dilution

Our Placement Price of 22.00 cents per Share is substantially higher than our Pro forma NAV per Share of 11.64 cents as at 30 June 2018 (after taking into account our Group's disposal or acquisition of assets which occurred between 1 July 2018 and the Latest Practicable Date) based on the post-Placement issued and paid-up share capital adjusted for the gross proceeds from the Placement and the listing expenses. The estimated listing expenses is approximately S$1.55 million. S$0.79 million of the listing expenses have been paid by our Group as at the date of the Offer Document, and the balance will be settled by a portion of the proceeds from the Placement, our internally generated resources, loans from Controlling Shareholder and/or external financing. If we were liquidated immediately following the Placement, each investor subscribing for the Placement Shares would receive less than the price he or she paid for the Shares. Please refer to the section entitled "Dilution" of this Offer Document for further details.

In addition, we may issue Award Shares or Option Shares under the Sim Leisure Performance Share Plan or Sim Leisure Employee Share Option Scheme. To the extent that such Award Shares or Option Shares are issued, there may be further dilution to investors participating in the Placement. Please refer to the sections entitled "Sim Leisure Performance Share Plan" and "Sim Leisure Employee Share Option Scheme" of this Offer Document for more information.

We may not be able to pay dividends in the future

Our ability to declare dividends to our Shareholders in the future is dependent on, *inter alia*, our future financial performance, distributable reserves and cash flows. This may be affected by numerous factors including but not limited to general economic conditions, market sentiment, market competition and the success of our future plans and business strategies, many of which are beyond our control. In the event that our Group enters into any loan agreements in the future, covenants therein may also limit our ability to pay dividends, as well as when and how much dividends we can declare and pay. As such, there is no assurance that we will be able to pay dividends to our Shareholders.

The actual performance of our Company may differ materially from the forward-looking statements in this Offer Document

This Offer Document contains forward-looking statements, which are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside our control. Furthermore, our revenue and financial performance are dependent on a number of external factors, such as consumer demand which may decrease for various reasons, including increased competition within the industry or changes in applicable laws and regulations. We cannot assure you that these assumptions will be realised and our actual performance will be as projected.

Singapore take-over laws contain provisions, which may vary from those in other jurisdictions, which could adversely affect the market price of the Shares

The Take-over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control. Under the Take-over Code, except with the consent of the SIC, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the Shares, is required to extend a take-over offer for the remaining Shares in accordance with the Take-over Code. Except with the consent of the SIC, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the Shares in any six (6) month period. While the Take-over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the Shares and the ability to realise any benefits from a potential change of control.

The gross proceeds to be raised by our Company from the Placement are S$5.81 million.

We intend to use our gross proceeds from the issue of the Placement Shares primarily as follows:

Purpose	Estimated amount (S$'000)	Amount allocated for each dollar of the proceeds raised by our Company from the issuance of the Placement Shares (cents)
Redemption of RCPS[(1)]	5,602	96.45
Listing expenses[(2)]	206	3.55
	5,808	100.00

Notes:

(1) S$5.60 million will be used to redeem all outstanding RCPS that were issued and allotted to the PDC, as well as payment to the PDC of any dividends accrued on the outstanding RCPS. Pursuant to the terms of the Novation Agreement, where the utilisation of the gross proceeds from the Placement is concerned, redemption of the outstanding RCPS as well as the payment of the abovementioned sums to PDC shall take first priority over all other purposes.

(2) The estimated listing expenses to be borne by our Company is approximately S$1.55 million. $0.79 million of the listing expenses have been paid by our Group as at the date of the Offer Document, and the balance will be settled by a portion of the proceeds from the Placement, our internally generated resources, loans from Controlling Shareholder and/or external financing. Such estimated listing expenses exclude approximately S$0.12 million of management fees due to ZICO Capital as Sponsor and Issue Manager which will be satisfied by the issue and allotment of new Shares, and approximately S$0.51 million of consultancy fees payable to Yeoh Seng Hooi which will be satisfied by the transfer of Shares from Sim Choo Kheng to Yeoh Seng Hooi, and payment of a monthly fee of RM6,000 by our Group to Yeoh Seng Hooi for the period from 10 November 2016 to 30 June 2019. Yeoh Seng Hooi provides corporate advisory and strategic management services in connection with the Listing under a service contract. These services include recommending the appointment of professionals, liaising with these professional parties in preparation for the Listing as well as participating in roadshows to raise funds. Following the Listing, Yeoh Seng Hooi will continue to act as an advisor to assist our Group with the negotiation of overseas projects. The aforesaid service contract will expire on 30 June 2019, and may be renewed upon mutual agreement between Yeoh Seng Hooi and our Group.

Our Company will make periodic announcements on the use of the proceeds from the Placement as and when the proceeds from the Placement are materially disbursed, and provide a status report on the use of the proceeds from the Placement in our annual reports.

Pending the deployment of the proceeds to be raised from the Placement as aforesaid, we may use the funds as working capital or invest in short-term money market instruments or short-term debt instruments or short-term deposits as our Directors may, in their absolute discretion, deem fit.

In the opinion of our Directors, there is no minimum amount to be raised by the Placement.

Save for the amount of proceeds used to redeem the RCPS, none of the proceeds of the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

The following information should be read in conjunction with the *Independent Auditors' Report and Audited Combined Financial Statements For the Financial Years Ended 31 December 2015, 2016 and 2017, Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 and Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018*, as set out in Appendices A to C of this Offer Document, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document.

The following table shows the cash and cash equivalents as well as the capitalisation and indebtedness of our Group as at 1 November 2018, based on the management accounts of our Group as at 1 November 2018 and as adjusted for (i) the gross proceeds from the Placement and the listing expenses, and (ii) the intended application of S$5.60 million from the proceeds from the Placement towards the redemption of the outstanding RCPS pursuant to the terms of the Novation Agreement.

	As at 1 November 2018 (RM'000)	**As adjusted for the gross proceeds, the listing expenses and redemption of the RCPS (RM'000)**
Cash and cash equivalents	1,198	1,198
Indebtedness		
Current		
– secured and guaranteed	4,966	46[(1)]
– secured and non-guaranteed	–	–
– unsecured and guaranteed	–	–
– unsecured and non-guaranteed	2,594	4,919[(2)]
Non-current		
– secured and guaranteed	11,507	8[(1)]
– secured and non-guaranteed	–	–
– unsecured and guaranteed	–	–
– unsecured and non-guaranteed	689	689
Total Indebtedness	19,756	5,662
Total shareholders' equity	32,462	45,506
Total capitalisation and indebtedness	52,218	51,168

Note:

(1) The decrease in current and non-current secured and guaranteed indebtedness relates to the redemption of the RCPS.

(2) The increase in current indebtedness relates to the listing expenses. The estimated listing expenses is approximately S$1.55 million. S$0.79 million of the listing expenses have been paid by our Group, and the balance will be settled by a portion of the proceeds from the Placement, our internally generated funds, loans from Controlling Shareholder and/or external financing.

To the best of our Directors' knowledge, our Company is not in breach of any of the terms and conditions or covenants associated with any of our financing arrangements which could materially affect our Group's financial position and results or business operations, or the investments of our Shareholders.

There were no material changes to our capitalisation and indebtedness from 1 November 2018 to the date of this Offer Document, save for changes in our working capital and reserves arising from our day-to-day operations in the ordinary course of business.

Bank Borrowings and other facilities

As at the Latest Practicable Date, our hire purchase facilities (utilised and unutilised) were as follows:

Lender	Nature of facilities	Amount of facilities granted (RM)	Amount owing (RM)	Amount unutilised (RM)	Interest rates per annum	Maturity profile
ORIX Credit Malaysia Sdn Bhd	Hire purchase	132,578	61,021	0	4.27%	36 months from 25 January 2017
Public Bank Berhad	Hire purchase	34,000	34,000	0	3.44%	84 months from 14 November 2018

The above hire purchase facility from ORIX Credit Malaysia Sdn Bhd is secured by personal guarantees provided by Sim Choo Kheng and Silviya Georgieva Georgieva as well as the assets forming the subject matter of the said hire purchase agreement. The hire purchase facility from Public Bank Berhad is secured by a personal guarantee provided by Sim Choo Kheng as well as the assets forming the subject matter of the said hire purchase agreement.

To the best of our Directors' knowledge, we are not in breach of any term and condition or covenant associated with any bank borrowing, or hire purchase facility which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

In the event that any Group company enters into a loan agreement or issues debt securities that contain a condition making reference to shareholding interests of any Controlling Shareholder, or places restrictions on any change in control of our Company, and the breach of this condition or restriction will cause a default in respect of the loan agreement or debt securities, significantly affecting the operations of our Group, we will immediately announce the details of the condition(s) in accordance with Rule 704(33) of the Catalist Rules, making reference to the shareholding interests of such Controlling Shareholder or restrictions placed on any change in control of our Company and the aggregate level of these facilities that may be affected by a breach of such condition or restriction.

Pursuant to Rule 728 of the Catalist Rules, Sim Choo Kheng being the Controlling Shareholder of our Company, has provided an undertaking to our Company that he will notify our Company, as soon as he becomes aware of any share pledging arrangements relating to his Shares and of any event which may result in a breach of our Group's loan provisions. Upon notification by the Controlling Shareholder, our Company will make the necessary announcement(s) in compliance with the said rule.

Advances from Sim Choo Kheng

Pursuant to the terms of the Investment Agreement, Sim Choo Kheng made advances to SLE of approximately RM0.51 million, RM5.46 million and RM0.65 million in FY2016, FY2017 and 1HFY2018 respectively to finance the development of ESCAPE Waterplay. The advances were interest-free, unsecured and had no fixed term of repayment. The advances have been capitalised in September 2018. Please refer to the section entitled "Interested Persons Transactions" of this Offer Document for further details.

Subscription of RCPS by PDC

Pursuant to the terms of the Investment Agreement, PDC subscribed for, and were issued and allotted by SLE, 2 million RCPS for an aggregate amount of RM16.0 million. The proceeds from the issuance of the RCPS were used to fund the development of ESCAPE Waterplay. The maturity date of the RCPS is 15 June 2021, being the last day of the period of 5 years from the date of first issuance of the RCPS. Prior to our entry into the Novation Agreement there are also mandatory redemption provisions which require SLE to effect redemption of the RCPS by utilisation of 50% of its net profit annually or to effect redemption of RM5 million of the RCPS by 31 December 2018, RM5 million of the RCPS by 31 December 2019 and RM6 million of the RCPS by 31 December 2020, whichever is the earlier.

The Investment Agreement will be terminated upon full redemption of the RCPS and full payment of all other amounts owed to PDC by SLE.

Novation Agreement

Pursuant to the terms of the Novation Agreement, we assumed all responsibilities of Sim Choo Kheng and Silviya Georgieva Georgieva under the Investment Agreement upon completion of the transfer of all the ordinary shares in SLE from Sim Choo Kheng and Silviya Georgieva Georgieva to our Company. Accordingly, security was provided to PDC by the Company handing over its share certificates representing all of the ordinary shares of SLE and duly signed transfer forms in favour of PDC ("**Collaterals**") held in escrow by ZIPG prior to the registration of the Offer Document on behalf of PDC ("**PDC Security**") pursuant to the terms of the Stakeholders Agreement. We intend to utilize part of the proceeds from the Placement to fully redeem the RCPS and take possession of the Collaterals upon Listing.

By signing the Novation Agreement, PDC has indicated its agreement to the proposed early redemption of the RCPS and confirmed that there are no other conditions to be satisfied for the return of the Collaterals upon full redemption of the RCPS and payment of all amounts owing to PDC.

Sim Choo Kheng, Silviya Georgieva Georgieva and SLE are to keep PDC indemnified against all actions, demands, penalties, claims, proceedings and costs incurred by PDC by reason of non-observance and/or non-performance by Sim Choo Kheng, Silviya Georgieva Georgieva, SLE and/or our Company under the Investment Agreement or otherwise in relation thereto.

Redemption process for the RCPS

We will serve the redemption notice to the PDC to invoke early redemption of the RCPS on the date of the Listing. The Company has authorised ZICO Capital to instruct the Receiving Bank to remit (via telegraphic transfer) the necessary RCPS redemption monies from the proceeds from the Placement to the account of PDC, on the date of Listing. Upon PDC's confirmation of receipt of funds, which is expected to be approximately 1 to 2 working days from the date of the Listing, ZIPG (being the escrow agent holding the Collaterals on escrow for PDC prior to the registration of this Offer Document) will release to SLE the Collaterals, and PDC's solicitors will release to SLE the written resignation of PDC's nominee director appointed to the board of SLE which will take effect upon SLE's receipt of the same. The Company will make an announcement via SGXNET of the completion of the redemption process for the RCPS and the resignation of PDC's nominee director from the board of SLE.

Risks of PDC failing to return the Collaterals

The risks of PDC not returning the Collaterals upon receiving the redemption monies ("**Redemption Risks**") are remote as:

(a) the PDC is a state-owned entity which is generally characterized as an organization with good corporate governance, transparency and accountability;

(b) the Company has undertaken that the proceeds from the Placement will firstly be utilised to fully redeem the RCPS;

(c) ZIPG has advised that upon payment of the RCPS redemption monies, there are no other legal conditions to be satisfied for the return of the Collaterals to the Company; and

(d) Sim Choo Keng and Silviya Georgieva Georgieva have confirmed that there is currently no breach of any terms, warranties or undertakings contained in the Investment Agreement and will ensure compliance with these terms, warranties and undertakings until full redemption of the RCPS by SLE. Sim Choo Kheng and Silviya Georgieva Georgieva have also confirmed that PDC has not highlighted any breaches since the date of the Investment Agreement.

Safeguards

Pursuant to the terms of the Novation Agreement, the following safeguards are in place to mitigate the Redemption Risks:

(a) The timeline for the return of the relevant share certificates and the transfer forms upon full redemption of the RCPS have been duly set out in the Novation Agreement; and

(b) Prior to the registration of this Offer Document, the Collaterals are held in escrow by ZIPG pending the redemption of the RCPS.

Legal opinion from ZIPG

ZIPG has opined that our Company, as the registered holder of the ordinary shares in SLE ("**SLE Shares**") at Listing, has legal title to 100% of the SLE Shares at Listing, notwithstanding that our Company has no physical possession of the share certificates in respect of the SLE Shares. ZIPG has based its opinion on the following:

(a) SLG is reflected as the current registered owner of the SLE Shares on the register of members of SLE. Under Section 101(1) of the Malaysia Companies Act, in absence of evidence to the contrary, the entry of the name of a person in the register of members as shareholder is prima facie evidence that legal title to the share is vested in that person. Consistent with this, the share certificates in respect of the shares in SLE issued in the name of our Company, reflects our Company, instead of PDC, as the registered holder of the SLE Shares.

(b) The share certificates in respect of the SLE Shares are held as security to enable transfer of legal title to the SLE Shares to PDC in the event PDC enforces the PDC Security pursuant to the Investment Agreement. The PDC Security gives rise to an encumbrance on the SLE Shares and there is no passing to PDC of the legal title to the SLE Shares until such enforcement.

Other indebtedness

Save as disclosed above and in the sections entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Liquidity and Capital Resources" of this Offer Document, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date.

DIVIDEND POLICY

Past Dividends

Our Company was incorporated on 8 March 2018 and has not distributed any cash dividend on our Shares since incorporation.

Our subsidiary, SLA, has declared and paid a dividend of RM5,980,000 largely payable to SLE in respect of FY2015. There has been no declaration of dividends by our subsidiary, SLW, since its incorporation. Our subsidiary SLE has declared and paid dividends of RM1,722,967, RM724,515 and RM738,016 in respect of FY2017, 1HFY2018 and the period from 1 July 2018 to the Latest Practicable Date respectively, to PDC in relation to the RCPS pursuant to the terms of the Investment Agreement.

Save as disclosed above, no dividends have been declared by our Company or our subsidiaries during the Period Under Review.

Dividend Policy

Our Directors intend, subject to the factors stated below 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 per cent of our net profit attributable to owners of the parent in respect of FY2019 and FY2020. Investors should note that the intention to recommend the aforesaid dividend should not be treated as a legal obligation on our Company nor should it be treated as an indication of our Company's future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in any of the periods discussed.

The form, frequency and amount of future dividends on our Shares will depend on our actual and projected financial performance, level of our cash and retained earnings, our projected capital expenditure and other investment plans, the terms of borrowing arrangements (if any), any dividend restrictions arising from borrowing arrangements, any law or requirements that may affect the repatriation of capital and remittance of profits from our subsidiaries to our Company, our working capital requirements and general financial condition, plans for expansion, the general economic and business conditions in countries in which we operate and other factors which our Directors may deem appropriate (the "**Dividend Factors**").

Subject to our Constitution and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company may pay all dividends out of our profits. For information relating to taxes payable on dividends, please refer to the section entitled "Appendix I – Taxation" in this Offer Document.

All dividends are paid pro-rata among the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

DIVIDEND POLICY

The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. The form, frequency and amount of future dividends will depend on the Dividend Factors.

Investors should note that all the foregoing statements, are merely statements of our present intention and do not constitute a legally binding obligation on the part of our Company in respect of the payment of any dividends, which may be subject to modification (including any reduction or non-declaration thereof) in our Directors' sole and absolute discretion.

DILUTION

Dilution is the amount by which the Placement Price paid by subscribers for the Placement Shares exceeds our Pro forma NAV per Share after the Placement. The Pro forma NAV of our Group as of 30 June 2018 was 10.49 cents per Share after taking into account the Group's disposal or acquisition of assets which occurred between 1 July 2018 and the Latest Practicable Date but before adjusting for the gross proceeds from the Placement and the estimated listing expenses and based on the pre-Placement share capital of 107,285,000 Shares.

Pursuant to the Placement in respect of 26,400,000 Placement Shares at the Placement Price, our Pro forma NAV per Share as at 30 June 2018 would be 11.64 cents after adjusting for the gross proceeds from the Placement, the estimated listing expenses as well as disposal or acquisition of assets which occurred between 1 July 2018 and the Latest Practicable Date and based on the post-Placement share capital of 134,225,000 Shares. This represents an immediate increase in Pro forma NAV of 1.15 cents per Share to our existing Shareholders and an immediate dilution in Pro forma NAV of 10.36 cents per Share to our new investors. The estimated listing expenses is approximately S$1.55 million. S$0.79 million of the listing expenses have been paid by our Group as at the date of the Offer Document, and the balance will be settled by a portion of the proceeds from the Placement, our internally generated resources, loans from Controlling Shareholder and/or external financing. The following table illustrates this per Share dilution:

The following table illustrates such dilution on a per Share basis:

	cents
Placement Price per Share	22.00
Pro forma NAV per Share as of 30 June 2018 (after taking into account the Group's disposal or acquisition of assets which occurred between 1 July 2018 and the Latest Practicable Date) based on the pre-Placement share capital of 107,285,000	10.49
Increase in Pro forma NAV per Share attributable to the Placement	1.15
Pro forma NAV per Share (after taking into account the Group's disposal or acquisition of assets which occurred between 1 July 2018 and the Latest Practicable Date) after the Placement	11.64
Dilution in Pro forma NAV per Share to new investors	10.36
Dilution in Pro forma NAV per Share to new investors as a percentage of Placement Price	47.1%

The following table summarises the total number of Shares acquired by our existing Shareholders during the period from incorporation of our Company to the date of lodgement of this Offer Document (after adjusting for the Restructuring Exercise and Share Split), the total consideration and the average effective cash cost per Share paid by them. The number of shares acquired by Yeoh Seng Hooi, ZICO Capital and our new investors pursuant to the Placement, the total consideration and the average effective cash cost per Share by this latter groups of shareholders are also set out below.

	Number of Shares acquired	Total consideration (S$)	Average price per Share (S$ cents)
Sim Choo Kheng	106,619,605	9,837,570[(1)]	9.23
Silviya Georgieva Georgieva[(2)]	665,395	61,392[(1)]	9.23
Yeoh Seng Hooi[(3)]	2,013,375	442,943	22.00
ZICO Capital[(4)]	540,000	118,800	22.00
New Investors pursuant to the Placement	26,400,000	5,808,000	22.00

Notes:

(1) Based on the exchange rate as at the Latest Practicable Date of S$1:RM3.0423.

(2) Silviya Georgieva Georgieva is the spouse of Sim Choo Kheng.

(3) Pursuant to a consultancy agreement entered into between Sim Choo Kheng and Yeoh Seng Hooi, Sim Choo Kheng will transfer 2,013,375 Shares (after the Share Split) to Yeoh Seng Hooi, amounting to 1.5% of the enlarged paid-up share capital of the Company. The shares held by Yeoh Seng Hooi will be subject to moratorium as set out in section entitled "Shareholders – Moratorium" of this Offer Document

(4) Our Company will issue and allot to ZICO Capital 540,000 new Shares (after the Share Split) as part satisfaction of the management fee due to ZICO Capital as Sponsor and Issue Manager. The ZC Shares will be subject to moratorium as set out in the section entitled "Shareholders – Moratorium" of this Offer Document.

Save as disclosed above, none of our Directors or Substantial Shareholders and their respective associates have acquired any Shares in our Company from the date of incorporation of our Company to the date of lodgement of this Offer Document.

The following selected financial information of our Group should be read in conjunction with the full text of this Offer Document, including the Independent Auditors' Report and Audited Combined Financial Statements For the Financial Years Ended 31 December 2015, 2016 and 2017, Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 and Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018, as set out in Appendices A to C of this Offer Document respectively, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the financial years/periods ended 31 December 2015, 2016, 2017, 1HFY2017 and 1HFY2018

	← Audited →			← Unaudited →		← Pro forma →	
	2015	2016	2017	1HFY2017	1HFY2018	FY2017	1HFY2018
	RM	RM	RM	RM	RM	RM	RM
Revenue	9,107,752	9,243,457	9,683,166	3,587,709	8,448,215	9,683,166	8,448,215
Cost of sales	(4,205,808)	(4,204,201)	(5,056,262)	(2,097,105)	(3,816,016)	(5,056,262)	(3,816,016)
Gross profit	4,901,944	5,039,256	4,626,904	1,490,604	4,632,199	4,626,904	4,632,199
Other item of income							
Other income	97,879	54,451	9,565	6,384	379,402	9,565	379,402
Other items of expense							
Administrative expenses	(1,829,071)	(2,207,292)	(2,740,274)	(1,205,283)	(1,510,493)	(2,740,274)	(1,510,493)
Finance costs	–	–	(187,742)	(3,994)	(772,111)	(187,742)	(772,111)
Profit before income tax	3,170,752	2,886,415	1,708,453	287,711	2,728,997	1,708,453	2,728,997
Income tax (expense)/ credit	(491,964)	(312,760)	(420,124)	7,460	(681,452)	(420,124)	(681,452)
Profit for the financial year/period	2,678,788	2,573,655	1,288,329	295,171	2,047,545	1,288,329	2,047,545
Total comprehensive income for the financial year/period, net of tax	2,678,788	2,573,655	1,288,329	295,171	2,047,545	1,288,329	2,047,545

COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015, 2016, 2017 and 30 June 2018

	← Audited →			Unaudited	← Pro forma →	
	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017	As at 30 June 2018
	RM	RM	RM	RM	RM	RM
ASSETS						
Non-current assets						
Plant and equipment	16,681,403	31,411,539	44,883,391	46,346,004	44,883,391	46,346,004
Current assets						
Inventories	21,464	21,195	140,425	33,675	140,425	33,675
Trade and other receivables	647,143	702,560	1,196,990	1,071,954	1,196,990	1,071,954
Prepayments	21,532	201,899	1,018,544	823,827	1,018,544	823,827
Cash and bank balances	1,846,471	2,844,448	818,738	765,678	818,738	765,678
	2,536,610	3,770,102	3,174,697	2,695,134	3,174,697	2,695,134
Total assets	19,218,013	35,181,641	48,058,088	49,041,138	48,058,088	49,041,138
EQUITY AND LIABILITIES						
Equity						
Share capital	10,800,000	10,800,000	10,800,000	10,803,000	16,766,108	17,415,529
Equity component of redeemable convertible preference shares	–	238,324	275,112	275,112	275,112	275,112
Retained earnings	6,512,399	9,086,054	10,374,383	12,421,928	10,374,383	12,421,928
Total equity	17,312,399	20,124,378	21,449,495	23,500,040	27,415,603	30,112,569
Non-current liabilities						
Finance lease payables	–	–	46,089	23,290	46,089	23,290
Liability component of redeemable convertible preference shares	–	12,065,729	11,301,009	11,125,544	11,301,009	11,125,544
Deferred tax liabilities	470,000	561,000	656,277	691,929	656,277	691,929
	470,000	12,626,729	12,003,375	11,840,763	12,003,375	11,840,763
Current liabilities						
Trade and other payables	1,235,614	2,298,834	9,894,146	8,246,797	3,928,038	1,634,268
Finance lease payables	–	–	44,166	45,117	44,166	45,117
Liability component of redeemable convertible preference shares	–	–	4,552,490	4,771,001	4,552,490	4,771,001
Current income tax payable	200,000	131,700	114,416	637,420	114,416	637,420
	1,435,614	2,430,534	14,605,218	13,700,335	8,639,110	7,087,806
Total liabilities	1,905,614	15,057,263	26,608,593	25,541,098	20,642,485	18,928,569
Total equity and liabilities	19,218,013	35,181,641	48,058,088	49,041,138	48,058,088	49,041,138

Basis of preparation for the unaudited pro forma combined financial information

The unaudited pro forma combined financial information for the financial year ended 31 December 2017 and the financial period from 1 January 2018 to 30 June 2018 are prepared based on certain assumptions and after making certain adjustments as below ("**Significant Event**") to show what (i) the financial positions of the Group as at 31 December 2017 and 30 June 2018 would have been if the Significant Event had taken place on those dates; and (ii) the financial performance and cash flows of the Group for the financial year ended 31 December 2017 and the financial period from 1 January 2018 to 30 June 2018 would have been if the Significant Event had taken place on 1 January 2017 and 1 January 2018 respectively.

On 30 September 2018, SLE and Sim Choo Kheng have mutually agreed that advances of RM6,612,529 owing to Sim Choo Kheng be satisfied by converting into 6,612,529 new and fully-paid up ordinary shares in SLE at an issue price of RM1.00 each.

Please refer to Appendix C of this Offer Document for further details.

The following discussion of our results of operations and financial position should be read in conjunction with the Independent Auditors' Report and Audited Combined Financial Statements for the Financial Years Ended 31 December 2015, 2016,and 2017, Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 and Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018 as set out in Appendices A to C of this Offer Document.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the "Risk Factors" section of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a presentation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Issue Manager, and Joint Placement Agents or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

The unaudited pro forma combined financial information set out in Appendix C entitled Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018 of this Offer Document has been prepared for illustrative purposes only.

The unaudited pro forma combined financial information, because of their nature, may not give a true picture of our Group's actual financial position or results. Please refer to Appendix C entitled Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018 of this Offer Document for further details.

OVERVIEW

Our Group is in the business of developing and operating theme parks in Penang, Malaysia. The Group currently operates the Theme Parks, ESCAPE Adventureplay and ESCAPE Waterplay. ESCAPE Adventureplay is an outdoor adventure theme park which contains eco-friendly features and unique design elements reminiscent of traditional villages in Malaysia. ESCAPE Waterplay is the first water park in Penang which features the same eco-friendly and traditional design elements as ESCAPE Adventureplay.

Please refer to the section entitled "General Information of Our Group – Business Overview" of this Offer Document for more details on our Group.

Revenue

Revenue from theme park operations and events includes admission fees (ticketing sales and fees for organizing team building events), sales of goods such as food & beverages and merchandise, and revenue for services rendered mainly for rental of lockers.

Our revenue for FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 were RM9.11 million, RM9.24 million, RM9.68 million, RM3.59 million and RM8.45 million respectively.

Factors affecting our revenue are set out below:

(1) new attractions for the theme parks, and the expansion of new theme parks regionally;

(2) our ability to compete against our existing competitors and new entrants;

(3) changes in the economic, political, social and legal environment in jurisdictions in Malaysia; and

(4) our ability to complete our theme park expansions on time.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors that may affect our business, financial condition, results of operations and prospects.

Cost of Sales

Our cost of sales comprises (i) direct materials; (ii) direct labour; and (iii) overheads. Our cost of sales amounted to 46.2%, 45.5%, 52.2%, 58.5% and 45.2% of our revenue in each of FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

The following table sets out a breakdown of our cost of sales incurred for FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively:

	Audited FY2015		**Audited FY2016**		**Audited FY2017**		**Unaudited 1HFY2017**		**Unaudited 1HFY2018**	
Cost of Sales	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Direct materials	960	22.8	825	19.6	890	17.6	327	15.6	725	19.0
Direct Labour	1,897	45.1	1,627	38.7	1,862	36.8	744	35.5	1,149	30.1
Overheads	1,349	32.1	1,752	41.7	2,304	45.6	1,026	48.9	1,942	50.9
Total	**4,206**	**100.0**	**4,204**	**100.0**	**5,056**	**100.0**	**2,097**	**100.0**	**3,816**	**100.0**

Direct materials expenses comprise purchases of food, beverage and merchandise. Our direct materials expenses amounted to approximately RM0.96 million, RM0.83 million, RM0.89 million, RM0.33 million and RM0.73 million which accounted for 22.8%, 19.6%, 17.6%, 15.6% and 19.0% of our cost of sales in FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Direct labour expenses comprise mainly salaries, bonus, and other benefits, social security contributions and defined contribution plans for our operation staff. Our direct labour expenses amounted to approximately RM1.90 million, RM1.63 million, RM1.86 million, RM0.74 million and RM1.15 million which accounted for 45.1%, 38.7%, 36.8%, 35.5% and 30.1% of cost of sales in FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Overheads comprise mainly depreciation for plant and equipment, operating lease expenses, insurance for visitors, utilities expenses, repair and maintenance and employee benefits expenses. Overheads amounted to approximately RM1.35 million, RM1.75 million, RM2.30 million, RM1.03 million and RM1.94 million which accounted for 32.1%, 41.7%, 45.6%, 48.9% and 50.9% of cost of sales in FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Factors affecting our cost of sales are set out below:–

(1) our ability to maintain our existing relationships with, and the quality and reliability of our suppliers; and

(2) increase in direct labour costs.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors that may affect our business, financial condition, results of operations and prospects.

Gross Profit and Gross Profit Margin

Our gross profit amounted to approximately RM4.90 million, RM5.04 million, RM4.63 million, RM1.49 million and RM4.63 million in FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Our gross profit margin amounted to 53.8%, 54.5%, 47.8%, 41.5% and 54.8% in FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Other Income

Other income comprised mainly payables written off, rebate from suppliers, sale of scrap materials and other miscellaneous income. Other income amounted to approximately RM0.10 million, RM0.05 million, RM0.01 million, RM0.01 million and RM0.38 million in FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Administrative Expenses

Administrative expenses mainly include (i) salaries, bonus and other benefits, social security contributions and defined contribution plans for administrative staff; (ii) depreciation of plant and equipment; (iii) operating lease expenses (iv) directors' remuneration; and (v) other expenses which mainly include security expenses, marketing and promotion expenses, legal and professional fees, and payment portal and credit card fees.

Administrative expenses amounted to approximately RM1.83 million, RM2.21 million, RM2.74 million, RM1.21 million and RM1.51 million which accounted for 20.1%, 23.9%, 28.3%, 33.6% and 17.9% of revenue in FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Finance Costs

Finance costs comprise interest expenses on redeemable convertible preference shares, and finance lease for ticketing kiosks and amounted to nil, nil, RM0.19 million, RM4,000 and RM0.77 million for FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018 respectively.

Income Tax Expense

We are subject to the prevailing tax regulations in Malaysia. The statutory tax rates for Malaysia was 25.0% for FY2015 and 24.0% for FY2016, FY2017 and 1HFY2018.

	FY2015	FY2016	FY2017	1HFY2017	1HFY2018
Tax Expenses/(Credit) (RM'000)	492	313	420	(7)	681
Profit before tax (RM'000)	3,171	2,886	1,708	288	2,729
Effective tax rate (tax expense as a percentage of profit before tax) (%)	15.5	10.8	24.6	–	25.0

Our theme parks in Malaysia enjoys a pioneer status for 5 years from 11 March 2016 for SLW and an extension of another 5 years from 28 December 2017 for SLA, whereby 70% of the taxable income subject to pioneer status is exempted from corporate income tax. This resulted in lower effective tax rate as compared to the statutory tax rate for FY2015 and FY2016.

The effective tax rate was slightly higher than the statutory tax rate for FY2017 mainly due to losses incurred by SLW in FY2017 which could not be utilized to reduce the tax expenses of other entities of the Group, and lower profit before income tax.

REVIEW OF PAST PERFORMANCE

FY2016 vs FY2015

Revenue

Revenue increased slightly by approximately RM0.13 million or 1.5% from RM9.11 million in FY2015 to RM9.24 million in FY2016.

Cost of Sales

Cost of sales decreased slightly by approximately RM1,600 from RM4.21 million in FY2015 to RM4.20 million in FY2016.

Gross Profit and Gross Profit Margin

Gross profit increased by RM0.14 million or 2.8% from RM4.90 million in FY2015 to RM5.04 million in FY2016, in line with the increase in revenue.

Gross profit margin increased marginally from 53.8% in FY2015 to 54.5% in FY2016.

Other Income

Other income decreased by RM0.05 million or 44.4% from RM0.10 million in FY2015 to RM0.05 million in FY2016. The decrease was due to absence of rebate from suppliers of approximately RM0.08 million in FY2015, partially offset by payables written off, being unbilled accrued payables in respect of general operating expenses incurred in FY2014, which amounted to RM0.03 million in FY2016.

Administrative Expenses

Administration expenses increased by RM0.38 million or 20.7% from RM1.83 million in FY2015 to RM2.21 million in FY2016, mainly due to (i) increase in legal and professional fees by RM0.19 million mainly attributable to change in accounting outsource provider; (ii) increase in marketing and promotion expenses by RM0.12 million due to increase in marketing efforts; and (iii) increase in depreciation expenses by RM0.11 million mainly due to additions of furniture, fittings and office equipment in FY2016.

Finance Costs

There were no finance costs in FY2015 and FY2016.

Profit Before Income Tax

As a result of the foregoing, our profit before income tax decreased by approximately RM0.28 million or 9.0% from RM3.17 million in FY2015 to RM2.89 million in FY2016.

Income Tax Expense

Income tax expense decreased by RM0.18 million or 36.4% from RM0.49 million in FY2015 to RM0.31 million in FY2016, mainly due to the reversal of over-provision of current and deferred tax expense in prior financial years, and deferred tax on the RCPS.

FY2017 vs FY2016

Revenue

Revenue increased by approximately RM0.44 million or 4.8% from RM9.24 million in FY2016 to RM9.68 million in FY2017. This was mainly due to the increase in ticket price when we commenced operations of ESCAPE Waterplay in November 2017.

Cost of Sales

Cost of sales increased by approximately RM0.86 million or 20.3% from RM4.20 million in FY2016 to RM5.06 million in FY2017. This was mainly due to increase in (i) direct labour expenses of RM0.24 million mainly attributable to hiring of operations staff for ESCAPE Waterplay; (ii) depreciation of plant and equipment of RM0.15 million for theme park equipment in relation to ESCAPE Adventureplay; (iii) repair and maintenance, and utilities of RM0.26 million.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately RM0.41 million or 8.2% from RM5.04 million in FY2016 to RM4.63 million in FY2017, mainly due to the increase in cost of sales.

Gross profit margin decreased from 54.5% in FY2016 to 47.8% in FY2017 mainly due to pre-operating expenses of ESCAPE Waterplay which commenced operations in November 2017, increase in depreciation of plant and equipment for ESCAPE Adventureplay and higher repair and maintenance expenses.

Other Income

Other income decreased by approximately RM0.04 million or 82.4% from RM0.05 million in FY2016 to approximately RM0.01 million in FY2017. The decrease was mainly due to absence of rebate from suppliers and payables written off in FY2017.

Administrative Expenses

Administrative expenses increased by RM0.53 million or 24.1% in FY2017 from RM2.21 million in FY2016 to RM2.74 million in FY2017. This was mainly due to increase in (i) legal and professional fees of RM0.22 million arising from increase in HR consultancy fees of RM0.14 million and legal fees of RM0.05 million; (ii) marketing and promotion expenses of RM0.14 million due to increase in marketing efforts in connection with the opening of ESCAPE Waterplay; (iii) security expenses of RM0.08 million with the addition of Escape Waterpark; and (iv) increase in depreciation of RM0.09 million from additional park structures, furniture, fittings and office equipment, and kitchen and other equipment purchased during the year.

Finance Costs

Finance costs were RM0.19 million in FY2017.

Profit Before Income Tax

As a result of the foregoing, our profit before tax decreased by approximately RM1.18 million or 40.8% from RM2.89 million in FY2016 to RM1.71 million in FY2017.

Income Tax Expense

Income tax expense increased by RM0.11 million or 34.3% from RM0.31 million in FY2016 to RM0.42 million in FY2017, mainly attributable to increase in deferred income tax for the current financial year of RM0.09 million in FY2017.

1HFY2018 vs 1HFY2017

Revenue

Revenue increased by approximately RM4.86 million or 135.5% from RM3.59 million in 1HFY2017 to RM8.45 million in 1HFY2018. This was mainly due to the increase in ticket price and the number of visitors with the opening of ESCAPE Waterplay in November 2017.

Cost of Sales

Cost of sales increased by approximately RM1.72 million or 82.0% from RM2.10 million in 1HFY2017 to RM3.82 million in 1HFY2018. This was mainly due to (i) increase in direct material expenses of RM0.40 million in line with the increase in revenue; (ii) increase in direct labour expenses of RM0.41 million due to increase in number of employees from the opening of ESCAPE Waterplay; and (iii) increase in overheads of RM0.92 million mainly due to increase in depreciation of RM0.59 million, repairs & maintenance of RM0.13 million and utilities of RM0.14 million mainly in relation to ESCAPE Waterplay.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately RM3.14 million or 210.8% from RM1.49 million in 1HFY2017 to RM4.63 million in 1HFY2018. This was mainly due to increase in cost of sales of RM1.72 million as compared to the increase in revenue of RM4.86 million in 1HFY2018.

The increase in gross profit margin from 41.5% in 1HFY2017 to 54.8% in 1HFY2018 was mainly due to cost of sales which included mainly direct labour costs, direct material costs and depreciation, had not increased proportionately.

Other Income

Other income increased by approximately RM0.37 million from approximately RM6,000 in 1HFY2017 to approximately RM0.38 million in 1HFY2018, mainly due to the write off of retention payable of RM0.37 million owing to the supplier of waterslides.

Administrative Expenses

Administrative expenses increased by RM0.30 million or 25.3% in 1HFY2018 from RM1.21 million in 1HFY2017 to RM1.51 million in 1HFY2018. This was mainly due to increase in (i) staff cost of RM0.16 million arising from additional administrative staffs hired during the period, and (ii) marketing and promotion expenses of RM0.12 million due to increase in marketing efforts in connection with the opening of ESCAPE Waterplay.

Finance Costs

Finance costs were approximately RM0.77 million in 1HFY2018 as compared to approximately RM4,000 in 1HFY2017.

Profit Before Income Tax

As a result of the foregoing, our profit before tax increased by approximately RM2.44 million or 848.5% from RM0.29 million in 1HFY2017 to RM2.73 million in 1HFY2018.

Income Tax Expense

Income tax expense increased by RM0.69 million from tax credit of approximately RM7,000 in 1HFY2017 to tax expense of RM0.68 million in 1HFY2018 mainly attributable to increase in the profit before income tax for the period.

REVIEW OF PAST FINANCIAL POSITION

Non-Current Assets

Non-current assets comprise of plant and equipment which amounted to approximately RM44.88 million or 93.4% of total assets and RM46.35 million or 94.5% of total assets as at 31 December 2017 and 30 June 2018 respectively.

Plant and equipment comprise (i) plant, machinery and park structures; (ii) kitchen and other operating equipment; (iii) furniture, fittings, office equipment and renovation; (iv) motor vehicles; and (v) construction-in-progress in relation to our theme parks. The increase in plant and equipment of RM1.47 million was mainly attributable to construction-in-progress for ESCAPE Gravityplay, partially offset by depreciation.

Current Assets

Current assets comprise inventories, trade and other receivables, prepayments, and cash and bank balances. Current assets amounted to RM3.17 million or 6.6% of total assets and RM2.70 million or 5.5% of total assets as at 31 December 2017 and 30 June 2018 respectively.

Inventories

Inventories amounted to RM0.14 million or 0.3% of total assets and approximately RM0.03 million or 0.1% of total assets for 31 December 2017 and 30 June 2018 respectively. Inventories comprise food and beverage and consumables used in the theme parks. The decrease in inventories of RM0.11 million was mainly attributable to consumables being used up by 30 June 2018.

Trade and other receivables

Trade and other receivables amounted to RM1.20 million or 2.5% of total assets and RM1.07 million or 2.2% of total assets for 31 December 2017 and 30 June 2018 respectively. Trade and other receivables comprise trade receivables, non-trade receivables which consist of amounts owing by related parties, good and services tax recoverable and deposits. The decrease in trade and other receivables of RM0.13 million was mainly due to decrease in goods and services tax recoverable and amount due from related parties. The amounts owing by related parties of RM0.16 million as at 30 June 2018 have been repaid as at the Latest Practicable Date.

Prepayments

Prepayments amounted to RM1.02 million or 2.1% of total assets and RM0.82 million or 1.7% of total assets for 31 December 2017 and 30 June 2018 respectively. Prepayments comprise pre-paid other operating expenses, prepaid insurance, prepaid rental and prepaid listing expenses. The decrease of RM0.20 million was mainly due to the charging out of prepaid other operating expenses, prepaid insurance and prepaid rental expenses.

Cash and bank balances

Cash and bank balances amounted to RM0.82 million or 1.7% of total assets and RM0.77 million or 1.6% of total assets for 31 December 2017 and 30 June 2018 respectively.

Non-current Liabilities

Non-current liabilities comprise finance lease payables, liability component of redeemable convertible preference shares and deferred tax liabilities. Non-current liabilities amounted to RM12.00 million or 45.1% of total liabilities and RM11.84 million or 46.4% of total liabilities as at 31 December 2017 and 30 June 2018 respectively.

Finance Lease Payables

Finance lease payables amounted to RM0.05 million or 0.2% of total liabilities and RM0.02 million or 0.1% of total liabilities for 31 December 2017 and 30 June 2018 respectively.

Non-current Liability Component of Redeemable Convertible Preference Shares

Non-current liability component of redeemable convertible preference shares amounted to RM11.30 million or 42.5% of total liabilities and RM11.13 million or 43.6% of total liabilities for 31 December 2017 and 30 June 2018 respectively.

Deferred Tax Liabilities

Deferred tax liabilities amounted to RM0.66 million or 2.5% of total liabilities and RM0.69 million or 2.7% of total liabilities for 31 December 2017 and 30 June 2018 respectively. Deferred tax liabilities relate to plant and equipment and redeemable convertible preference shares.

Current Liabilities

Current liabilities comprise trade and other payables, finance lease payables, liability component of redeemable convertible preference shares and current income tax payable. Current liabilities amounted to RM14.61 million or 54.9% of total liabilities and RM13.70 million or 53.6% of total liabilities as at 31 December 2017 and 30 June 2018 respectively.

Trade and other payables

Trade and other payables amounted to RM9.89 million or 37.2% of total liabilities and RM8.25 million or 32.3% of total liabilities for 31 December 2017 and 30 June 2018 respectively. Trade and other payables comprise (i) trade payables; (ii) non-trade payables which comprise non-trade payables to third parties, related parties, and amount owing to a director (Sim Choo Kheng), (iii) deferred income, (iv) interest payable on redeemable convertible preference shares, and (v) accrued operating expenses.

The decrease in trade and other payables of RM1.64 million was mainly due to (i) reduction in accrued operating expenses of RM1.17 million; (ii) repayment of non-trade payables to third parties of RM0.78 million; (iii) settlement of non-trade payables to related parties of RM0.53 million; and partially offset by (i) increase in amount owing to a director (Sim Choo Kheng) of RM0.65 million, and (ii) deferred income of RM0.20 million. The decrease in accrued operating expenses was mainly due to payables to related parties which have billed of RM0.73 million and the write-off of retention payable to a supplier of RM0.37 million in 1HFY2018.

Finance Lease payables

Finance Lease payables amounted to RM0.05 million or 0.2% of total liabilities for 31 December 2017 and 30 June 2018.

Current Liability Component of Redeemable convertible preference shares

Current liability component of redeemable convertible preference shares amounted to RM4.55 million or 17.1% of total liabilities and RM4.77 million or 18.7% of total liabilities for 31 December 2017 and 30 June 2018 respectively. Redeemable convertible preference shares were issued to PDC in relation to an investment agreement entered into on 28 March 2016 among PDC, SLE, Sim Choo Kheng and Silviya Georgieva Georgieva, for purpose of development and construction of ESCAPE Waterplay.

Current income tax payable

Current income tax payable amounted to RM0.11 million or 0.4% of total liabilities and RM0.64 million or 2.5% of total liabilities for 31 December 2017 and 30 June 2018 respectively.

The increase in tax payable of RM0.53 million was mainly due to increase in profit in 1HFY2018 as a result of increased revenue from the opening of ESCAPE Waterplay in November 2017.

Equity

Equity amounted to RM21.45 million and RM23.50 million as at 31 December 2017 and 30 June 2018 respectively. Equity comprise issued and paid-up share capital, equity component of redeemable convertible preference shares and retained earnings.

LIQUIDITY AND CAPITAL RESOURCES

During the Period Under Review and up to the Latest Practicable Date, our growth and operations have been funded by a combination of internal and external sources of funds, comprising a combination of cash generated from our operating activities, advances from Sim Choo Kheng, and issuance of the redeemable convertible preference shares. To ensure that we have sufficient funds to meet our contractual and financial obligations, we monitor our net operating cash flows and maintain a level of cash and cash equivalents deemed adequate by management for working capital purposes.

We generated net cash from operating activities of RM3.49 million and RM2.71 million for FY2017 and 1HFY2018 respectively. As at 31 December 2017 and 30 June 2018, we have cash and bank balances amounting to RM0.82 million and RM0.77 million respectively and our net current liabilities amounted to RM11.43 million and RM11.01 million respectively. Had the amount owing to Sim Choo Kheng been capitalised and excluding the effects of the current liability position in respect of the redeemable convertible preference shares of RM4.77 million, the Group would have a positive working capital position of RM0.38 million as at 30 June 2018.

As at the Latest Practicable Date, we have cash and cash equivalents of approximately RM0.71 million, and we do not have any bank borrowings other than finance lease liabilities. As at the Latest Practicable Date, the outstanding principal amount of the redeemable convertible preference shares amounted to RM16 million. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for details of our latest available credit facilities, cash and cash equivalents and level of borrowings.

Our Directors are of the opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgment of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor and Issue Manager is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgment of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

We set out below a summary of our combined statements of cash flows for the Period Under Review. The following net cash flow summary should be read in conjunction with the full text of this Offer Document, including the "Independent Auditors' Report and Audited Combined Financial Statements for the Financial Years Ended 31 December 2015, 2016 and 2017", and the Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 and the Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018 as set out in Appendices A to C of this Offer Document.

(RM'000)	**FY2015**	**FY2016**	**FY2017**	**1HFY2018**
Net cash from operating activities	2,723	3,840	3,495	2,715
Net cash used in investing activities	(2,176)	(15,246)	(13,310)	(2,668)
Net cash from/(used in) financing activities	–	12,404	7,790	(100)
Net change in cash and bank balances	547	998	(2,025)	(53)
Cash and bank balances at beginning of financial year/period	1,299	1,846	2,844	819
Cash and bank balances at end of financial year/period	1,846	2,844	819	766

FY2015

In FY2015, net cash from operating activities amounted to RM2.72 million which comprised operating cash flows before working capital changes of RM3.85 million, net working capital outflow of RM0.86 million, interest received of approximately RM2,000 and tax paid of RM0.26 million.

The net working capital outflow arose mainly from (i) increase in trade and other receivables of approximately RM0.58 million mainly due to increase in amount owing from related parties of RM0.56 million, and (ii) decrease in trade and other payables of approximately RM0.34 million mainly due to reduction in amount owing to related parties.

In FY2015, net cash used in investing activities amounted to RM2.18 million. This was due to purchase of plant and equipment for the theme park.

In FY2015, there were no net cash from financing activities.

As a result of the above, there was a net increase of RM0.55 million in our cash and bank balances, from RM1.30 million as at 1 January 2015 to RM1.85 million as at 31 December 2015.

FY2016

In FY2016, net cash from operating activities amounted to approximately RM3.84 million which comprised operating cash flows before working capital changes of approximately RM3.89 million, net working capital inflow of approximately RM0.32 million, interest received of approximately RM300 and income tax paid RM0.37 million.

The net working capital inflow arose mainly from increase in trade and other payables of approximately RM0.55 million attributable mainly to an increase in amount owing to related parties of RM0.49 million, and partially offset by increase in prepayments of approximately RM0.18 million.

In FY2016, net cash used in investing activities amounted to approximately RM15.25 million due to purchase of plant and equipment, mainly for plant, machinery and park structures for the theme parks and construction-in progress in relation to ESCAPE Waterplay.

In FY2016, net cash from financing activities amounted to approximately RM12.40 million due to proceeds from issuance of redeemable convertible preference shares of RM11.89 million and advances from Sim Choo Kheng of RM0.51 million.

As a result of the above, there was a net increase of RM0.99 million in our cash and bank balances, from RM1.85 million as at 1 January 2016 to RM2.84 million as at 31 December 2016.

FY2017

In FY2017, net cash from operating activities amounted to approximately RM3.49 million which comprised operating cash flows before working capital changes of approximately RM3.14 million, net working capital inflow of approximately RM0.71 million and income tax paid of RM0.35 million.

The net working capital inflow arose from (i) increase in trade and other payables of approximately RM2.14 million due to increase in accruals of RM1.40 million mainly made for construction of ESCAPE Waterplay yet to be billed and increase of other payables of RM0.99 million, and partially offset by (i) increase in inventories of RM0.12 million, (ii) increase in trade and other receivables of approximately RM0.49 million mainly due to increase in non-trade receivables of RM0.21 million and deposits of RM0.36 million, and (iii) increase in prepayments of approximately RM0.82 million due to prepayments for listing expenses of RM0.53 million, and increase in prepaid other operating expenses of RM0.26 million.

In FY2017, net cash used in investing activities amounted to approximately RM13.31 million mainly due to purchase of plant, machinery and park structures, and construction-in-progress.

In FY2017, net cash from financing activities amounted to approximately RM7.79 million mainly due to proceeds from issuance of redeemable convertible preference shares of RM4.11 million, advances from director of the company of RM5.46 million and partially offset by interest paid on redeemable convertible preference shares of RM1.72 million.

As a result of the above, there was a decrease of RM2.02 million in cash and bank balances, from RM2.84 million as at 1 January 2017 to RM0.82 million as at 31 December 2017.

1HFY2018

In 1HFY2018, net cash from operating activities amounted to approximately RM2.71 million which comprised operating cash flows before working capital changes of approximately RM4.33 million, net working capital outflow of approximately RM1.50 million and tax paid of RM0.12 million.

The net working capital outflow arose from decrease in trade and other payables of approximately RM1.92 million and partially offset by decrease in inventories of RM0.11 million, trade and other receivables of approximately RM0.13 million and prepayments of RM0.19 million. The decrease in trade and other payables was mainly attributable to reduction in accrued operating expenses of RM1.17 million, and repayment of non-trade payables to third parties and related parties of RM1.31 million, and partially offset by increase in advances from a director of the company of RM0.65 million.

In 1HFY2018, net cash used in investing activities amounted to approximately RM2.67 million mainly due to purchase of plant, machinery and park structures and construction-in-progress for ESCAPE Gravityplay.

In 1HFY2018, net cash used in financing activities amounted to approximately RM0.10 million and was mainly due to payment of interest in relation to the redeemable convertible preference shares of RM0.72 million, and partially offset by advances from director of RM0.65 million.

As a result of the above, there was a decrease of approximately RM0.05 million in our cash and bank balances, from RM0.82 million as at 1 January 2018 to RM0.77 million as at 30 June 2018.

CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditures and Divestments

The following table sets out our capital expenditures during the Period Under Review and up to the Latest Practicable Date:

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Plant, machinery and park structure	196	1,384	1,460	314	292
Kitchen and other operating equipment	140	222	156	34	240
Furniture, fittings, office equipment and renovation	598	107	212	82	77
Motor vehicles	456	–	2	8	88
Construction-in-progress	786	14,017	12,953	2,230	2,555
Total	**2,176**	**15,730**	**14,783**	**2,668**	**3,252**

The above capital expenditure was financed by funds generated from our operations, advances from a director of the company, proceeds from the redeemable convertible preference shares and finance lease.

The following table sets out our divestments during the Period Under Review and up to the Latest Practicable Date:

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Plant, machinery and park structure	–	–	1	–	–
Kitchen and other operating equipment	–	–	–	–	–
Furniture, fittings, office equipment and renovation	–	–	–	–	–
Motor vehicles	–	–	94	–	34
Construction-in-progress	–	–	–	–	–
Total	**–**	**–**	**95**	**–**	**34**

Commitments

Capital Commitments

As at the Latest Practicable Date, our material capital commitments amounted to RM6.26 million in relation to the development of the ESCAPE Gravityplay.

We intend to finance the above capital commitments with funds generated from our operations, and/or external financing. We have received a letter of offer from RHB Bank Berhad for a four-year term loan of S$2.0 million. We are in discussion with RHB Bank Berhad and are confident that RHB Bank Berhad will extend the letter of offer which will expire on 28 February 2019.

Lease Commitments

As at the Latest Practicable Date, our material operating lease commitments were in respect of the lease of land for the theme parks as follows:

	RM'000
Not later than 1 year	307
Later than 1 year and not later than 5 years	1,282
More than 5 years	7,933
Total	**9,522**

Finance Lease Commitments

As at the Latest Practicable Date, our material finance lease commitments were in respect of ticketing machines and a motor vehicle as follows:

	RM'000
Not later than 1 year	51
Later than 1 year and not later than 5 years	23
More than 5 years	10
Total	**84**

We intend to finance the above operating and finance lease commitments with funds generated from operations.

Save as disclosed above and in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, we do not have other material plans on capital expenditures, divestments and commitments as at the Latest Practicable Date.

Contingent Liabilities

As at the Latest Practicable Date, we do not have any material contingent liabilities.

FOREIGN EXCHANGE MANAGEMENT

During the Period Under Review, our revenue, purchases and operating expenses were predominantly in RM. Some of our purchases, operating expenses and purchases of fixed assets were denominated in Renminbi, Singapore dollars, United States dollars and United Arab Emirates Dirham.

To the extent that our purchases and operating expenses are not perfectly matched in the same currency and to the extent that there are timing differences between invoicing of our customers and the payment of our suppliers, we will be exposed to foreign exchange fluctuations against our functional currency, the RM, which may adversely affect our results of operations. Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss.

Currently, we do not have a formal foreign currency hedging policy with respect to our foreign exchange exposure. As at the date of this Offer Document, we have not used any financial hedging instruments to manage our foreign exchange risk. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise in future. If necessary, we will seek the approval of our Board on the policy for entering into any foreign exchange hedging transactions and will put in place adequate procedures which will be reviewed by our Audit Committee.

INFLATION

For the Period Under Review, inflation did not have a material impact on our financial performance.

SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Save as disclosed in the Independent Auditors' Report and Audited Combined Financial Statements for the financial years ended 31 December 2015, 2016 and 2017 and the Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 as set out in Appendices A and B to the Offer Document respectively, we have not made any significant changes to our accounting policies during the Period Under Review.

On 1 January 2018, our Group adopted the new Singapore Financial Reporting Standards (International) ("**SFRS(I)**") reporting framework that is identical to the International Financial Reporting Standards as issued by the International Accounting Standards Board. The adoption of SFRS(I) does not have a material impact on the combined financial statements of our Group for the financial period from 1 January 2018 to 30 June 2018.

Pursuant to the Restructuring Exercise to rationalise the structure of our Company and its subsidiaries in preparation for the Listing, our Company became the holding company of our Group. The Restructuring Exercise involved the following:

1. Incorporation of our Company

Our Company was incorporated in Singapore on 8 March 2018 under the Companies Act as a private company limited by shares. At incorporation, our Company had an issued and paid-up share capital of S$1,000 comprising 1,000 Shares held by Sim Choo Kheng.

2. Acquisition by SLE from Sim Choo Kheng of 1 share in SLA and 1 share in SLW

SLE held all of the shares in SLA and SLW except for 1 share that was held by Sim Choo Kheng in each of SLA and SLW. On 24 December 2018, SLE acquired all the shareholding interests of Sim Choo Kheng respectively in both SLA and SLW for a nominal cash consideration of RM1.00 each. Following the acquisition, SLA and SLW became wholly-owned subsidiaries of SLE.

3. Acquisition of SLE by our Company

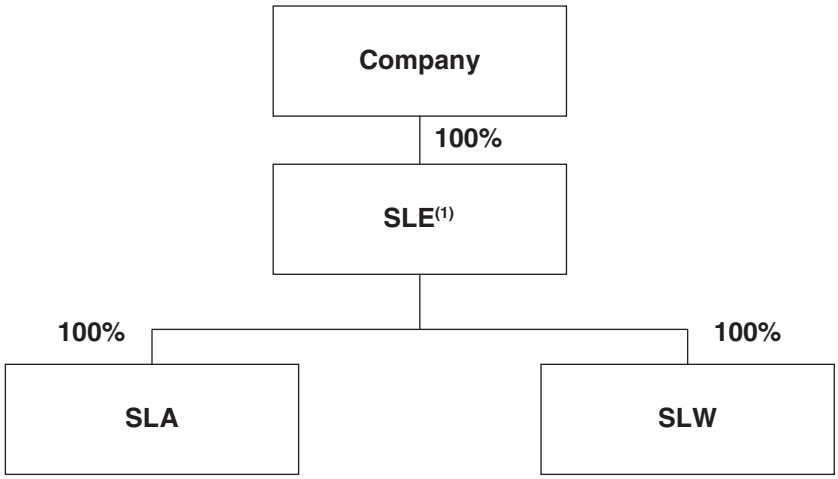
On 24 December 2018, pursuant to the terms of the Restructuring Agreement, our Company acquired all the shareholding interests of Sim Choo Kheng and Silviya Georgieva Georgieva in SLE for an aggregate consideration of RM30,112,569. The consideration was determined on a willing buyer-willing seller basis, taking into account the net asset value of SLE and its subsidiaries (namely, SLA and SLW) as at 30 June 2018 of RM23,500,040 and the capitalisation of advances by Sim Choo Kheng of RM6,612,529. The consideration was satisfied by the allotment and issue of 21,322,921 and 133,079 new Shares to Sim Choo Kheng and Silviya Georgieva Georgieva, respectively. Upon completion of the aforesaid acquisition, SLE became a wholly-owned subsidiary of our Company.

The shareholders of our Company and their respective shareholdings in our Company following the completion of the Restructuring Exercise are as follows:

Name	Shareholding (%)	Number of Shares
Sim Choo Kheng	99.4	21,323,921
Silviya Georgieva Georgieva	0.6	133,079
Total	**100.0**	**21,457,000**

The Share Split was undertaken on 18 February 2019 following the completion of the Restructuring Exercise.

Our Group structure immediately after the Restructuring Exercise is as follows:



Note:

(1) Pursuant to the terms of the Investment Agreement, SLE issued to PDC 2 million RCPS, to be fully redeemed via the proceeds from the Placement.

The details of our subsidiaries following the completion of the Restructuring Exercise as at the date of this Offer Document are as follows:

Name of company	Date and country of incorporation	Principal activities	Principal country of business	Registered and paid up capital	Effective ownership (%)
SLE	2 July 2010 Malaysia	Investment holding and development of theme parks	Malaysia	RM33,412,529 (inclusive of RM16,000,000 in respect of the RCPS)	100%
SLA	3 November 2011 Malaysia	Development and operation of theme parks	Malaysia	RM9,200,000	100% through SLE
SLW	20 March 2012 Malaysia	Development and operation of theme parks	Malaysia	RM1,500,000	100% through SLE

Save as disclosed above, our Group does not have any other subsidiaries or associated companies.

None of our subsidiaries or associated company is listed on any stock exchange.

We were incorporated in Singapore on 8 March 2018 under the Companies Act as a private company limited by shares under the name of "Sim Leisure Group Pte. Ltd." (Company Registration number: 201808096D). Our Company was converted to a public limited company and our name was changed to "Sim Leisure Group Ltd." in connection therewith on 24 December 2018.

As at the date of incorporation and the Latest Practicable Date, the issued and paid-up share capital of our Company was S$1,000.00 comprising 1,000 Shares held by Sim Choo Kheng. Our Company's share capital immediately before the completion of the Placement will be S$9,898,962, comprising 107,285,000 Shares. Upon the allotment and issuance of the Placement Shares, the resultant issued and paid-up share capital of our Company will be increased to S$15,396,902, comprising 134,225,000 Shares.

Pursuant to written resolutions passed on 24 December 2018, our Shareholders approved, among others, the following:

(a) the conversion of our Company into a public company limited by shares and the change of our name to "Sim Leisure Group Ltd.";

(b) the adoption of a new Constitution;

(c) the allotment and issue of the Placement Shares which are the subject of the Placement, on the basis that the Placement Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;

(d) the adoption of the Sim Leisure Performance Share Plan, details of which are set out in the sections entitled Sim Leisure Performance Share Plan" of this Offer Document, and also in "Appendix G – Rules of the Sim Leisure Performance Share Plan" to this Offer Document, and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Award Shares upon the release of awards granted under the Sim Leisure Performance Share Plan;

(e) the adoption of the Sim Leisure Employee Share Option Scheme, details of which are set out in the sections entitled "Sim Leisure Employee Share Option Scheme" of this Offer Document, and also in "Appendix F – Rules of the Sim Leisure Employee Share Option Scheme" to this Offer Document, and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Option Shares upon the exercise of Options granted under the Sim Leisure Employee Share Option Scheme and that authority be given to our Directors to grant Options at a discount up to a maximum discount of 20.0%;

(f) the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement, the ZC Shares, the Award Shares and the Option Shares) on Catalist; and

(g) the authorisation to our Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting pursuant to our Constitution, to:

    (A) (i) issue Shares whether by way of rights, bonus or otherwise;

        (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or

(iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and

(B) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (A) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:

(i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments ("**Adjustments**") effected under any relevant Instrument, which Adjustments shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company, shall not exceed 100.0% of the post-Placement issued share capital excluding treasury shares, and provided further that the aggregate number of Shares to be issued other than on a *pro-rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Placement issued share capital excluding treasury shares;

(ii) in exercising such authority, our 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) and the Constitution for the time being of our Company; and

(iii) unless revoked or varied by our Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

For the purpose of this resolution, the "**post-Placement issued share capital**" shall mean the total number of issued Shares of our Company (excluding treasury shares) immediately after the Placement, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

Pursuant to a written resolution dated 18 February 2019, our Shareholders approved the Share Split.

As at the date of this Offer Document, there is only one (1) class of shares in the capital of our Company, being the Shares. A summary of our Constitution relating to, among others, the voting rights of our Shareholders is set out in "Appendix D – Summary of the Constitution of our Company" to this Offer Document.

There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. The Placement Shares shall have the same interest and voting rights as our existing Shares that were issued prior to this Placement and there are no restrictions to the free transferability of our Shares except where required by law or the Catalist Rules. Save for PDC which has subscribed for the RCPS under the Investment Agreement, the Awards which may be granted under the Sim Leisure Performance Share Plan or Options to be granted under the Sim Leisure Employee Share Option Scheme, no person has been, or is permitted to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital immediately after the Placement are as follows:

Purpose	Number of Shares	Issued and paid-up Share Capital (S$)
Issued and paid-up capital as at date of incorporation	1,000	1,000
Issue of Shares pursuant to the Restructuring Exercise	21,456,000	9,897,962[(1)]
Share Split	107,285,000	9,898,962
Issue of ZC Shares	540,000	95,434[(2)]
Issue of Placement Shares	26,400,000	5,402,506[(3)]
Issued and paid-up capital after the Placement	134,225,000	15,396,902

Notes:

(1) Based on the exchange rate as at the Latest Practicable Date of S$1: RM3.0423.

(2) This includes a set-off of our listing expenses of approximately S$0.02 million against our share capital and balance of S$0.10 million will be charged directly to the income statement.

(3) This includes a set-off of our estimated listing expenses of approximately S$0.41 million against our share capital. The balance of our estimated listing expenses of approximately S$1.14 million will be charged directly to the income statement.

Save as disclosed above, there were no changes in the issued and paid-up share capital of our Company since incorporation.

Please refer to the section entitled "General and Statutory Information – Share Capital" of this Offer Document for details of changes in the issued and paid-up share capital of our Group within the three (3) years preceding the Latest Practicable Date.

The issued share capital and the shareholders' equity of our Company (a) as at incorporation; (b) after the Restructuring Exercise and Share Split but before the Placement; and (c) after the issue of the Placement Shares pursuant to the Placement, are set out below. This should be read in conjunction with the Independent Auditors' Report and Audited Combined Financial Statements For the Financial Years Ended 31 December 2015, 2016 and 2017, Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 and Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018 as set out in Appendices A to C of this Offer Document respectively.

	As at incorporation	After Restructuring Exercise and Share Split but before the Placement	After the Placement
Issued and fully paid-up Shares	1,000	107,285,000	134,225,000
Issued and fully paid-up share capital (S$)	1,000	9,898,962	15,396,902
Accumulated losses (S$)	–	–[(1)]	(1,684,394)
Reserves (S$)	–	–[(1)]	442,943
Total shareholders' equity (S$)	1,000	9,898,962	14,155,451

Note:

(1) Based on the statement of financial position of the Company as at 30 June 2018.

OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings in our Company immediately before and after the Placement are set out below:

	Before the Placement				After the Placement			
	Direct interest		Deemed interest		Direct interest		Deemed interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Sim Choo Kheng[(1)]	106,619,605	99.38	–	–	104,606,230	77.93	–	–
Silviya Georgieva Georgieva[(1)]	665,395	0.62	–	–	665,395	0.50	–	–
Wesley James Rae[(2)]	–	–	–	–	227,000	0.17	–	–
Tay Eng Kiat Jackson	–	–	–	–	–	–	–	–
Chung Yew Pong[(2)]	–	–	–	–	32,000	0.02	–	–
Yong Oi Ling	–	–	–	–	–	–	–	–
Other Shareholders								
Yeoh Seng Hooi[(3)]	–	–	–	–	2,013,375	1.50	–	–
ZICO Capital Pte. Ltd.[(4)]	–	–	–	–	540,000	0.40	–	–
Public	–	–	–	–	26,141,000	19.48	–	–
Total	107,285,000	100.0			134,225,000	100.0		

Notes:

(1) Sim Choo Kheng is the CEO and a Controlling Shareholder of our Company, and spouse of Silviya Georgieva Georgieva.

(2) Our Independent Director, Chung Yew Pong, and our Non-Executive Non-Independent Director, Wesley James Rae have indicated their interests to subscribe to 32,000 and 227,000 Placement Shares respectively.

(3) Pursuant to the consultancy agreement between Sim Choo Kheng and Yeoh Seng Hooi, Sim Choo Kheng will transfer 2,013,375 Shares (after the Share Split) to Yeoh Seng Hooi.

(4) Our Company will issue and allot 540,000 Shares (after the Share Split) to ZICO Capital as part satisfaction of the management fees due to ZICO Capital as the Sponsor and Issue Manager.

Save as disclosed in this section and the section entitled "Directors, Executive Officers and Employees" of this Offer Document, there are no relationships among our Directors, Substantial Shareholders and Executive Officers.

Save as disclosed in this section, to the best of the knowledge of our Directors, we are not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Placement Shares which are the subject of the Placement.

Save as disclosed in this section and the section entitled "Restructuring Exercise" of this Offer Document, there has been no change in the percentage ownership of Shares of our Directors and Substantial Shareholders since the incorporation of our Company and up to the date of this Offer Document.

There has been no public takeover offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

Our Directors are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed in this section and the section entitled "Restructuring Exercise" of this Offer Document, there has been no significant change in the percentage ownership of our Shares from the incorporation of our Company until the Latest Practicable Date.

MORATORIUM

Executive Directors

As a demonstration of their commitment to our Group, our Executive Directors, Sim Choo Kheng and Silviya Georgieva Georgieva, who together hold an aggregate of 105,271,625 Shares representing approximately 78.43% of our Company's issued share capital after the Placement, have each undertaken to the Sponsor and Issue Manager and our Company, *inter alia*, that, he or she will not, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to acquire, grant any security over, encumber or otherwise dispose of any part of their original shareholdings in our Company for a period of 12 months from the date of admission of our Company to Catalist. The moratorium undertakings provided by Sim Choo Kheng and Silviya Georgieva Georgieva, are in compliance with Rule 422(1) of the Catalist Rules.

Yeoh Seng Hooi

Yeoh Seng Hooi, who holds 2,013,375 Shares representing approximately 1.50% of our Company's issued share capital after the Placement, has undertaken to the Sponsor and Issue Manager and our Company, *inter alia*, that, he will not, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to acquire, grant any security over, encumber or otherwise dispose of any part of his original shareholdings in our Company for a period of 12 months from the date of admission of our Company to Catalist.

ZICO Capital

ZICO Capital, who holds 540,000 Shares representing approximately 0.40% of the issued share capital of our Company after the Placement, has undertaken not to sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to acquire, grant any security over, encumber or otherwise dispose of any part of its original shareholding interests in our Company for a period of three (3) months from the date of admission of our Company to Catalist. Upon completion of the aforesaid relevant moratorium period, ZICO Capital will dispose of its relevant shareholding interests in our Company at its discretion.

HISTORY AND KEY MILESTONES

Our Company was incorporated in Singapore on 8 March 2018 under the Companies Act as a private company limited by shares under the name "Sim Leisure Group Pte. Ltd.". We subsequently changed our name to "Sim Leisure Group Ltd." on 24 December 2018 in connection with our conversion to a public company limited by shares. Our Company became the holding company of our Group following completion of the Restructuring Exercise. For more information, please refer to the section entitled "Restructuring Exercise" of this Offer Document.

Our Executive Director and CEO, Sim Choo Kheng has been involved in the business of theme park design, construction, development and operations since 1993. He has worked on numerous theming projects such as the thematic designing and execution of theming elements in the Egypt and Jurassic Park zones of Universal Studios Singapore, Bollywood Dubai, the La Mer water park as well as the DreamWorks zone at the Motiongate Park in Dubai. Having also had experience in the management and operations of theme parks in Bulgaria, Armenia, Malaysia and Vietnam, Sim Choo Kheng has developed an in-depth knowledge of the theme park industry that has helped him develop the business of our Group.

When Sim Choo Kheng was involved in the management of theme parks from 1990 to 2009, he observed that the business model of theme parks had not changed much over the years. In addition, while it was easy to replicate the business model of theme parks in Europe and the US, Sim Choo Kheng realised that that theme park operators generally did not align their ticket prices with the purchasing power of the local visitors. For example, he observed that, for a conventional theme park, the payment of significant royalties for intellectual property rights and costly equipment with extensive design specifications greatly impacted the financial viability of the business. Sim Choo Kheng also observed that some theme parks did not succeed because they did not adapt to the customs, culture, and climatic conditions of the locations where they operated.

With a firm belief that theme parks should provide not only expensive thrill rides but rather, affordable, educational and entertaining experiences for persons of all ages, and with an in-depth knowledge of the market in ASEAN, Sim Choo Kheng envisioned the development of an environmentally-friendly and economically viable theme park. On 10 December 1999, Sim Choo Kheng incorporated SLC to be a theme park design, contracting and consulting company in Malaysia, with a view to eventually developing his own theme park.

When the Penang State Government in Malaysia issued a Request for Proposal in 2009 to develop and manage a theme park in Penang, Sim Choo Kheng seized the opportunity and SLC made a submission for the project. The tender was subsequently awarded to SLC and this gave Sim Choo Kheng the opportunity to develop ESCAPE, a new genre of retro-eco theme parks with design elements inspired by traditional villages and pastimes in Malaysia, affordable to the mass market.

The development of ESCAPE took place in several phases over a number of years. ESCAPE Adventureplay, the first in the ESCAPE series of theme parks, was launched in November 2012 and has since developed a reputation as one of the leading theme parks in Malaysia. ESCAPE Adventureplay has been awarded the TripAdvisor Certificate of Excellence from 2014 to 2018, the Certificate of Merit and Winner in the category of Best Tourist Attraction (Man-Made Attraction/ Theme Park) at the 19th Malaysia Tourism Awards for 2014/2015 and 20th Malaysia Tourism Awards for 2016/2017, respectively.

To better manage the operations of the Theme Parks, SLE, SLA and SLW were incorporated on 2 July 2010, 3 November 2011 and 20 March 2012, respectively with SLE as the holding company of SLA and SLW. SLA is the operating company of ESCAPE Adventureplay and SLW is the operating company of ESCAPE Waterplay. On 3 May 2016, SLE entered into the PBA Lease, superseding the earlier operating lease between SLC and PBA.

On 19 November 2017, ESCAPE Waterplay, the second of the ESCAPE theme parks, commenced operations. ESCAPE Waterplay is a water park which features more than 10 rides and attractions.

ESCAPE Gravityplay, a theme park featuring two downhill karting tracks is the third in the ESCAPE series of theme parks and is targeted to be launched in the first half of 2019 and to be operated by SLA.

On 1 September 2018, our Company entered into a non-binding memorandum of understanding with Fei County Wonder Stone Characteristic Town Development Co., Ltd to undertake the design and operation of an ESCAPE theme park in Linyi, the People's Republic of China.

BUSINESS OVERVIEW

We are a well-established developer and operator of theme parks based in Penang, Malaysia. Our founder, Sim Choo Kheng, has more than 28 years of experience in the theming industry. The Group presently operates the Theme Parks, ESCAPE Adventureplay and ESCAPE Waterplay, which are co-located next to each other in Penang, Malaysia and cater to both local and foreign visitors and tourists.

SLE is the holding company of SLA and SLW, which in turn operates ESCAPE Adventureplay and ESCAPE Waterplay respectively. Our Theme Parks aim to provide a memorable, entertaining and educational experience for our visitors.

ESCAPE Adventureplay

ESCAPE Adventureplay is an outdoor adventure theme park which contains eco-friendly features and design elements reminiscent of traditional villages and pastimes in Malaysia. The attractions in Escape Adventureplay include climbing zones, obstacle courses, a vertical leap, zip lines, a rock wall, dry slides, trapeze and indoor mazes. Escape Adventureplay also includes a campsite with camping facilities and services for visitors.

ESCAPE Waterplay

ESCAPE Waterplay is the first water park in Penang and also features the same eco-friendly and traditional design elements as ESCAPE Adventureplay. The attractions in ESCAPE Waterplay include a high diving platform, water slides of various heights and designs, a wave pool, a lazy river and a children's play area with slides. ESCAPE Waterplay also has an activity pool and children's pool with sites for beach volleyball and beach soccer.

Our revenue from our theme park operations is derived mainly from ticket sales with a small contribution from the sale of food, beverages and merchandise in our theme parks. With the introduction of ESCAPE Waterplay, visitors are now able to visit both ESCAPE Waterplay and ESCAPE Adventureplay with a single ticket. Our Theme Parks welcomed approximately 112,000 visitors in 2017 and 72,000 visitors in the first six months of 2018. As we typically experience a higher number of visitors in the second half of the year, we have attracted approximately a total of 185,000 visitors to our Theme Parks in 2018.

ESCAPE Gravityplay

ESCAPE Gravityplay, the third of the ESCAPE series of theme parks in Penang is targeted to be launched in the first half of 2019 and will be operated by SLA. The attractions in ESCAPE Gravityplay are based on the use of gravity for the riders to enjoy an exhilarating downhill experience of speed and drifting through a natural forest environment. ESCAPE Gravityplay features a chairlift to transport visitors and play equipment such as karts and tubes to the top of a hill located within ESCAPE Gravityplay. Visitors to ESCAPE Gravityplay will be able to travel from the hilltop via a downhill karting track or a dry tube ride. We believe that this will be the first attraction of its type to be built in Malaysia. We plan to develop other attractions such as zip coasters at ESCAPE Gravityplay in the future.

QUALITY CONTROL

Maintenance and improvement of service standards

We maintain our high service standards through rigorous on-site management and regular staff training. We have been audited by TUV NORD (M) Sdn Bhd for compliance with the ISO 9001:2015 standards and was certified on 11 September 2018 to have complied with such standards for the management and operation of theme parks. The on-site management in our Theme Parks is based on detailed rules specifying the responsibilities of our staff at various levels coupled with proper authorization, effective supervision and appropriate incentives. Our on-site Operations Manager frequently inspects the services provided at our Theme Parks. We have also established a performance assessment program pursuant to which we regularly assess the performance of our on-site employees. In addition, we have dedicated staff to supervise our external contractors that provide services to our Theme Parks to ensure that such work complies with our quality standards. We also require our staff to participate in both regular and special training sessions covering topics such as occupational safety, service skills and business management so that our staff are equipped with the necessary skills to deliver the quality services that our visitors expect.

We continuously improve our theme park operations based on feedback and suggestions received from our visitors and will continue to seek, evaluate and implement opportunities to enhance the experience and entertainment of visitors to our Theme Parks.

Safety measures

The safety of our operations is of paramount importance to our visitors, employees and our business. During the Period Under Review, we have not experienced any serious safety incidents and were not subject to any claim, investigation or administrative penalty in respect of accidents or violation of applicable safety laws and regulations which would materially impact our business operations or financial performance.

We have adopted a set of stringent safety measures and emergency plans to reduce the risk of accidents and ensure a prompt and effective response when a safety risk materializes. These measures comprise (i) general rules of safety management with detailed responsibilities of each team and (ii) specific guidelines on the safety management for the various Theme Parks activities such as maintaining emergency first-aid equipment, handling emergencies relating to the operation of our attractions and equipment as well as monitoring and responding to inclement weather. We inspect and maintain our attractions on a regular basis, station lifeguards at ESCAPE Waterplay and, where appropriate, provide safety harnesses for our attractions at ESCAPE Adventureplay. We engage Outdoor Specialist Pte Ltd, an independent third-party safety auditor based in Singapore, to carry out a safety audit on the installations in our Theme Parks on a yearly

basis. There were no material adverse findings from the latest safety audit conducted in 2018. The latest inspection certificate received from Outdoor Specialist Pte Ltd is dated October 2018 and is valid till November 2019. It states that the installations of equipment in the Theme Parks were inspected and passed the International Standards of The Association for Challenge Course Technology (ACCT). We organize regular safety training sessions for our employees and evaluate our safety management performance periodically.

AWARDS AND ACCREDITATIONS

ESCAPE Adventureplay has been awarded the TripAdvisor Certificate of Excellence from 2014 to 2018, the Certificate of Merit and Winner in the category of Best Tourist Attraction (Man-Made Attraction/Theme Park) at the 19th Malaysia Tourism Awards for 2014/2015 and 20th Malaysia Tourism Awards for 2016/2017, respectively.

We have been certified by TUV NORD (M) Sdn Bhd on 11 September 2018 to have complied with the ISO 9001:2015 standard for the management and operation of theme parks and such certification will expire on 10 September 2021.

CORPORATE SOCIAL RESPONSIBILITY

We are committed to looking after the well-being of the community around our Theme Parks and in Penang generally, and maintaining an environmentally sustainable way of conducting our business.

Most of our attractions in ESCAPE Adventureplay do not require the use of electrical equipment. In our Theme Parks, we have planted more than 1,500 new trees and also transplanted more than 100 mature trees from the surrounding areas of Penang, which would have been otherwise cleared for development activities. We consciously try to minimise the potential impact of our operations on the environment by having proper processes for waste reduction and management. We also promote and encourage the efficient use of raw materials and resources including water and electricity, particularly those that are non-renewable. Our buildings feature green roofs covered with grass which absorb less heat than conventional roof surfaces and reduce energy required for air-conditioning and cooling. In addition, we practice rainwater harvesting for irrigation in our Theme Parks which reduces our operational costs and dependence on conventional piped water. We also plan to install photovoltaic generators to reduce our dependence on electricity from the grid.

In addition, we strive to be socially responsible and we endeavour to cater to the well-being of our community. We offer complimentary entry to our Theme Parks to senior citizens and persons with special needs or disabilities. We have also arranged with non-profit organisations such as orphanages or charity homes to provide complimentary entry to our Theme Parks to the beneficiaries of these organisations. We also donate to and support charitable causes within our local community such as the centre for disabled children.

RESEARCH AND DEVELOPMENT

Our research and development related expenses were not significant during the Period Under Review.

INTELLECTUAL PROPERTY

We own trademarks registered in Malaysia. Save as disclosed below, we do not own or use any other patents, trademarks or intellectual property on which our business or profitability is materially dependent. Details of our registered trademarks as at the Latest Practicable Date, are listed below. As at the Latest Practicable Date, our Group does not have any trademarks licensed to third parties or trademarks licensed to our Group.

Registered Trademarks

Trademark	Registered owner	Place of registration	Class	Trademark/ Application no.	Validity period
	Company	Malaysia	16(1)	2012004358	19 March 2012 to 19 March 2022
	Company	Malaysia	25(2)	2012004359	19 March 2012 to 19 March 2022
	Company	Malaysia	41(3)	2012004360	19 March 2012 to 19 March 2022
	Company	Malaysia	43(4)	2012004361	19 March 2012 to 19 March 2022

Notes:

(1) Class 16: Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photograph; stationery; adhesives (glues) for stationery or household purposes; artists' materials; paintbrushes; typewriter and office requisites (except furniture); instructional or teaching material (except apparatus); plastic materials for packaging (not included in other classes); printing type; printing blocks; all included in Class 16.

(2) Class 25: Clothing, footwear, headgear; jackets, jeans, trousers, shorts, wristbands, shirts, casual shirts, casual outerwear, t-shirts, blouses, skirts, waistcoats, coats, sweatshirts, tracksuits, sportswear, gym suits, dresses, sweaters, tank tops, cardigans, underwear, headbands, caps, hats, scarves, ties, socks, belts, legwarmers, leggings, stockings, tights, brassieres, shoes, boots, slippers; all included in Class 25.

(3) Class 41: Education; providing training; entertainment; sporting and cultural activities; amusement parks, providing amusement arcade services and providing theme-park services; all included in Class 41.

(4) Class 43: Services for providing food and drink; temporary accommodation; hotel services; motel services; tourist homes; resort hotel services; hotel accommodation services; hotel catering services; hotel reservation services; hotel restaurant services; all included in Class 43.

Web Domain

We also own the following Internet domain name:

Internet domain	Registered Owner	Registration Date	Expiry Date
http:// www.escape.my	SLE	30 December 2011	29 December 2019

SEASONALITY

Although each of our Theme Parks operates throughout the year, we typically experience higher visitor numbers at our Theme Parks during the peak period from October to December.

INSURANCE

As at the Latest Practicable Date, we have taken up the following insurance policies to cover, *inter alia*, our risks relating to operations, human resource and fixed assets:

(a) public liability insurance;

(b) special all risks insurance;

(c) burglary insurance;

(d) fidelity guarantee insurance;

(e) money insurance;

(f) fire insurance; and

(g) group personal accident insurance.

Our Directors are of the view that our Group's insurance coverage from the above insurance policies is adequate for our existing business and operations and in line with market practice. To ensure that we have adequate insurance coverage, our Directors will review our insurance coverage on an annual basis.

BRANDING AND MARKETING

Our marketing efforts for our Theme Parks focus on generating higher attendance, increasing in-park spending and building greater awareness of and increasing the value of our ESCAPE brand. We make use of social media to design and place advertisements, organize marketing events, maintain public relations, implement sales plans, increase the influence of our brand in the region and develop annual, holiday-specific and seasonal advertising campaigns. We have allowed television programmes to be filmed at our Theme Parks, raising the profile of our Theme Parks amongst the general public. We also pay attention to increasing the public's recognition of and willingness to engage with our brand, thereby driving attendance and in-park spending.

We establish close cooperation with hotels and other partners in the travel industry that promote our Theme Parks to tour groups as well as individual visitors from Penang and the surrounding regions. We also work with Penang Global Tourism, the state tourism bureau of Penang, to promote our Theme Parks locally and internationally. In addition, we have developed a variety of group sales channels based on the source of our group visitors, such as school and corporate visits. We actively market our Theme Parks as suitable venues for conducting corporate teambuilding activities. We conduct different types of marketing and promotion campaigns to cater to the different groups of visitors. Given the increase in consumers making online purchases, we have intensified our online marketing activities through social media to increase our tickets sold through our ticketing website.

As part of our efforts to develop our brand identity and increase brand awareness, we have registered the trademark of our Theme Parks in Malaysia to protect our brand. For more information on our trademark, please refer to the section entitled "General Information on our Group – Intellectual Property" of this Offer Document.

STAFF TRAINING, DEVELOPMENT AND WELFARE

We believe that the capability and morale of our staff is of high importance, and that continual staff training and development is crucial to supporting the strategic vision of our Group and the future growth of our business and operations. Apart from training and career development opportunities, we organise staff welfare events and grant free admission to our Theme Parks to the immediate family members of our staff. We are committed to providing continual education and learning for our staff and require our staff to participate in regular training sessions covering topics such as safety, operations, queue management and customer satisfaction so that they are equipped to deliver a quality service experience to our visitors. We conduct most of such trainings in-house. We occasionally engage external trainers, and the training and development expenses for the engagement of external trainers during the Period Under Review were not significant.

MAJOR CUSTOMERS

Our customers comprise individuals as well as corporate clients. The following customer accounted for 5% or more of our revenue during FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018:

	Percentage of our revenue				
Major customer	FY2015 (%)	FY2016 (%)	FY2017 (%)	1HFY2017 (%)	1HFY2018 (%)
De Forest Agency	0.2	4.1	2.2	–	12.6

Sales to De Forest Agency (based on manual invoices and excluding online sales) in FY2016 accounted for 4.1% of our revenue, higher than 0.2% in FY2015, mainly due to family day events held at our Theme Parks in FY2016. Our sales to De Forest Agency increased in 1HFY2018 as compared with 1HFY2017 mainly due to the opening of ESCAPE Waterplay in November 2017 and an increase in the number of family day events held at our Theme Parks.

Online sales may be made under the name of De Forest Agency or its end customers (being corporate entitles or various individuals), and it is not possible to ascertain accurately if any such sales could be attributable to De Forest Agency. Hence, we have computed sales to De Forest Agency based on manual invoices, and excluded online sales.

Due to the nature of our business, our customer base comprises largely of individual visitors to our Theme Parks and save as disclosed above, there is no other customer who accounted for 5.0% or more of our revenue during the Period Under Review. To the best of our Directors' knowledge and belief, as at the Latest Practicable Date, we are not aware of any information or arrangement which would lead to a cessation or termination of our relationship with our major customer.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or Executive Officers or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of our major customer. To the best of our Directors' knowledge and belief, there are no arrangements or understanding with any customers pursuant to which our Directors and Executive Officers were appointed.

MAJOR SUPPLIERS

We set out below the suppliers accounting for 5.0% or more of our Group's cost of sales for FY2015, FY2016, FY2017, 1HFY2017 and 1HFY2018.

		Percentage of our cost of sales				
Major supplier	**Type of supplies**	**FY2015 (%)**	**FY2016 (%)**	**FY2017 (%)**	**1HFY2017 (%)**	**1HFY2018 (%)**
DD Creations Sdn Bhd	Merchandise vendor	5.8	5.7	6.9	6.3	9.8
Alaf Sejahtera	Food and beverage vendor	5.3	7.9	9.4	8.5	5.8
SLC	Maintenance and landscaping	–(1)	3.7	5.6	5.6	–
HSL Hygieneus Services Sdn Bhd	Housekeeping services	11.2	7.9	–	–	–
BCS Jaya(M) Sdn Bhd	Casual worker services	6.9	–	–	–	–

Note:

(1) Less than 1.0%.

Our proportion of costs of sales from DD Creations Sdn Bhd increased from 6.3% in 1HFY2017 to 9.8% in 1HFY2018 due to the opening of ESCAPE Waterplay in November 2017 which resulted in an increase in retail purchases and swimwear rental at our Theme Parks.

Our proportion of cost of sales from Alaf Sejahtera increased in FY2016 and FY2017 due to an increase in spending on food and beverages by the visitors to our Theme Parks.

Save as disclosed above, there is no other supplier who accounted for 5.0% or more of our costs of sales during the Period Under Review.

To the best of our Directors' knowledge and belief, we are not aware of any information or arrangement which would lead to a cessation or termination of our relationship with any of our existing major suppliers.

Save for Sim Choo Kheng and Silviya Georgieva Georgieva's respective directorships and shareholding interests in SLC, as at the Latest Practicable Date, none of our Directors, Substantial Shareholders or Executive Officers or their Associates has any interest, direct or indirect in, and/or are involved in the management of, any of our major suppliers.

To the best of our Directors' knowledge and belief, there are no arrangements or understanding with any suppliers pursuant to which any of our Directors and Executive Officers were appointed.

CREDIT MANAGEMENT

Credit terms given to our customers

The transactions at the Theme Parks with our customers are mainly conducted on a cash basis (including credit card and electronic payments). In respect of credit card and electronic payments, we typically receive the payments from the banks and/or credit card issuers within 3 working days from the date of the transaction.

Our average trade receivables turnover days for the Period Under Review were as follows:

	FY2015	FY2016	FY2017	1HFY2018
Average trade receivables turnover (days)[(1)]	1	12	19	9

Note:

(1) For FY2015, FY2016 and FY2017, average trade receivables turnover (days) = (average trade receivables/revenue) x 365 days. For 1HFY2018, average trade receivables turnover (days) = (average trade receivables/revenue) x 182 days.

Trade receivables' turnover days increased from 1 day in FY2015 to 12 days in FY2016 and 19 days in FY2017 as a result of higher credit sales to our customers towards the end of FY2016 and FY2017. The higher credit sales in FY2016 was mainly due to large functions (such as family day events) being held in our Theme Parks towards the end of the year. Credit sales increased in FY2017 mainly due to (i) large functions as mentioned above which were held towards the end of the year and (ii) increase in amount owing from online payment portal due to increased ticket sales as a result of the opening of ESCAPE Waterplay in November 2017.

For the Period Under Review, we have not made any material provisions for allowance for impairment of trade receivables or written off any bad debts for any trade receivables.

Credit terms from our suppliers

Our suppliers generally grant us credit terms of 30 to 90 days. Our average trade payables turnover days for the Period Under Review were as follows:

	FY2015	FY2016	FY2017	1HFY2018
Average trade payables turnover (days)[(1)]	39	40	23	13

Note:

(1) For FY2015, FY2016 and FY2017, average trade payables turnover (days) = (average trade payables/cost of sales) X 365 days. For 1HFY2018, average trade payables turnover (days) = (average trade payables/cost of sales) X 182 days.

Average trade payables turnover days were higher in FY2015 and FY2016 mainly due to slower payments to our suppliers and one-off purchases from our supplier of IT-related systems or equipment.

INVENTORY MANAGEMENT

Due to the nature of our business, we have a minimal level of inventory. These constitute mainly food and beverages to be sold at our Theme Parks, and consumables. The level of inventory we stock is only as required for the general operations of our Theme Parks. As our inventory is immaterial compared to the amount of our total assets, any inventory turnover analysis would not be meaningful. There was no material inventory written off or provision for slow moving inventory during the Period Under Review.

MATERIAL PROPERTIES AND OTHER FIXED ASSETS

Real Properties

As at the Latest Practicable Date, our Group does not own any real properties and we lease the following material real properties:

Leased/ licensed by	Location	Tenure	Approximate gross area (sq ft)	Monthly rental	Annual extension fee	Lessor/ licensor	Usage
SLE	HS(M) 1, PT 1, Mukim 2, Kawasan Tadahan Auer Telok Bahang, Daerah Barat Daya, Negeri Pulau Pinang GM 69, Lot 383, Mukim 2, Daerah Barat Daya, Negeri Pulau Pinang GM 188, Lot 384, Mukim 2, Tempat Teluk Kumbar, Daearah Barat Daya, Negeri Pulau Pinang GM 94, Lot 535, Mukim 2, Tempak Teluk Bahang, Daerah Barat Daya, Negeri Pulau Pinang GM 186, Lot 377, Mukim 2, Tempat Telok Bahang, Daerah Barat Daya, Negeri Pulau Pinang GM 153, Lot 231, Mukim 2, Tempat Teluk Bahang, Daerah Barat Daya, Negeri Pulau Pinang Part of GRN 114756, Lot 695, Mukim 1, Daerah Barat Daya, Negeri Pulau Pinang Part of GRN 129547, Lot 15220, Mukim 2, Daerah Barat Daya, Negeri Pulau Pinang	18 May 2016 to 17 October 2042 (26 years and 5 months)	1930970.18	RM20,000[1]	RM66,667.67[2]	PBA	Theme park

Notes:

(1) This amount is based on the amount of annual rent of RM240,000 payable for the 2nd to the 6th year of the lease. Annual rent of RM288,000, RM345,600, RM414,720 and RM497,664 is payable for the 7th to the 11th year, 12th to 16th year, 17th to 21st year and 22nd to 26th year of the lease, respectively.

(2) The PBA Lease provides for an option to renew the lease for another 30 years from the date of expiry of the lease agreement subject to, *inter alia*, payment of RM1,000,000.00 by SLE to PBA as consideration for granting the option to renew which is payable in 15 annual instalments on or before 31 January of each and every year commencing from 31 January 2017 at RM66,666.67 per instalment for the first 14 instalments and RM66,666,62 for the final instalment.

The PBA Lease may not be unilaterally terminated without cause (for example, a breach by SLE of its obligations under the PBA Lease).

Fixed Assets

As at 30 June 2018, the aggregate carrying value of the Group's plant and equipment, comprising plant, machinery and park structure, kitchen and other operating equipment, furniture, fittings, office equipment and renovation, motor vehicles and construction-in-progress was RM46.35 million.

Save as disclosed in the sections entitled "Risk Factors" and "General Information on Our Group – Government Regulations" of this Offer Document, as at the Latest Practicable Date, to the best of our Directors' knowledge, there are no regulatory requirements or environmental issues that may materially affect our Group's utilisation of any tangible fixed assets.

MATERIAL LICENCES, PERMITS AND APPROVALS

Our Group's principal business activities are located in Penang, Malaysia and we are subject to the laws and regulations in Penang and Malaysia. These regulations require us to possess various licences or approvals.

As at the Latest Practicable Date, our Group has the following licences, permits, registrations and approvals which are material to our business and operations:

Licence Name/Authority/ Reference Number	Licence Holder	Effective Date	Expiry Date
PEL issued under the Entertainment and Places of Entertainment Enactment 1998 of Malaysia for the purpose of providing theme park (Adventureplay) at the place of SLA located at 828 Jalan Teluk Bahang, 11050 Penang/ Licensing Department, City Council of Penang Island/Licence No. PP12879	Sim Choo Kheng	20 July 2018	19 July 2019
PEL issued under the Entertainment and Places of Entertainment Enactment 1998 of Malaysia for the purpose of providing theme park (Waterplay) at the place of SLW located at 828 Jalan Teluk Bahang, 11050 Penang/Licensing Department, City Council of Penang Island/Licence No. PP12845	Sim Choo Kheng	4 June 2018	3 June 2019

Licence Name/Authority/ Reference Number	Licence Holder	Effective Date	Expiry Date
Pioneer status for development of the Expansion/Modernisation of Tourism Project – Theme Park (First Time) (*Galakan Taraf Perintis bagi Projek Pembesaran/Pemodenan Projek Pelancongan – Taman Tema Kali Pertama*) granted under Section 6 of the Promotion of Investments Act 1986 of Malaysia/Malaysia Investment Development Authority/Reference No. 400/92191/04895/000001ACI	SLA	12 November 2017	11 November 2022
Pioneer status for development of Theme Park Tourism Project (*Galakan Taraf Perintis bagi Mengusahakan Projek Pelancongan Taman Tema*) granted under Section 6 of the Promotion of Investments Act 1986 of Malaysia/Malaysia Investment Development Authority/Reference No. 400/92191/043303/000001ACI	SLW	17 November 2017	18 November 2022
Certificate of Completion and Compliance for occupation in respect of ESCAPE Adventureplay issued pursuant to By-Law 25 of the Uniform Building By-Laws 1986 made under the Street, Drainage and Building Act 1974 for works done under approved building plan MPPP/OSC/PB(4833)/12(LB)/Ar. Khoo Fook Shin/Reference No. 1248	SLE	7 November 2012	Not applicable
Certificate of Completion and Compliance for occupation in respect of Escape Waterplay issued pursuant to By-Law 25 of the Uniform Building By-Laws 1986 made under the Street, Drainage and Building Act 1974 for works done under approved building plan MBPP/OSC/PB9593/17(LB)/Ar. Khoo Fook Shin/Reference No. 5438	SLE	30 November 2017	Not applicable
Business premise licence for public entertainment and food establishment located at 828 Jalan Teluk Bahang, 11050 Penang issued pursuant to by-laws made under the Local Government Act 1976/Licensing Department, City Council of Penang Island/LC2018078372	SLW	26 November 2018	31 December 2019

Public Entertainment Licence

Sim Choo Kheng is the licensed holder of the PELs for SLA and SLW as the authorised representative of the respective entities. We have entered into an agreement on 16 November 2018 with Sim Choo Kheng ("**PEL Agreement**") to (a) record that Sim Choo Kheng applied for, has been holding and will continue to hold the PELs (including renewals) for the benefit of SLA and SLW respectively; (b) provide for SLA and SLW's respective rights over the respective PELs (including renewals) and (c) set out Sim Choo Kheng's undertaking that for as long as the Company is listed on the SGX-ST and Sim Choo Kheng remains a Controlling Shareholder and/or Director of the Company, Sim Choo Kheng will do the necessary for the renewal or reissuance of the PEL in the name of the new CEO or new authorised representative in the event he ceases to be an officer of the Group. In the event Sim Choo Kheng leaves the Group, SLA, SLW or Sim Choo Kheng will have to inform the City Council of Penang Island in writing of (i) Sim Choo Kheng's resignation and (ii) the new authorised representative who is to become the new PEL holder in place of Sim Choo Kheng, and the City Council of Penang Island is expected to issue the renewed PEL to the new authorised representative on the next annual renewal of the PEL. The authorised representative is the main person answerable to the relevant authority on matters in relation to the PEL including that on compliance and enforcement.

ZIPG has consulted the Licensing Division of the City Council of Penang Island and, based on the responses received, ZIPG opined that:

(a) It is a common practice and standard licensing procedure of the City Council of Penang Island to issue a PEL to an authorised representative of a company (who is a natural person) instead of to the company itself. The authorised representative named as the licensee (such as Sim Choo Kheng in the case of PELs granted in respect of ESCAPE Adventureplay and ESCAPE Waterplay ("**Escape PELs**")) will hold the PELs for the benefit of the company;

(b) The PEL Agreement is legal and enforceable under the laws of Malaysia. In the event Sim Choo Kheng breaches his obligations under the agreement, the relevant Group entity may initiate action against Sim Choo Kheng for specific performance (to order Sim Choo Kheng to do the very act under which he is under an obligation to do) and may also ask for compensation for his breach, either in addition to, or in substitution for, his performance. It should be noted that specific performance is a discretionary relief up to the court. The court has the discretion to grant specific performance, specific performance and damages or damages alone in lieu of specific performance;

(c) ZIPG does not foresee difficulty in changing the authorised representative for the Escape PELs, which process, as ZIPG understands from the City Council of Penang Island, is procedural in nature. There are no criteria or conditions to be satisfied; either SLA/SLW or Sim Choo Kheng may inform the City Council of Penang Island in writing of the change and the City Council of Penang Island will subsequently (as part of the renewal process) issue the new PEL to the new authorised representative on the next annual renewal of the PEL; and

(d) ZIPG does not foresee difficulty in renewal of the Escape PELs which process, as ZIPG understands from the City Council of Penang Island, is usually procedural in nature. It is reasonable to expect the City Council of Penang Island to take into account whether there has been any breach of any condition or restriction of the respective Escape PELs (which currently relates to operation hours only) or a contravention of any provision of the Penang Entertainment Legislations or any regulations or written law relating to the City Council of Penang Island, or any breach of the peace, obstruction, annoyance or injury to the residents in the locality of the Theme Parks, or any performance therein is in the opinion of the licensing officer of dangerous, indecent or immoral nature, or is likely to endanger human life or to cause grievous hurt to any person (being the grounds for revocation of an issued PEL under the Penang Entertainment Legislations).

Based on the Escape PELs, the responses received from the City Council of Penang Island, and the Penang Entertainment Legislations, ZIPG opined that there are no conditions under the respective Escape PELs which require Sim Choo Kheng to remain as a director and/or controlling shareholder of SLA and/or SLW.

Please refer to the section entitled "General Information on our Group – Government Regulations" of this Offer Document for further information.

Exemption Approval under the Entertainment Duty Act 1953

Section 4(1) of the EDA requires to be charged, levied and paid to the Minister of Finance (the "**Collector**") upon every payment for admission to any entertainment a duty known as entertainments duty under the EDA. "Entertainment" is defined under Section 2 of the EDA to include amongst others, any exhibition, performance, amusement, game or sport; therefore, it includes theme parks. Section 12(2) of the EDA confers powers on the State Authority to by order exempt, subject to such conditions as it may deem fit, any entertainment from the payment of the whole or any part of entertainments duty.

By a letter dated 9 February 2011 to SLC titled "Application for Exemption of Entertainments Duty for the Sim Leisure Theme Park Penang", the Penang State Treasury Department notified SLC that the State Executive Committee of Penang after reviewing SLC's application has granted the Exemption Approval to SLC. Our management has represented to ZIPG that (i) the said agreement refers to the previous lease agreement with PBA (the registered owner of the lands) originally entered into in 2010 by SLC for the same land which is the subject of the PBA Lease as it was the entity which tendered for the theme park project and accordingly the exemption was addressed to SLC, and (ii) to accommodate the investment of PDC in SLE, SLE has become the new lessee of the said land from May 2016 and (iii) the "Sim Leisure Theme Park Penang" referred to in the aforesaid exemption letter includes the Theme Parks. SLC and the Group have been and are under the control of Sim Choo Kheng.

On 6 July 2018, SLE wrote to the Chief Minister of Penang for the Exemption Assignment. By a letter dated 9 November 2018, the Penang State Treasury Department notified SLE that the State Executive Council has, on 24 October 2018, considered and agreed to approve the application for the Exemption Assignment and the said entertainments duty exemption will expire on 11 November 2020.

ZIPG is of the opinion that the likelihood of the Group being held liable under the EDA for the entertainments duty in relation to the Theme Parks in respect of the period prior to the Exemption Assignment on the sole basis that the exemption for that period was expressed to be granted to SLC under the Exemption Approval, is low based on ZIPG's interpretation of the broad purpose of the entertainments duty regime under the EDA as set out below and taking into account the background giving rise to the issuance of the Exemption Approval to SLC derived from the factual basis summarised above.

ZIPG observed that the relevant provisions of the EDA in respect of chargeability and payment to the government of entertainments duty are worded as such that:–

(a) *Object of entertainment duty*. The object which attracts entertainments duty and capable of being exempted therefrom under Sections 4(1) and 12(2) of the EDA respectively, is specified to be the relevant "entertainment":–

"*Section 4. Duties.*

(1) Subject to this section there shall be ***charged, levied and paid to the Collector upon every payment for admission to any entertainment*** *a duty (in this Act referred to as entertainments duty) at such rate as may be imposed by resolution of the Dewan Rakyat from time to time.*

..."

Section 12. Exemption.

...

(2) The State Authority may by order ***exempt****, subject to such conditions as it may deem fit,* ***any entertainment*** *from the payment of the whole or any part of entertainments duty."*

..."

(b) *Subject for recovery/penalty.* In respect of liability, an entity (the proprietor) is mainly brought into the picture as the party from whom the government shall recover an entertainments duty by Section 8 and the party liable to the penalty under Sections 6(1) and 20 in the event of a non-compliance of the EDA. Such provisions are in the view of ZIPG necessary for the logical/practical reason that a recovery or an action can only be initiated against a subject which is an entity; their applicability and effect are however conditional upon, and subject to there being, a principal requirement for admissions to the specific entertainment to be charged entertainment duty under Section 4 of the EDA. In short, the chargeability of the entertainment duty is determined based on the specific entertainment and if it is exempted, provisions such as Sections 6, 8 and 20 of the EDA will not kick in to implicate the proprietor(s).

Premised on the above, taking into account that the Exemption Approval was specified for the Theme Parks, and supported by the facts then existing that the exemption was granted to SLC as it was the intended proprietor of the Theme Parks, it is reasonable to infer that the intended beneficiary to the entertainment duty exemption has always been the Theme Parks and the Exemption Approval should be construed as such to give effect to the broad purpose of the EDA and the underlying object of the said exemption. Accordingly, ZIPG is of the view that it is unlikely that the Group will be held liable under the EDA in respect of the very same theme park which is covered under a subsisting Exemption Approval. ZIPG would also argue that this is consistent with the rules of statutory interpretation adopted by Malaysian law which generally require legislations to be first understood in accordance with its plain meaning and where the meaning of a statutory provision is not plain and is ambiguous, a construction that would promote the purpose or object underlying the statute shall be preferred to a construction that would not promote that purpose or object.

Our Company will make an immediate announcement via SGXNET (i) in the event our Group is liable to pay entertainments duty for the period prior to the Exemption Assignment; and (ii) on the outcome of subsequent applications to obtain extension(s) of the duration of the Exemption Approval.

As at the Latest Practicable Date, our Directors confirm that, to the best of their knowledge and belief, our Group has obtained all requisite licences, permits, approvals and/or exemptions which are material for our business operations. As at the Latest Practicable Date, to the best of our Directors' knowledge and belief, there are no facts or circumstances which may result in the suspension, revocation or cancellation of or otherwise adversely affect any of our licences, permits, approvals and/or exemptions.

GOVERNMENT REGULATIONS

Our Group's principal business activities are located in Penang, Malaysia and we are subject to regulation by applicable laws, regulations and government agencies in Penang and Malaysia. The following description is a summary of material laws and regulations applicable to our Group under Penang and Malaysia laws. The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of Malaysia laws and regulations on our Group.

1. Entertainment and Places of Entertainment Enactment 1998 of Penang and the Entertainment (Penang) Regulations 2001 made thereunder (collectively, the "Penang Entertainment Legislations")

The Penang Entertainment Legislations regulate entertainment and places of entertainment (which include amongst others, amusement parks) in Penang. No person is allowed to provide entertainment at any place unless a licence in respect of the provision of such entertainment at that place has been granted under the Penang Entertainment Legislations. The Penang Entertainment Legislations prescribe duties on various aspects including amongst others cleanliness of premises, first aid equipment, safety, and toilet facilities.

2. Consumer Protection Act 1999

The Consumer Protection Act 1999 ("**CPA**") provides for the protection of consumers. As theme park operators, our services are essentially of a kind ordinarily acquired for personal purpose or use and are therefore subject to the CPA.

3. Municipal Council of Penang Island (Food Establishment) By-Laws 1991 made under the Local Government Act 1976 ("Food Establishment By-Laws") and Food Hygiene Regulations 2009 made under the Food Act 1983 ("Food Hygiene Regulations")

The cafeterias operated within our Theme Parks are considered food establishments under the Food Establishment By-Laws and food premise under the Food Hygiene Regulations and are regulated thereunder.

4. Promotion of Investments Act 1986

We have been granted pioneer status under, and are hence subject to, the Promotion of Investments Act 1986.

5. Trade Marks Act 1976

Trade marks are governed by the Trade Marks Act 1976 ("**TMA**") and the TMA provides protection for registered trade marks and services marks in Malaysia. Generally, the registration of a person as registered proprietor of a trade mark in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register of Trade Marks. The period of protection is ten years and renewable for a period of every ten years thereafter. Under the TMA, a registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of the trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either (a) as being use as a trade mark, (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade, or (c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.

Our Group has registered the trade marks pertaining to its operation of business under the TMA as stated in the section entitled "General Information on our Group – Intellectual Property" of this Offer Document.

6. Competition Act 2010

The Competition Act 2010 ("**Competition Act**") is an act to promote economic development by promoting and protecting the process of competition, thereby protecting the interests of consumers and to provide for matters connected therewith. The Competition Act prohibits agreements that have the object or effect of significantly preventing, restricting or distorting competition in any market for goods and services. Further, abuse of dominant position by a dominant enterprise is also prohibited.

While we rely on protection afforded under the Competition Act, we are also subject to the provisions of Competition Act while striving to maintain our competitiveness in our competitive industry.

7. Employment Requirements

(a) Employment Act 1955

The Employment Act 1955 ("**EA**") regulates all labour relations including contracts of service, payment of wages, employment of women, rest days, hours of work, termination, lay-off and retirement benefits and keeping of registers of employees. However, it is important to take note that the EA only applies to employees earning monthly wages of not more than RM2,000.00 or to employees, irrespective of their monthly wages, who are engaged in manual labour, including artisans or apprentices, or who are engaged in the operation of maintenance of mechanically propelled vehicles operated for the transport of passengers or goods or for commercial purposes, or who supervise or oversee other employees engaged in manual labour or who are engaged in any capacity in any vessel registered in Malaysia or who are engaged as a domestic servant.

(b) **Industrial Relations Act 1967**

The Industrial Relations Act 1967 ("**IRA**") generally provides the legal framework and procedures for collective bargaining and unjust dismissal of employees. The IRA establishes the Malaysian Industrial Court, which has the jurisdiction of hearing industrial relation matters only. The IRA is an act to promote and maintain industrial harmony and to provide for the regulation of the relations between employers and workmen and their trade unions and the prevention and settlement of any differences or disputes arising from their relationship and generally to deal with trade disputes and matters arising therefrom.

(c) **Miscellaneous**

Other laws in relation to employment include the Minimum Wage Order 2016 which provides the minimum wages for employees[1]; the Minimum Retirement Age Act 2012 which sets out the minimum age of retirement of employees; the Employees Provident Fund Act 1991 which imposes the statutory obligations on employers and employees in the private sector to make contribution towards the Employees' Provident Fund; the Employees' Social Security Act 1969 which imposes the statutory obligations on employers and employees to contribute to the Social Security Organisation ("**SOCSO**") for insurance of the employees against job related injuries, accidents arising at working places, occupational diseases and death of employees registered as members; and the Employment Insurance System Act 2017 which imposes the statutory obligations on employers and employees to contribute to the SOCSO for insurance of employees against the contingencies of loss of employment due to any reason other than voluntary resignation, expiry of contract of service, mutual termination of contract of service without terms and conditions, completion of work in accordance with terms of contract of services, retirement, and termination due to misconduct.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are in compliance with all applicable laws and regulations in Malaysia which are material to our business operations.

COMPETITION

Our business is exposed to competition from both existing competitors and new entrants. We compete with the operators of other local attractions and tourist destinations near the locations of our Theme Parks.

While there are no other theme parks of the same scale located within Penang, our Theme Parks compete against other theme parks in Malaysia and which also attract local residents and tourists. Such competitors include the respective operators of Sunway Lagoon Theme Park, Lost World of Tambun and Bukit Gambang Resort City.

1 The Minimum Wages Order 2018 with increased minimum wage will come into effect on 1 January 2019.

COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths are as follows:

Our Theme Parks are able to provide visitors with a unique recreational experience

We believe we compete effectively by differentiating our products and services from those of our competitors. Our Executive Director and CEO, Sim Choo Kheng, has gained extensive international experience in the theme park industry over the years. Under his leadership and guidance, we are able to create unique attractions that distinguish us from our competitors. Visitors to our Theme Parks, ESCAPE Adventureplay, ESCAPE Waterplay and, in due course, ESCAPE Gravityplay, are able to enjoy outdoor adventure attractions, water activities, downhill karting and on-site camping facilities all in the same location. We believe our Theme Parks offer valuable educational experiences to our visitors and provide a distinctive alternative to the usual indoor or thrill-oriented parks.

As we are both the owner and operator of our Theme Parks, our business is operationally efficient and responsive to customers' preferences

Unlike other theme park owners whose core business is not theme park operations and who outsource the operation of their parks to third party operators, we develop and operate our Theme Parks ourselves. This operating model eliminates reliance on third party operators and gives us the flexibility, responsiveness and operational efficiency to manage our Theme Parks directly and according to our own understanding and experience of the preferences of our customers. We regularly receive feedback from our customers (a majority of whom are local visitors) that they visit our Theme Parks repeatedly and such demand from our local customers provide a stable and predictable revenue base that makes us less dependent on overseas visitors and tourists.

ESCAPE Waterplay was launched in November 2017 and this has led to an increase in the number of visitors to our Theme Parks in 1HFY2018. ESCAPE Adventureplay has been awarded the TripAdvisor Certificate of Excellence from 2014 to 2018, the Certificate of Merit and Winner in the category of Best Tourist Attraction (Man-Made Attraction/Theme Park) at the 19th Malaysia Tourism Awards for 2014/2015 and at the 20th Malaysia Tourism Awards for 2016/2017, respectively.

We are cost-competitive

As our Theme Parks do not feature rides and attractions which require the use of highly specific and technical equipment such as roller-coasters, we are able to maintain some of these attractions in-house using materials sourced from our network of subcontractors and suppliers, at relatively competitive rates, allowing us to manage our maintenance and utilities costs efficiently. We have also secured the PBA Lease, for the land where our Theme Parks are located, at competitive rates for a term of 26 years and 5 months expiring in October 2042, with the option of extending the lease for an additional 30 years. We believe that competitors would not easily be able to obtain a similar lease, for the same size of land in a suitable location and at such rates and this would present a high barrier to entry for any potential competitors who intend to develop a theme park in or around Penang. As a large proportion of these operating costs are fixed and do not increase significantly with increase in visitor numbers, we are able to benefit from increasing profit margins when visitor numbers increase.

We have a strong and dedicated management team and employees

Our Group has an experienced and dedicated management team comprising our Executive Directors and Executive Officers. In particular, having worked for more than 28 years in the theming industry, Sim Choo Kheng has extensive industry knowledge, experience and operational expertise to lead our Group. Sim Choo Kheng is closely supported by our strong team of managers. We believe that the experience and capabilities of our management team place us in a good position to identify new opportunities to expand our business in the theme park industry.

We are well-positioned to become an integrated theme park contractor, owner and operator

Sim Choo Kheng, our Executive Director and CEO, has granted the Group a 5-year call option to acquire his shares in SLC and SL Gulf. SLC provides theme park design and construction services while SL Gulf is principally engaged in the business of construction of theme attractions in theme parks, and theme features mainly in hotels and restaurants. The businesses of SLC and SL Gulf are directly complementary to our existing business. As such, the call option represents an opportunity for the Group to become a fully-integrated theme park contractor, owner and operator and would enable us to replicate our successful and proven business model for ESCAPE theme parks in other countries in Asia in a cost-effective and scalable manner.

PROSPECTS

This discussion contains forward-looking statements that involve risks and uncertainties. The actual results of our Group may differ significantly from those anticipated in the forward-looking statements. Factors that might cause the actual future results of our Group to differ significantly from those anticipated in the forward-looking statements include but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document.

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as representations, warranties or predictions with respect to the accuracy of the underlying assumptions by our Group, the Sponsor and Issue Manager and the Joint Placement Agents or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

Our Directors believe that the prospects for our business remain positive, taking into consideration the trends or factors as described below.

Increase in popularity of outdoor corporate and school teambuilding activities

Malaysians are becoming increasingly health conscious[1] and the Malaysian government has also taken steps to promote a healthy lifestyle amongst the local residents.[2] Our Theme Parks allow visitors to take part in a range of outdoor physical activities which contribute towards a healthy lifestyle. We have also observed an increase in the number of corporations and schools conducting outdoor teambuilding activities at our Theme Parks. Accordingly, we believe that the growth in popularity of outdoor activities will result in an increase in the number of visitors to our Theme Parks and will contribute positively towards our Group's business.

1 This information was extracted from the website of the New Straits Times at https://www.nst.com.my/news/exclusive/2017/12/318178/policies-promote-healthier-nation accessed on 30 October 2018.

2 This information was extracted from a speech by the Chief Minister of Penang on 8 September 2018 and was accessed at https://www.penang.gov.my/en/dmedia/360311-the-opening-ceremony-of-asia-pacific-masters-games-apmg-2018 on 28 October 2018.

Increase in the number of visitors to Penang

The number of domestic travellers in Malaysia has increased by 8.5% in 2017 from 2016, with a total of 205.4 million domestic visitors (including the same visitor who makes a trip or multiple trips in a year) recorded in 2017 as compared to 189.3 million domestic visitors in 2016.[3] In addition, domestic tourism expenditure in Malaysia grew by 11.1% in 2017, with a total of RM83,103 million spent by domestic tourists in 2017 as compared to RM74,773 million recorded in 2016.[4] We believe that growth in both the number of domestic tourists and tourist expenditure is likely to increase the number of visitors to and visitor expenditure at our Theme Parks.

We have seen an increase in the number of direct flights to Penang as well as foreign visitors and tourists in Penang. According to statistics from Malaysia Airports Berhad, international arrivals to Penang for the period from January 2017 to August 2017 rose 8% to 997,627 from 919,506 in the same period in 2016.[5] We believe that the growth in the number of international visitors to Penang would likely increase the number of overseas visitors to our Theme Parks.

Improvements to existing infrastructure in Penang

Improvements to Penang's transport infrastructure are expected to have a positive impact on attendance to our Theme Parks. Malaysia's Finance Minister announced on 6 August 2018 that the federal government was in discussions to expand the existing Penang International Airport[6] or build a low-cost carrier terminal next to it[7] to cope with the increasing number of travellers to Penang. Further, the Penang administration has announced its plans to improve local infrastructure, including a RM46 billion master plan to enhance existing transport facilities.[8] We believe that the growth and development of infrastructure in Penang will increase the attractiveness of Penang as a destination for tourists as well as facilitate an increase in local visitors.

We have not received consents with regard to the inclusion of the information extracted from the sources set out in this section. The sources are thereby not liable for the information under section 253 and 254 of the SFA. While we have taken reasonable action to ensure that the relevant information has been reproduced in its proper form and context, we have not verified the accuracy of such information.

3 This information was extracted from a press release by the Department of Statistics of Malaysia on 29 June 2018 titled "Domestic Tourism Survey 2017" and was accessed at https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=320&bul_id=dU9zUGtzRG15dXUrODRUNFQ2cENRQT09&menu_id=b0pIV1E3RW40VWRTUkZocEhyZ1pLUT09 on 30 October 2018.

4 This information was extracted from a press release by the Department of Statistics of Malaysia on 29 June 2018 titled "Domestic Tourism Survey 2017" and was accessed at https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=320&bul_id=dU9zUGtzRG15dXUrODRUNFQ2cENRQT09&menu_id=b0pIV1E3RW40VWRTUkZocEhyZ1pLUT09 on 30 October 2018.

5 This information was extracted from the internet website of The Star Malaysia at https://www.thestar.com.my/business/business-news/2017/12/11/higher-tourist-arrivals-in-penang/ which was accessed on 30 October 2018.

6 This information was extracted from the internet website of Yahoo Singapore at https://sg.news.yahoo.com/transport-minister-penang-airport-expansion-060022453.html accessed on 30 October 2018.

7 The information was extracted from the internet website of The Edge Markets at http://www.theedgemarkets.com/article/airasia-midst-getting-dedicated-lcct-penang-2022-%E2%80%93-fernandes accessed on 30 October 2018.

8 The information was extracted from the internet website of Nikkei Asian Review https://asia.nikkei.com/Politics/Malaysia-in-transition/Malaysian-resort-Penang-to-get-face-lift-under-new-government accessed on 30 October 2018.

TREND INFORMATION

Based on the revenue and operations of our Group as at the Latest Practicable Date, our Directors have made the following observations for the current financial year ending 31 December 2018 and for the twelve (12) months from the Latest Practicable Date and anticipate that:

(i) revenue is likely to increase in FY2018 mainly attributable to an increase in the number of visitors and in ticket prices as a result of the commencement of our operations at ESCAPE Waterplay in November 2017. On the same bases, revenue is expected to increase further in FY2019 with the commencement of operations at ESCAPE Gravityplay which is expected to be sometime in the first half of 2019;

(ii) costs of sales are expected to increase in FY2018, albeit at a slower rate compared to the increase in revenue. Cost of sales are expected to increase in FY2019, generally in tandem with the increase in revenue;

(iii) administrative expenses are expected to increase in FY2018 mainly due to the commencement of operations of ESCAPE Waterplay in November 2017. Administrative expenses are expected to increase further in FY2019 mainly due to listing expenses, compliances costs associated with our listing status and upward revision of salary of our Executive Director and CEO pursuant to the new service agreement with him; and

(iv) finance costs are expected to increase in FY2018 mainly due to interest payments in relation to the RCPS. Prior to December 2017, such interests were capitalised. Finance costs are expected to decrease in FY2019 as the RCPS will be fully repaid using the proceeds from the Placement.

Save as disclosed above and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position", "General Information on our Group – Prospects", and "General Information on our Group – Business Strategies and Future Plans" of this Offer Document and barring any unforeseen circumstances, our Directors believe that there are no other significant recent known trends in the costs and prices of our products and services since 30 June 2018, or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, profitability, liquidity and capital resources for at least the current financial year. They are also not aware of any such trends, uncertainties, demands, commitments or events that may cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document for further information.

OUR ORDER BOOK

Due to the nature of our business operations, we do not maintain an order book.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the growth and expansion of our businesses are further described below.

(a) Expansion of existing theme park operations

We aim to continue to improve the variety of our theme park offerings to provide our visitors with more diversified entertainment experiences in order to raise attendance, lengthen visitors' stays, increase in-park spending and the likelihood of re-visits. We plan to expand our existing operations at ESCAPE Waterplay and ESCAPE Adventureplay to include

ESCAPE Gravityplay and other additional attractions. We believe that such efforts to improve the appeal and convenience of our in-park attractions will offer a better experience to our visitors.

(b) Expansion into new geographical locations

We plan to leverage on our successful and proven business model for ESCAPE Theme Parks and establish ESCAPE theme parks in the People's Republic of China as well as ASEAN cities such as Bangkok, Jakarta, Manila and Ho Chi Minh City through joint ventures and/or strategic alliances, subject to market conditions and opportunities. Our entry into a non-binding memorandum of understanding on 1 September 2018 for the design and operation of a theme park in Linyi, Shandong Province marks the beginning of our expansion beyond Malaysia and into the People's Republic of China.

(c) Evolution of ESCAPE products to indoor spaces

We have been approached by the owners of shopping and commercial malls and other real estate owners to replicate the attractions at ESCAPE Adventureplay by developing and operating similar eco-adventure attractions, such as rope obstacles and zip lines, within such indoor spaces. We are evaluating such proposals, which would provide the opportunity to expand and evolve our business beyond the geographic location of our Theme Parks and extend the reach of some of the ESCAPE products to the indoor environment in other parts of Penang and Malaysia. Such possibilities not only provide an alternative destination for visitors to experience ESCAPE during the wet season but also serves as a platform to introduce ESCAPE to first-timers and entice them to visit our Theme Parks.

(d) Expansion of our network of customers

We plan to expand our customer base for our theme park operations through our continued branding and marketing efforts as well as expansion of our ticket sale and travel agency networks to reach a wider spectrum of potential visitors, in particular in markets where we determine that we have not achieved the desired market penetration levels. In addition, to attract more visitors during off-peak seasons, we plan to continue our existing series of seasonal promotions.

(e) Exploring acquisitions, strategic alliances and/or joint ventures

Our Group will also expand our business through joint ventures and strategic alliances with parties which we believe will complement our current business. We believe that suitable acquisitions, strategic alliances and/or joint ventures will grant us access to new markets, new customers as well as new business opportunities. Should such opportunities arise, we will seek approval, where necessary, from our Shareholders.

These future plans, however, are subject to economic and market conditions and available opportunities. We expect to fund the aforesaid business strategies and expansion plans using our internal resources and/or external financing.

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are as follows:

Name	Age	Address	Designation
Sim Choo Kheng	53	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Executive Director and CEO
Silviya Georgieva Georgieva	39	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Executive Director
Wesley James Rae	41	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Non-Independent Non-Executive Director

Name	Age	Address	Designation
Tay Eng Kiat Jackson	41	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Chairman and Independent Director
Chung Yew Pong	45	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Independent Director
Yong Oi Ling	58	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Independent Director

Our Directors' working experience, areas of responsibility, and qualifications are set out below:

Sim Choo Kheng is our Executive Director and CEO. He is responsible for overseeing the overall business development and general management of our Group, and formulating our Group's strategic directions and expansion plans. His involvement in our Group started with him establishing SLE, SLA and SLW where he was appointed as the Executive Director and CEO to these entities in July 2010, November 2011 and March 2012 respectively. He became the Executive Director and CEO of the Company on 8 March 2018. He was accepted to the University College Dublin in 1987.

Sim Choo Kheng's past experience outside the Group includes his employment from March 1988 to July 1989 as a sales representative at North County Oil Inc, a company that distributes cooking oil to restaurants and food industries in Ireland. In February 1990, he worked as the personal assistant to the general manager of Butterfly House PG Sdn Bhd, a theme park operator in Malaysia, and was subsequently promoted to Park Manager in April 1991. Thereafter, he joined Sunway Lagoon Sdn Bhd in May 1992 where he worked as an Operations Manager responsible for daily operations management of the theme park at which he worked. In April 1993, he established Earthwin Emergency Resources Sdn Bhd, an emergency response consultancy where he conducted emergency response trainings. As the Director of SLC since April 1993, he is responsible for the leadership and long-term strategic management of SLC. In July 2013, he was appointed as the General Manager of SL Gulf.

Silviya Georgieva Georgieva is our Executive Director. She provides management direction for our Group, primarily in areas such as Human Resource, IT, and Finance, towards its current and long-term goals and objectives. She was appointed as the Executive Director of SLE, SLA and SLW in July 2011, November 2011 and March 2012 respectively. She obtained a Bachelor Degree in Business Administration from the Varna Free University in 2002 and a Masters Degree in Economics/Marketing in 2005.

Prior to joining the Group, Silviya Georgieva Georgieva's worked as a food and beverage supervisor at Serena Golden Sands in 2003 before joining SLC as an ISO Quality Officer from March 2006 to August 2009. Thereafter, she worked as a restaurant manager at Gabrovo Sdn Bhd between September 2009 and November 2011. From December 2011 to December 2013, she worked as an administration manager at SLC where she was responsible for human resources and administrative management.

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

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

Tay Eng Kiat Jackson is our Chairman and Independent Director. He is currently the Operation Director and Company Secretary of Hafary Holdings Limited. He is also appointed as Independent Director of OUE Lippo Healthcare Limited. He obtained a Bachelor of Accountancy degree with a minor in Marketing at Nanyang Technological University in 2002 and is currently a member of the Institute of Singapore Chartered Accountants and Singapore Institute of Directors.

Tay Eng Kiat Jackson has more than 15 years of experience in the accounts and finance functions of various entities in the public and private sectors. From June 2007 to May 2009, he was a Finance Manager of Infocomm Development Authority of Singapore where he performed management reporting duties. He joined Hafary Group in June 2009 as its Finance Manager and was promoted to the position of Financial Controller in August 2010. Between February 2015 and September 2015, he worked at Singhaiyi Group Limited as its Chief Financial Officer before leaving Singhaiyi Group Limited to be employed by Hafary Holdings Limited as its Operations Director in September 2015.

Chung Yew Pong is our Independent Director. He is currently the Executive Director of Incitable Digital Asia Sdn Bhd and Cadence Venture Capital Sdn Bhd since May 2017 and October 2018 respectively. Incitable Digital Asia Sdn Bhd is in the fintech industry and Cadence Venture Capital Sdn Bhd is in the business of venture capital management.

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, Financial Planning Association of Malaysia, a Fellow at CPA Australia, a Fellow at Chartered Institute of Management Accountants (United Kingdom) and a member of the ASEAN Chartered Professional Accountants.

Chung Yew Pong has more than 20 years of experience in various industries including audit, corporate banking, fund management, private equity and venture capital. He was with FOS Consulting Sdn Bhd from August 1999 to July 2004 where he assisted in the advisory of corporate exercises. From October 2004 to March 2008, he was a Vice President at Hadrons Capital Sdn Bhd, a fund management and private equity investment company. Between April 2008 and July 2015, he worked at Netrove Partners Sdn Bhd, a venture capital firm as its Partner before being appointed as the Chief Operations Officer of Propellar Crowdplus Sdn Bhd, an equity crowdfunding platform from August 2015 to April 2017. He was a director of MRuncit Commerce Sdn Bhd, a company in the fintech industry, from January 2018 to December 2018.

Yong Oi Ling is our Independent Director. She is the Chief Trainer of Liam Consultants Pte Ltd where she conducted courses for professionals in the financial services industry. She was appointed as the Chief Trainer and Executive Director of Liam Consultants Pte Ltd in November 2011 and resigned as the Executive Director of Liam Consultants Pte Ltd in March 2018. She completed the company secretarial course offered by the Institute of Chartered Secretaries and Administrators in 1983.

Between March 1982 and December 1986, she worked at Business Times Malaysia as a corporate journalist before joining Baring Securities (Singapore) Pte. Ltd. as an equities research analyst in January 1987. She worked as an equities research analyst in SG Warburg (Malaysia) Sdn. Bhd. from January 1991 to April 1994, and at UBS Research (Malaysia) Sdn. Bhd. from May 1994 to December 1995. Thereafter, she was appointed as the Head of Institutional Sales (Malaysia) at CLSA (Malaysia) Sdn. Bhd. in January 1996. In November 2004, she joined Macquarie Group (Malaysia) as its Head of Institutional Sales (Malaysia) before being appointed in August 2008 as the Head of Institutional Sales (Asia) of UOB Kay Hian Holdings Ltd where she worked until November 2011. Between October 2013 and March 2017, she worked as the Regional Head of Institutional Equities in RHB Investment Bank Berhad.

The list of present and past directorships of each of our Directors held in the five (5) years preceding the date of this Offer Document can be found in the section entitled "General and Statutory Information" of this Offer Document.

Pursuant to the requirements of Rule 406(3)(a) of the Catalist Rules, save for Tay Eng Kiat Jackson, our Directors do not have prior experience as directors of public-listed companies in Singapore. Whilst our Directors (other than Tay Eng Kiat Jackson) have no prior experience as directors of public listed companies in Singapore, they have been briefed by the Solicitors to the Placement of their roles and responsibilities as a director of a listed company prior to the lodgement of the Offer Document. Each of our Directors (other than Tay Eng Kiat Jackson) will undertake training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules by the end of the first year of the Company's listing on Catalist.

None of our Independent Directors have been appointed to the board of our principal subsidiaries that are based in jurisdictions other than Singapore.

Save for Sim Choo Kheng and Silviya Georgieva Georgieva who are husband and wife, none of our Directors has any family relationship with another Director or with any Executive Officers or Substantial Shareholders of our Company.

There is no arrangement or understanding with our Substantial Shareholders, customers, suppliers or any other person pursuant to which we will appoint any of them or any person nominated by any of them as our Director.

EXECUTIVE OFFICERS

Our Directors are assisted by Executive Officers, Aw Yeong Weng Kwong and Afzainizam Bin Abdullah, whose particulars are set out below:

Name	Age	Address	Designation
Aw Yeong Weng Kwong	42	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Chief Financial Officer
Afzainizam Bin Abdullah	40	c/o 828, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang, Malaysia	Operations Manager

Our Executive Officers' working experience, areas of responsibility and qualifications are set out below:

Aw Yeong Weng Kwong is our Chief Financial Officer. He is responsible for overseeing the financial and accounting functions of the Group including financial reporting, internal controls and taxation. He was awarded the Third Level Group Diploma in Accounting in 1995 by the London Chamber of Commerce and Industry. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. He was appointed as Chief Financial Officer of SLA, SLW and SLE in July 2017 and of the Company in March 2018.

Aw Yeong Weng Kwong's past experience outside our Group includes his appointment as Group Senior Finance Manager of Texchem Polymer Malaysia Sdn Bhd in October 2015, where he was responsible for managing the group financial statements, financial reporting and costing. Prior to this, he worked as a finance manager at Dell Asia Pacific Sdn Bhd from June 2006 to September 2015 where he managed the global shared service team for accounts payables and freight accounting. Between March 2003 and May 2006, he worked as a senior accountant at Ann Joo Steel Berhad and his area of duties included costing and financial reporting. Prior to this, he worked as a senior auditor at Ahmad Abdullah & Goh from February 2000 to February 2003 where he performed external audits for various organisations including both private enterprises and government agencies.

Afzainizam Bin Abdullah is our Operations Manager. He is responsible for managing the day-to-day operations of our Theme Parks. He joined our Group in April 2013 as a Recreation Manager before being appointed as the Operations Manager of SLA in June 2015.

His past experience outside our Group includes his appointment at Recreation Manager at The Gurney Resort Hotel and Residences from July 2007 to April 2013 where he was responsible for the operations and management of activities and events. He worked as a Recreation Executive at Club Med Cherating Beach from September 2006 to July 2007 and at Shangri-La Rasa Sentosa Resort from February 2005 to September 2006. Prior to this, he worked at Shangri-La Golden Sands Resort as a Recreation Assistant from March 1997 to February 2005.

Our Executive Officers do not have any present or past directorships over the last five (5) years preceding the date of this Offer Document.

None of our Executive Officers have any family relationship with any Director, another Executive Officer or Substantial Shareholders of our Company.

There is no agreement or arrangement with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which we will appoint any of them or any person nominated by any of them as our Executive Officers.

EMPLOYEES

As at 30 June 2018, we have a total of 77 full-time employees based in Malaysia. We do not experience any significant seasonal fluctuation in the number of our employees and may employ additional temporary workers during peak periods. The relationship between our management and employees has always been good and this is expected to continue. There has not been any incidence of work stoppages or labour disputes which materially affected our operations. Our employees are not unionised.

The number of full-time employees of our Group as at the end of 31 December 2015, 2016 and 2017 as well as 30 June 2018, segmented by job functions, is as follows:

Job functions	**Number of full-time employees as at**			
	31 December 2015	**31 December 2016**	**31 December 2017**	**30 June 2018**
Management	3	4	5	5
Finance, Administration and Marketing[(1)]	6	6	7	8
Operations	18	22	51	64
Total	27	32	63	77

Note:

(1) There were 1, 1, 2 and 3 Finance personnel as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018 respectively. Our CFO was classified under "Management" function as at 31 December 2017 and 30 June 2018.

The increase in the total number of employees of our Group between 31 December 2017 and 30 June 2018 was mainly due to the commencement of operations at ESCAPE Waterplay in November 2017. Save as disclosed in the section entitled "Directors, Executive Officers and Employees – Related Employees", none of our full-time employees are related to our Directors and Substantial Shareholders.

Our Group hires temporary employees who are employed on a contract basis to work mainly as park attendants in our Theme Parks. In FY2017, we had an average of 48 temporary employees.

REMUNERATION

The remuneration paid to each of our Directors and key executives (including benefits-in-kind and bonuses) for services rendered to us in all capacities and in remuneration bands of S$250,000[1] for FY2016 and FY2017, being the two (2) most recent completed financial years, and as estimated for FY2018 (excluding any bonus or profit sharing plan or any other profit-linked agreement(s) or arrangement(s)), are as follows:

	FY2016	FY2017	FY2018 (estimated)
Directors			
Sim Choo Kheng	Band 1	Band 1	Band 1
Silviya Georgieva Georgieva	Band 1	Band 1	Band 1
Wesley James Rae	–[2]	–[2]	Band 1
Tay Eng Kiat Jackson	–[2]	–[2]	Band 1
Chung Yew Pong	–[2]	–[2]	Band 1
Yong Oi Ling	–[2]	–[2]	Band 1
Executive Officers			
Aw Yeong Weng Kwong	Band 1	Band 1	Band 1
Afzainizam Bin Abdullah	Band 1	Band 1	Band 1

Notes:

(1) Band 1: Compensation of between S$0 and S$250,000 per annum

(2) Not appointed during the relevant period

Save for the Sim Leisure Performance Share Plan and the Sim Leisure Employee Share Option Scheme, no remuneration was paid or is to be paid in the form of share options to any of our Directors, Executive Officers or employees.

As at the Latest Practicable Date, save as required for compliance with the applicable laws and regulations of Singapore and Malaysia, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

RELATED EMPLOYEES

As at the Latest Practicable Date, other than our Directors, Executive Officers and/or Substantial Shareholders whose relationships with one another are disclosed in the sections entitled "Shareholders" and "Directors, Executive Officers and Employees" of this Offer Document, there are 2 other employees who are related to our Directors, Executive Officers and Substantial Shareholders.

Name	Designation	Relationship with our Directors, Executive Officers and Substantial Shareholders
(i) Sim Yang Yang	Marketing executive	Son of Sim Choo Kheng and step-son of Silviya Georgieva Georgieva
(ii) Sim Ming Ming	Operations executive	Son of Sim Choo Kheng and step-son of Silviya Georgieva Georgieva

The abovementioned related employees joined the Group in FY2017, and received from our Group an aggregate remuneration (including benefits-in-kind) for services rendered in their respective capacities, of approximately RM45,000 in total for both of them in FY2017. The basis of determining their remuneration is the same as the basis of determining the remuneration of other unrelated employees.

The remuneration of employees who are related to our Directors, CEO and Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility. In line with the Code of Corporate Governance, our Company shall disclose in our annual report details of the remuneration of any employee who is an immediate family member (as defined in the Catalist Rules) of our Directors, CEO or Substantial Shareholders, and whose remuneration exceeds S$50,000 during the relevant financial year. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any employment of related employees and the proposed terms of their employment will also be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or Nominating Committee is related to the employee under review, he will abstain from voting on any resolutions in respect of the remuneration or employment of such employee.

SERVICE AGREEMENT

Our Company has entered into a service agreement (the "**Service Agreement**") with our Executive Director and CEO, Sim Choo Kheng, for an initial period of three (3) years with effect from the date of the Listing (the "**Initial Term**"). The Service Agreement may be terminated by our Company at any time during the Initial Term by giving Sim Choo Kheng not less than 6 months' written notice or in lieu of such notice an amount equal to 6 months of his salary. Our Company may, at its discretion, extend the Initial Term by a further period of three (3) years by giving notice of not less than six (6) months' notice to Sim Choo Kheng prior to the scheduled expiry of the Initial Term (unless otherwise terminated by either party giving not less than six (6) months' prior written notice to the other).

We may also terminate the Service Agreement, if he, *inter alia*, is disqualified to act as a director or executive officer under any applicable laws or regulations, commits any act of dishonesty, gross misconduct or wilful neglect of duty, commits any continued material breach of the terms of the Service Agreement, is guilty of conduct likely to bring himself or any member of our Group into disrepute, becomes bankrupt or is convicted of any criminal offence.

Sim Choo Kheng will not be entitled to any benefits upon termination of the Service Agreement. The Service Agreement covers the terms of employment, specifically salaries and bonuses.

Pursuant to the terms of the Service Agreement, Sim Choo Kheng is entitled to a monthly salary comprising S$8,000 from the Company and RM14,000 from each of SLA and SLW ("**Group Monthly Salary**").

In addition, he is entitled to an annual performance bonus ("**Annual Performance Bonus**") in respect of each financial year commencing from FY2019, which is calculated based on the consolidated audited profit before tax of our Group ("**PBT**") as follows:

	PBT attained	Performance Bonus
(a)	More than RM8.0 million but less than or equal to RM15.0 million	2 x Group Monthly Salary
(b)	More than RM15.0 million but less than or equal to RM20.0 million	(2 x Group Monthly Salary) + 4.0% of the PBT above RM15.0 million
(c)	More than RM20.0 million	(2 x Group Monthly Salary) + 6.0% of the PBT above RM20.0 million

The PBT shall not include (a) any exceptional or extraordinary items of our Group; (b) profits or losses arising from the sale of fixed assets; and (c) profit before tax attributable to non-controlling interest, and the PBT is calculated before taking into account the Annual Performance Bonus.

Directors' fees do not form part of the terms of the Service Agreement as these require the approval of Shareholders in our Company's annual general meeting.

Pursuant to the terms of the Service Agreement, Sim Choo Kheng shall not, without the written prior consent of our Company:

(a) for so long as he is an employee of our Company and for the period of twelve (12) months upon him ceasing to be an employee of our Company, participate in the business of our Group within Malaysia or any other city or municipality in any country in the world in which our Group carries on business;

(b) for so long as he is an employee of our Company and for the period of twelve (12) months upon him ceasing to be an employee of our Company, either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from our Group, the customer or any person, firm, company or organisation who shall at any time during the period of twelve (12) months prior to him ceasing to be an employee of our Company have been a customer, client, agent or correspondent of our Group or in the habit of dealing with our Group;

(c) for so long as he is an employee of our Company and for the period of twelve (12) months upon him ceasing to be an employee of our Company, either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from our Group, any person who is an officer, manager or senior employee of our Group with whom he had dealings in the course of his employment at any time during the period of twelve (12) months prior to him ceasing to be an employee of our Company whether or not such person would commit a breach of his contract of employment by reason of leaving such employment;

(d) for so long as he is an employee of our Company and for the period of twelve (12) months upon him ceasing to be an employee of our Company, be interested in:

    (i) any business or asset in which any member of our Group was during the Initial Term (and any period of extension as determined by our Company pursuant to the Service Agreement) considering to acquire, turn to account, develop or invest, unless our Group shall have decided against such acquisition, turning to account, development or investment or invited him or his associates in writing to participate in, or consented to in writing to his or his associates' acquisition, turning to account or development of or investment in, such business or asset; or

    (ii) any asset of any member of our Group, unless such asset is offered by the relevant member of our Group for sale to, turning to account or development by third parties;

(e) at any time hereafter make use of or disclose or divulge to any third party any information relating to our Group other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction; and

(f) after the expiry or termination of her employment with our Company, use the name or trading style of any companies of our Group, or any name or trading style similar to any trade mark, service mark, brand name or proposed brand name of any companies of our Group or any of our Group's products or proposed products or any colourable imitation thereof, in any country and shall not represent himself or his business as carrying on or continuing or being connected with any companies of our Group or its business for any purpose whatsoever, unless otherwise agreed by our Company in writing.

Sim Choo Kheng will be reimbursed for all travelling, accommodation, entertainment and other out-of-pocket expenses reasonably incurred by him in or about the discharge of his duties hereunder. He is also entitled to full medical and dental coverage, including hospitalisation and surgical coverage, and to such other benefits as may be determined by the Board and/or Remuneration Committee.

Had the Service Agreement been in place with effect from FY2017, the aggregate remuneration paid to Sim Choo Kheng for FY2017 would have been approximately RM0.67 million instead of approximately RM0.18 million and our profit before tax for FY2017 would have decreased from approximately RM1.71 million to approximately RM1.22 million.

Save as disclosed above, there are no existing or proposed service agreements between our Company, our subsidiaries and any of our Directors. There are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

Save as disclosed above, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Company and our Directors, Executive Officers or employees.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and believe in offering high standards of accountability to our Shareholders. Accordingly, we intend to follow the guidelines as set out in the Code of Corporate Governance. Our Board has established three (3) committees: (i) the Audit Committee; (ii) the Nominating Committee; and (iii) the Remuneration Committee.

We have six (6) Directors on our Board of Directors, of whom three (3) are Independent Directors. Our Independent Directors do not have any existing or past business or professional relationship of a material nature with our Group, our other Directors and/or Substantial Shareholders. Our Independent Directors are also not related to our other Directors and/or Substantial Shareholders.

Audit Committee

Our Audit Committee comprises Tay Eng Kiat Jackson, Chung Yew Pong and Yong Oi Ling. The Chairman of our Audit Committee is Tay Eng Kiat Jackson.

The Audit Committee is responsible for:

(a) assisting our Board of Directors in discharging its statutory responsibilities on financing and accounting matters;

(b) reviewing significant financial reporting issues and judgments with the CFO and the external auditors to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(c) reviewing periodic financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, 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, independence, scope and results of the Group's external audit;

(e) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, including financial, operational, compliance and information technology controls;

(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 our Group's operating results or financial position and our management's response;

(g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(h) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board of Directors;

(i) review the co-operation given by our management to our external auditors and our internal auditors, where applicable;

(j) reviewing at least annually the adequacy and effectiveness of our internal controls and risk management systems, including financial, operational, compliance, information technology controls and risk management systems and discuss issues and concerns, if any, arising from the internal auditors;

(k) reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions", and any deviation from the procedures disclosed in paragraph (d) of the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" will be subject to our Audit Committee's review and approval;

(l) reviewing and deliberating on the approval for the exercise of the call options granted by each of Sim Choo Kheng and Silviya Georgieva Georgieva, taking into consideration, among others, the commercial rationale of the acquisition;

(m) ensuring compliance with our Company's internal control system and the relevant provisions of the Catalist Rules, as well as reviewing all conflicts of interests (including potential conflicts of interests) to ensure that proper measures to mitigate such conflicts of interests have been put in place;

(n) reviewing transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;

(o) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

(p) appraising and reporting to our Board of Directors on the audits undertaken by the external auditors and internal auditors;

(q) making recommendations to our Board of Directors on the proposals to Shareholders on the appointment, reappointment and removal of the external auditor, and the remuneration and terms of engagement of the external auditor;

(r) reviewing and approving hedging policies implemented by our Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;

(s) monitoring the implementation of the steps according to the timeline set out in section entitled "Capitalisation and Indebtedness – Redemption process for the RCPS" for the redemption of the RCPS using proceeds from the Placement;

(t) undertake such other reviews and projects as may be requested by our Board of Directors, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(u) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee will ensure that arrangements are in place for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee will commission and review the findings of internal investigations into such matters or matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating results and financial position. The Audit Committee will also ensure that the appropriate follow-up actions are taken.

Our Audit Committee shall also commission an annual internal control review until such time as our Audit Committee is satisfied that our Group's internal controls are adequate and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor and Issue Manager on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control review. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain adequate and effective. Upon completion of the internal control review, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Currently, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and our Board, our Board, to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls and risk management systems of our Group are adequate and effective to address the financial, operational, compliance and information technology risks and risk management systems of our Group.

Our Audit Committee having (i) conducted an interview with Aw Yeong Weng Kwong; (ii) considered the qualifications and past working experience of Aw Yeong Weng Kwong (as described in the section entitled "Directors, Executive Officers and Employees – Executive Officers" of this Offer Document); (iii) observed his abilities, familiarity and diligence in relation to the financial matters and information of our Group; and (iv) noted the absence of negative feedback from our Independent Auditors and Reporting Accountants, is of the view that Aw Yeong Weng Kwong is suitable for the position of Chief Financial Officer.

After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of the members of our Audit Committee to cause them to believe that Aw Yeong Weng Kwong does not have the competence, character and integrity expected of a Chief Financial Officer (or its equivalent rank) of a listed issuer.

Nominating Committee

The Nominating Committee comprises Yong Oi Ling, Tay Eng Kiat Jackson and Chung Yew Pong. The Chairman of our Nominating Committee is Yong Oi Ling. The Nominating Committee is responsible for:

(a) making recommendations to our Board of Directors on relevant matters relating to (i) the review of board succession plans for Directors, in particular, the appointment and/or replacement of our Chairman, the CEO and key management personnel; (ii) the process and criteria for evaluation of the performance of the Board, its board committees and directors; and (iii) the appointment and re-appointment of our Directors (including alternate Directors, if applicable);

(b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code of Corporate Governance and any other salient factors;

(c) reviewing and approving any new employment of persons related to our Directors or Substantial Shareholders and the proposed terms of their employment;

(d) deciding how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value;

(e) reviewing the composition of our Board of Directors annually to ensure that our Board of Directors and our Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of our Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge; and

(f) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representation and other principal commitments.

The Nominating Committee will also implement a process for assessing the effectiveness of our Board of Directors as a whole and our Board committees and for assessing the contribution of our Chairman and each individual Director to the effectiveness of our Board of Directors. Our Chairman will act on the results of the performance evaluation of our Board of Directors, and in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board of Directors or seek the resignation of Directors.

Each member of the Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of the Nominating Committee in which he has a conflict of interest in the subject matter under consideration.

Nominating Committee's view of our Independent Directors

The Nominating Committee, having taken into consideration the following:

(a) the number of listed company directorships by each of our Independent Directors;

(b) the principal commitments of our Independent Directors;

(c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Group;

(d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder, has no relationship with our Company, its related corporations, its Substantial Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgment in the best interests of our Company;

(e) our Independent Directors do not have any relationship with our Group, our other Directors and/or Substantial Shareholders which may affect their independence. Our Independent Directors are also not related to other Directors and/or Substantial Shareholders;

(f) our Independent Directors' working experience and expertise in different areas of specialisation; and

(g) the composition of the Board,

is of the view that (i) each of our Independent Directors is individually and collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company; and (ii) our Independent Directors, as a whole, represent a strong and independent element on the Board which is able to exercise objective judgment on corporate affairs independently from the Controlling Shareholders. Each member of the Nominating Committee has not taken part in determining (i) whether he/she can devote sufficient time to discharge his/her duties; and (ii) his/her suitability as independent director of the Company.

Remuneration Committee

The Remuneration Committee comprises Chung Yew Pong, Tay Eng Kiat Jackson and Yong Oi Ling. The Chairman of our Remuneration Committee is Chung Yew Pong.

Our Remuneration Committee is responsible for:

(a) reviewing and recommending to our Board of Directors, in consultation with the Chairman of our Board of Directors, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of our Directors and Executive Officers;

(b) reviewing and recommending to our Board of Directors, for endorsement, the specific remuneration packages for each of our Directors and Executive Officers;

(c) review and approve the design of all share option plans, performance share plans and/or other equity based plans;

(d) reviewing of the remuneration of employees related to our Directors and/or our Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(e) in the case of service contracts, reviewing our Company's obligations arising in the event of termination of the Executive Directors' or Executive Officers' contracts of service, to ensure that such service contracts contain 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 performance targets for assessing the performance of each of the Executive Officers and recommend such targets as well as employee specific remuneration packages for each of such Executive Officer, for endorsement by our Board of Directors.

Our Remuneration Committee also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate our Directors to provide good stewardship of our Company and Executive Officers to successfully manage our Company, and to align the level and structure of remuneration with the long term-interests and risk policies of our Company.

If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on the matter.

BOARD PRACTICES

Term of Office

Our Constitution provides that our Board of Directors will consist of not less than two (2) Directors. Our Directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. Save for Sim Choo Kheng, none of our Directors are appointed for any fixed terms, but one third (or the number nearest to one third) of our Directors are required to retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in "Appendix D – Summary of the Constitution of our Company" to this Offer Document.

EXCHANGE RATES

Our financial statements are expressed in the RM. The exchange rates for S$:RM as outlined in the tables below are presented solely for information only.

The highest and lowest daily closing exchange rates between the S$ and the RM for each of the past six (6) months prior to the Latest Practicable Date are as follows:

	S$1: RM	
	Highest	**Lowest**
June 2018	2.9934	2.9446
July 2018	2.9859	2.9560
August 2018	3.0074	2.9734
September 2018	3.0336	3.0051
October 2018	3.0235	2.9980
November 2018	3.0562	3.0284

The following table sets forth the average and closing exchange rates between the S$ and the RM for FY2015, FY2016, FY2017 and 1HFY2018. The average exchange rates have been calculated using the average of the closing exchange rates on the last day of each month during each financial period.

	S$1:RM	
	Average	**Closing**
FY2015	2.8514	3.0401
FY2016	2.9968	3.1008
FY2017	3.1122	3.0299
1HFY2018	2.9648	2.9624

As at the Latest Practicable Date, the exchange rate between the S$ and the RM was S$1:RM 3.0423.

The above exchange rates are quoted from Bloomberg L.P.[(1)] and should not be construed as representations that the RM amounts actually represent such amounts or could be converted into the S$ at the rate indicated, or at any other rate, or at all.

Where applicable, the exchange rates in these tables are used for our Group's financial information disclosed elsewhere in this Offer Document. In certain parts of this Offer Document, we have converted the RM amounts into the S$ amounts for the convenience of the potential investors of our Company, as appropriate.

Note:

(1) Source: Bloomberg L.P.. Bloomberg L.P. has not consented to the inclusion of the information set out under this section and is thereby not liable for this information under Sections 253 and 254 of the SFA. While we have taken reasonable action to ensure that the relevant information has been reproduced in its proper form and context, we have not verified the accuracy of such information.

EXCHANGE CONTROLS

The following is a description of the exchange controls that exist in the jurisdictions which our Group operates in.

Malaysia

Exchange control in Malaysia is governed under the FSA and the IFSA and is mainly administered by the Bank Negara. Under the Central Bank of Malaysia Act 2009, the principal objects of Bank Negara shall be to promote monetary stability and financial stability conducive to the sustainable growth of the Malaysian economy and its primary functions include amongst others to oversee the money market and foreign exchange market as well as to promote an exchange rate regime consistent with the fundamentals of the economy. As mentioned above, by the power vested by the FSA and IFSA, Bank Negara has issued the BNM Notices setting out transactions that are allowed by Bank Negara which are otherwise prohibited under the FSA and the IFSA.

With regard to payments, pursuant to Section 214(2) of the FSA, a person must obtain written approval from the Bank Negara for the following:

(a) the making of any payment by a person to another person including a payment:

  (i) to or for the credit of a non-resident;

  (ii) by a resident or a non-resident;

  (iii) as a consideration for or in association with the receipt of a payment or the acquisition of a property, outside Malaysia, by any person; or the creation in favour of, or the transfer to, any person, of a right to receive a payment or to acquire a property, outside Malaysia;

  (iv) under a judgement or order of any court or an award of any arbitrator or under any written law in favour of a non-resident, or a resident outside Malaysia; or

  (v) for settlement of property in favour of a non-resident, or a resident outside Malaysia,

  other than (A) payment in ringgit between residents in Malaysia and (B) payment in foreign currency between non-residents outside Malaysia; and

(b) the receiving of any payment in paragraph (a) above.

The BNM Notice 4 (Payments) issued by Bank Negara allow amongst others payments as follows which are otherwise prohibited under the abovementioned restrictions:

(a) a resident is allowed to make or receive payment in Malaysian Ringgit, in Malaysia, to or from a non-resident, under the following circumstances:

  (i) settlement of an Malaysian Ringgit asset including any income and profit due from the Malaysian Ringgit asset;

  (ii) settlement of trade in goods;

  (iii) settlement of services, in any manner;

(iv) income earned or expense incurred in Malaysia;

(v) settlement of a commodity Murabahah transaction between a resident and non-resident participant undertaken through a resident commodity trading service provider;

(vi) settlement of reinsurance for domestic insurance business or Retakaful for domestic Takaful business between a resident and a person licensed to undertake Labuan insurance or Takaful business;

(vii) settlement of non-financial guarantee dominated in Malaysian Ringgit issued by a person licensed to undertake Labuan banking business in favour of a resident; or

(viii) for any purpose between immediate family members.

(b) A resident is allowed to make or receive payment in foreign currency to or from a non-resident for any purpose, other than for:

(i) a derivative denominated in foreign currency offered by the resident save where it has been approved by Bank Negara or allowed under Part B of BNM Notice 5 (Security, Islamic Security, Financial Instrument or Islamic Financial Instrument);

(ii) a derivative denominated in foreign currency offered by the non-resident; or

(iii) a derivative denominated in or referenced to Malaysian Ringgit save where it has been approved by Bank Negara or allowed under Part B of BNM Notice 5.

Notwithstanding subparagraph (b)(ii), payment in foreign currency is allowed for:

(i) a derivative denominated in foreign currency, other than exchange rate derivative with reference to Malaysian Ringgit, purchased by a licensed onshore bank for its own account;

(ii) an interest rate swap denominated in foreign currency between a resident and Labuan banks to manage interest rate exposure arising from borrowing in foreign currency as set out in Part A of BNM Notice 2 (Borrowing and Guarantee); or

(iii) a derivative denominated in foreign currency, other than exchange rate derivatives, offered on a Specified Exchange stipulated under the Capital Markets and Services Act, 2007 undertaken through a resident futures broker by a resident with firm commitment.

For the purpose of payment arising from the settlement of services, a resident is allowed to receive such payment in foreign currency from a non-resident in any manner.

(c) Any person is allowed to make or receive a payment arising from a transaction as set out under any of the BNM Notices or as approved by the Bank Negara.

BNM Notice 4 also specifically allows a non-resident to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

If the payment between a resident and a non-resident is for purposes otherwise than allowed above and does not arise from a transaction set out under any of the BNM Notices, a person is required to obtain express written consent of Bank Negara before proceeding with the making or receipt of such payment.

Singapore

As at the Latest Practicable Date, there are no Singapore governmental laws, decrees, regulations and other legislation that may affect the following:

(a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and

(b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

In conjunction with our listing on Catalist, we have adopted a share option scheme known as the "Sim Leisure Employee Share Option Scheme" ("**ESOS**") which was approved at an extraordinary general meeting of our Shareholders held on 24 December 2018. The rules of our ESOS are set out in "Appendix F – Rules of the Sim Leisure Employee Share Option Scheme" to this Offer Document. These rules comply with the requirements set out in the Catalist Rules and the Companies Act.

The ESOS will provide eligible participants with an opportunity to participate in the equity of our Company so as to motivate them to higher standards of performance through increased dedication and loyalty, and to give recognition to those who have contributed significantly to the growth and performance of our Group. The ESOS, which forms an integral and important component of a compensation plan, is designed primarily to reward and retain employees and directors of our Group whose services are vital to our success.

As at the Latest Practicable Date, no Options have been granted under the ESOS.

Capitalised terms used herein shall, unless otherwise defined, bear the same meanings as defined in Appendix F to this Offer Document.

Eligibility

Employees who are not on probation and have attained the age of 21 years on or before the Offering Date and Non-Executive Directors who have attained the age of 21 years on or before the Offering Date are eligible to participate in the ESOS at the discretion of the Committee, provided that such person shall not be an undischarged bankrupt or have entered into a composition with his creditors. Controlling Shareholders or Associates of Controlling Shareholder(s) who meet the criteria above are eligible to participate in the ESOS provided that each of (i) their participation of; and (ii) the terms of any Option to be granted and the actual or maximum number of Shares under the Option to be issued or transferred to them, shall be separately approved by independent Shareholders for each such person in separate resolutions and for each grant of options. Controlling Shareholders and Associates of Controlling Shareholder(s) shall abstain from voting on any resolution in relation to their participation in the ESOS.

Administration of the ESOS

The ESOS shall be administered by our Committee with such powers and duties conferred to it by our Board. A member of our Committee who is also a participant of the ESOS must not be involved in its deliberation in respect of the award granted or to be granted to him.

Size of the ESOS

The aggregate number of Shares over which our Committee may grant options under the ESOS, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share plans of our Company, shall not exceed 15% of the total number of all issued Shares (excluding Shares held by our Company as treasury shares) from time to time.

Maximum entitlements

Subject to the following, the aggregate number of Shares which may be issued or transferred pursuant to Options granted under the ESOS shall be determined by the Committee:

(a) The aggregate number of Shares which may be issued or transferred pursuant to Options under the ESOS to Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the ESOS; and

(b) The number of Shares which may be issued or transferred pursuant to Options under the ESOS to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the ESOS.

Grant of options

There are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time at the discretion of our Committee. However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is made.

Acceptance of options

The grant of Options shall be accepted within 30 days from the date of the offer. Offers of Options made to Grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the Grantee must pay our Company a consideration of S$1.00 or such amount as the Committee may decide.

Options Exercise Period and Exercise Price

Subject to any adjustment, the Exercise Price for each Share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion, and shall be fixed by the Committee at:

(a) the Market Price; or

(b) set at a discount to a price the Market Price the quantum of such discount to be determined by the Committee at its absolute discretion subject to a maximum discount of 20.0% of the Market Price in respect of that option.

Subject as provided in the ESOS and any other conditions as may be introduced by our Committee from time to time, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, as follows:

(a) in the case of a Market Price Option, during the period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date (or such shorter period if so determined by our Committee); and

(b) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date (or such shorter period if so determined by our Committee),

Section 77 of the Companies Act provides that in relation to non-employees of the Company, any options granted after 29 December 1967 by a public company in respect of unissued shares of the grantor after a period of five years have elapsed from the date on which the option was granted shall be void. Accordingly, in respect of any Options granted to our Non-Executive Directors, the Options shall be voided five (5) years from the date of grant of such Options.

Exercise of Options

Subject to applicable law, our Company will deliver Shares to Participants upon exercise of their Options by way of either (i) an issue of new Shares; or (ii) a transfer of Shares then held by our Company in treasury. In determining whether to issue new Shares to Participants upon exercise of their Options, our Company will take into account factors such as (but not limited to) the number

of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

Termination of Options

Special provisions in the rules of the ESOS dealing with the lapse or earlier vesting of awards apply in circumstances which include the termination of the Participant's employment, the bankruptcy of the Participant and the winding-up of our Company.

Rights of Shares arising

New Shares to be allotted and issued and existing Shares procured by our Company for transfer on the exercise of Options shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank pari passu with other existing Shares then in issue.

Duration of the ESOS

The ESOS shall continue in force at the discretion of our Committee, subject to a maximum period of 10 years commencing on which the ESOS is adopted by our Company in a general meeting, provided that always the ESOS may continue beyond the above-stipulated period with the approval of our Shareholders in a general meeting and of any relevant authorities which may then be required.

Abstention from voting

Shareholders who are eligible to participate in the ESOS are to abstain from voting on any shareholders' resolution relating to the ESOS and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy forms on how the vote is to be cast.

Adjustments and alterations to the ESOS

The following describes the adjustment events under, and provisions relating to alterations of, the ESOS.

Adjustment Events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or issues for cash or for shares otherwise) shall take place, then:

(a) the Exercise Price of the Options, the class and/or number of Shares comprised in an Option to the extent unexercised and the rights attached thereto; and/or

(b) the class and/or number of Shares in respect of which additional Options may be granted under the ESOS,

shall be adjusted in such manner as the Committee may determine to be appropriate or equitable including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

Unless our Committee considers an adjustment to be appropriate or equitable, (a) the issue of securities as consideration for an acquisition of any assets or a private placement of securities; (b) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force; or (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share option scheme or share plan including the PSP of the Company, shall not normally be regarded as a circumstance requiring adjustment.

Modifications to the ESOS

The ESOS may be modified and/or altered from time to time by a resolution of our Committee, subject to the compliance with the requirements of the Catalist Rules and the requirements of any other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Options granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any option granted prior to such modification or alteration except with the written consent of such number of Participants under the ESOS who, if they exercise their Options in full, would thereby become entitled to not less than three quarters of the number of the total number of Shares which would be issued and allotted or transferred upon exercise in full of all outstanding Options under the ESOS.

No alteration to the ESOS which would be to the advantage of Participants under the ESOS shall be made except with the prior approval of our Shareholders in a general meeting.

Grant of Incentive Options with a discounted price

The ability to offer Incentive Options to Participants of the ESOS with Exercise Prices set at a discount to the prevailing Market Prices of our Shares will operate as a means to recognise the performance of Participants as well as to motivate them to continue to excel. Incentive Options would be perceived in a more positive light by the Participants, inspiring them to work hard and produce results in order to be offered Incentive Options, as only Group Employees who have made outstanding contributions to the success and development of our Group would be granted Incentive Options.

The flexibility to grant Incentive Options is also intended to cater to situations where stock market performance has overrun the general market conditions. In such events, our Committee will have absolute discretion to:

(a) grant Incentive Options set at a discount to the Market Price of a Share (subject to a maximum limit of 20%); and

(b) determine the Participants to whom, and the Incentive Options to which, such reduction in Exercise Prices will apply.

In determining whether to give a discount and the quantum of such discount, our Committee shall be at liberty to take into consideration factors including the performance of our Company, our Group, the performance of the Participant concerned, the contribution of the Participant to the success and development of our Group and the prevailing market conditions. Our Committee (in its absolute discretion) will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be

achieved by our Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, and from time to time, subject to a maximum discount of 20% of the Market Price of a Share. The discretion to grant Incentive Options will, however, be used judiciously.

It is envisaged that our Company may consider granting the Incentive Options under circumstances including (but not limited to) the following:

(a) firstly, where it is considered more effective to reward and retain talented employees by way of a discounted price option rather than a Market Price Option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the discounted price option serves as additional incentive to such Group Employees. Options granted by our Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period, the ability to offer such Options at a discount would allow our Company to grant Options on a more realistic and economically feasible basis. Furthermore, Options granted at a discount will give an opportunity to Group Employees to realise some tangible benefits even if external events cause the Share price to remain largely static.

(b) secondly, where it is more meaningful and attractive to acknowledge a Participant's achievements through a discounted price option rather than paying him a cash bonus. For example, Options granted at a discount may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit based cash bonuses or rewards may be combined with grants of Market Price Options or discounted price options, as part of eligible employees' compensation packages. The ESOS will provide Group Employees with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of the Shares after the vesting period.

(c) thirdly, where due to speculative forces and have regard to the historical performance of the Share price, the market price of the Shares at the time of the grant of the options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

Such flexibility in determining the quantum of discount would enable our Committee to tailor the incentives in the grant of Incentive Options to be commensurate with the performance and contribution of each individual Participant. By individually recognising the degree of performance and contribution of each Participant, the granting of Incentive Options at a commensurate discount would enable our Committee to provide incentives for better performance, greater dedication and loyalty of the Participants.

Our Company may also grant Market Price Options without any discount to the Market Price of our Shares. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the Market Price or at a discount to the Market Price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

Rationale for participation by our Non-Executive Directors (including Independent Directors)

Although our Non-Executive Directors are not involved in the day-to-day running of our Group's operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Non-Executive Directors in the ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, the Non-Executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to Non-Executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-Executive Directors, and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of our Company and/or our Group.

In order to minimise any potential conflict of interests and to not compromise the independence of the Non-Executive Directors, our Company intends to grant only a nominal number of Options under the ESOS to Non-Executive Directors.

Rationale for participation of Controlling Shareholders and their Associates

An employee who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be eligible to participate in the ESOS if (a) his participation in the ESOS; and (b) the actual number and terms of the Options to be granted to him have been approved by independent Shareholders of our Company in separate resolutions for each such person. The relevant employee is required to abstain from voting on, and (in the case of employees who are Directors) refrain from making any recommendation on, the resolutions in relation to the ESOS.

One of the main objectives of the ESOS is to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group. The objectives of the ESOS apply equally to our employees who are Controlling Shareholders or their respective Associates. Our view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders or their respective Associates. It is our interest to incentivise outstanding employees who have contributed to the growth of our Group and continue to remain with us.

Although our Controlling Shareholders and their respective associates have or may already have shareholding interests in our Company, the extension of the ESOS to allow Controlling Shareholders and their respective Associates the opportunity to participate in the ESOS will ensure that they are equally entitled, with the other Group Employees, to participate in and benefit from this system of remuneration. The ESOS is intended to be part of our Company's system of employee remuneration and our Company is of the view that employees who are Controlling Shareholders of their respective Associates should not be unduly discriminated against by virtue only of their shareholding in our Company.

Disclosures in Annual Reports

Details of, among other things, the Options granted during the financial year under review, the aggregate Options exercised since commencement of the ESOS and the aggregate Options outstanding as at the end of the financial year under review, will be disclosed in our annual reports.

Financial effects of the ESOS

Any Options granted under the ESOS would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to our Company. The amounts of such costs may be more significant in the case of Incentive Options, where such Options are granted with Exercise Prices set at a discount to the prevailing Market Price of our Shares. The cost to our Company of granting Options under the ESOS would be as follows:

(a) the exercise of an Incentive Option at the discounted Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the prevailing Market Price of our Shares. Such reduction of the proceeds from the exercise of such Option would represent the monetary cost to our Company;

(b) as the monetary cost of granting Incentive Options is borne by our Company, the earnings of our Company would effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from the Exercise Price with no discount versus the discounted Exercise Price. Such reduction would, accordingly, result in the dilution of our Company's EPS; and

(c) the effect of the issue of new Shares upon the exercise of Options, is that our Company's NTA per Share will increase if the Exercise Price is above the NTA per Share, and decrease if the Exercise Price is below the NTA per Share.

The costs as discussed above would only materialise upon the exercise of the relevant Options. Share options have value because the option to buy a company's share for a fixed price during an extended future time period is a valuable right, even if there are restrictions attached to such an option. As our Company is required to account for share-based awards granted to our Group Employees, the cost of granting Options will affect our financial results as this cost to our Company would be required to be charged to our Company's income statement commencing from the time Options are granted. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the NTA of our Company and our share capital base will grow. Where Options are granted with Exercise Prices that are set at a discount to the Market Prices for our Shares prevailing at the time of the grant of such Options, the amount of the cash inflow to our Company on the exercise of such Options would be diminished by the quantum of the discount given, as compared with the cash inflow that would have been received by our Company had the Options been granted at the market price of our Shares prevailing at the time of the grant.

The grant of Options will have an impact on our Company's reported profit under the accounting rules in the SFRS(I). It requires the recognition of an expense in respect of Options granted. The expenses will be based on the fair value of the Options at the Date of Grant (as determined by an option-pricing model) and will be recognised over the vesting period.

Details of the number of Options granted pursuant to the ESOS, the number of Options exercised and the Exercise Price (as well as any applicable discounts) will be disclosed in our annual report.

We have made an application to the SGX-ST for permission to deal in, and for quotation of, the Option Shares which may be issued upon the exercise of the Options to be granted under the ESOS. The approval of SGX-ST is not to be taken as an indication of the merits of our Company, our Subsidiaries, our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares or the Option Shares.

In conjunction with our listing on Catalist, we have adopted a performance share plan known as the "Sim Leisure Performance Share Plan" ("**PSP**") which was approved at an extraordinary general meeting of our Shareholders held on 24 December 2018.

The rules of our PSP are set out in "Appendix G – Rules of the Sim Leisure Performance Share Plan" to this Offer Document. These rules comply with the requirements set out in the Catalist Rules and the Companies Act.

The PSP and Share Option Scheme are designed to complement each other. Our Directors have implemented the PSP to increase our Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate eligible participants to achieve increased performance, and further strengthen our Company's competitiveness in attracting and retaining superior talent.

Unlike the Share Option Scheme where Participants are required to pay for the exercise of the Options, the PSP allows our Group to provide an incentive for Participants to achieve certain specific performance targets by awarding fully paid Shares to Participants after these targets have been met.

In addition, the assessment criteria for granting Options under the Share Option Scheme are more general (for example, based on length of service and general performance of our Group) and do not relate to specific performance targets imposed by our Group. On the other hand, Awards granted under the PSP will be principally performance-based, incorporating an element of stretched targets for senior executives and Directors, aimed at delivering long-term shareholder value.

As at the Latest Practicable Date, no Awards have been granted under the PSP.

Capitalised terms used herein, unless otherwise defined, bear the same meanings as defined in Appendix G to this Offer Document.

OBJECTIVES OF THE PSP

The objectives of the PSP are as follows:

i. to foster an ownership culture within our Group which aligns the interests of our employees with the interests of our Shareholders;

ii. to motivate participants of the PSP to achieve our key financial and operation goals of the Company and/or their respective business units; and

iii. to make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with our ambition to become a world-class company.

SUMMARY OF THE PSP

A summary of the rules of the PSP is set out as follows:

1. Participants

   Group Executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by our Committee from time to time shall be eligible to participate in the PSP.

Controlling Shareholders or Associates of such Controlling Shareholders who meet the criteria above are also eligible to participate in the PSP if their participation and Awards are approved by independent Shareholders in separate resolutions for each such person and for each such Award.

The selection of a participant and the number of Shares which are the subject of each Award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of our Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

2. Administration

The PSP shall be administered by the Committee with such powers and duties conferred to it by the Board. A member of the Committee who is also a participant of the PSP must not be involved in its deliberation in respect of the Awards granted or to be granted to him.

3. Size of PSP

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of our Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day immediately preceding such grant of Awards.

4. Maximum entitlements

Subject to the following, the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the PSP shall be determined by our Committee:

(a) the aggregate number of Shares which may be issued or transferred pursuant to Awards under the PSP to participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the PSP; and

(b) the number of Shares which may be issued or transferred pursuant to Awards under the PSP to each participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the PSP.

5. Awards

Awards represent the right of a participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Shares which are allotted and issued or transferred to a participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by our Committee in the Award Letter), except to the extent approved by our Committee.

6. Details of Awards

Our Remuneration Committee shall decide, in relation to each Award to be granted to a participant:

(a) the date on which the Award is to be granted;

(b) the number of Shares which are subject of the Award;

(c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;

(d) the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and

(e) any other condition which our Remuneration Committee may determine in relation to that Award.

7. Timing of Awards

An Award Letter confirming the Award and specifying, *inter alia*, the number of Shares which are the subject of the Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each participant as soon as reasonably practicable after the making of an Award.

8. Vesting of Awards

Subject to the applicable laws, our Company will deliver Shares to participants upon vesting of their Awards by way of either (i) an issue of new Shares; or (ii) a transfer of Shares then held by our Company.

In determining whether to issue new Shares to participants upon Vesting of their Awards, our Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

9. Termination of Awards

Special provisions in the rules of the PSP dealing with the lapse or earlier Vesting of Awards apply in circumstances which include the termination of the participant's employment, the bankruptcy of the participant and the winding-up of our Company.

10. Rights of Shares arising

New Shares allotted and issued and existing Shares procured by our Company for transfer on the release of an Award shall be eligible for all entitlements, including dividends or other

distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

11. Duration of the PSP

The PSP shall continue in force at the discretion of our Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by our Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

12. Abstention from voting

Shareholders who are eligible to participate in the PSP are to abstain from voting on any shareholders' resolution relating to the PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

ADJUSTMENTS AND ALTERATIONS TO THE PSP

The following describes the adjustment events under, and provisions relating to alterations of, the PSP.

1. Adjustment Events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested;

(b) the class and/or number of Shares in respect of which future Awards may be granted under the PSP; and/or

(c) the maximum number of Shares which may be issued pursuant to Awards granted under the PSP,

shall be adjusted by our Committee to give such participant the same proportion of the equity capital of our Company as that to which he was previously entitled, in such manner as our Committee may determine to be appropriate, provided that no adjustment shall be made if, as a result, the participant receives a benefit that a Shareholder does not receive.

Unless our Committee considers an adjustment to be appropriate, (a) the issue of securities as consideration for an acquisition of any assets or a private placement of securities; (b) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by our Shareholders (including any renewal of such

mandate) is in force; (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the Share Option Scheme; or (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company, shall not normally be regarded as a circumstance requiring adjustment.

2. Modifications to the PSP

The PSP may be modified and/or altered from time to time by a resolution of our Remuneration Committee subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification and/or alteration shall adversely affect the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of participants who, if their Awards were released to them upon the performance conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or transferred in full of all outstanding Awards under the PSP.

No alteration shall be made to particular rules of the PSP to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

DISCLOSURES IN ANNUAL REPORTS

Details of, among other things, the number of Shares comprised in Awards and the number of shares comprised in Awards which have Vested will be disclosed in our annual reports.

RATIONALE FOR PARTICIPATION OF EXECUTIVE DIRECTORS AND GROUP EMPLOYEES

The extension of the PSP to our Executive Directors and Group Employees allows us to have a fair and equitable system to reward our Executive Directors and Group Employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Awards to our Executive Directors and Group Employees will enable us to attract, retain and provide incentives to our Executive Directors and Group Employees to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

RATIONALE FOR PARTICIPATION BY OUR NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)

Although our Non-Executive Directors are not involved in the day-to-day running of our Group's operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Non-Executive Directors in the PSP will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, the Non-Executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Awards to Non-Executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional

backgrounds to join our Company as Non-Executive Directors, and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of our Company and/or our Group.

In order to minimise any potential conflict of interests and to not compromise the independence of the Non-Executive Directors, our Company intends to grant only a nominal number of Awards under the PSP to Non-Executive Directors.

RATIONALE FOR PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES

An employee who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be eligible to participate in the PSP if (a) his participation in the PSP; and (b) the actual number and terms of the Awards to be granted to him have been approved by independent Shareholders of our Company in separate resolutions for each such person. The relevant employee is required to abstain from voting on, and (in the case of employees who are Directors) refrain from making any recommendation on, the resolutions in relation to the PSP.

One of the main objectives of the PSP is to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group. The objectives of the PSP apply equally to our employees who are Controlling Shareholders or their respective associates. Our view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders or their respective associates. It is our interest to incentivise outstanding employees who have contributed to the growth of our Group and continue to remain with us.

Although our Controlling Shareholders and their respective associates have or may already have shareholding interests in our Company, the extension of the PSP to allow Controlling Shareholders and their respective associates the opportunity to participate in the PSP will ensure that they are equally entitled, with the other Group Employees, to participate in and benefit from this system of remuneration. The PSP is intended to be part of our Company's system of employee remuneration and our Company is of the view that employees who are Controlling Shareholders of their respective associates should not be unduly discriminated against by virtue only of their shareholding in our Company.

FINANCIAL EFFECTS OF THE PSP

The PSP is considered as a share-based payment that falls under SFRS(I) 2 where participants will receive Shares and the Award would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to the reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit or loss with a corresponding adjustment to the reserve account over the remaining vesting period. After the vesting date, no subsequent adjustments to the charge to the total equity is made.

The amount charged to the profit or loss would be the same whether our Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount charged to the profit or loss also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the profit or loss are made whether or not the market condition is met. However, if the performance target is not a market condition, the fair value per share of the Awards granted at the grant date is used to compute the amount to be charged to the profit or loss at each accounting date, based on an assessment by our CFO at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative charge to the profit or loss if the Awards do not ultimately vest. The following sets out the financial effects of the PSP:

(a) Share capital

The PSP will result in an increase in our Company's issued share capital when new Shares are issued to participants. The number of new Shares issued will depend on, amongst others, the size of the Awards granted under the PSP. In any case, the PSP provides that the number of Shares to be issued or transferred under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of our Company, will be subject to the maximum limit of 15% of our Company's total number of issued Shares (excluding Shares held by our company as treasury shares) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the PSP will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the PSP is likely to result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. When new Shares are issued under the PSP, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to participants under the PSP will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) EPS

The PSP is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2.

It should again be noted that the delivery of Shares to participants of the PSP will generally be contingent upon the participants meeting the prescribed performance targets and conditions. The issuance of new shares under the PSP will have a dilutive impact on our EPS.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (i.e. our Directors, CEO, Controlling Shareholders and their Associates) ("**Interested Persons**" and each, an "**Interested Person**") constitute interested person transactions. Details of interested person transactions of our Group for the Relevant Period are set out below.

Save as disclosed below and in the section entitled "Restructuring Exercise" of this Offer Document, none of our Directors, CEO, Controlling Shareholders or their associates was or is interested in any transactions with our Group during the Relevant Period.

INTERESTED PERSONS

Interested Persons	Relationship
Sim Choo Kheng	Sim Choo Kheng is our Executive Director and CEO and spouse of Silviya Georgieva Georgieva.
Silviya Georgieva Georgieva	Silviya Georgieva Georgieva is our Executive Director and spouse of Sim Choo Kheng.
SLC	As at the Latest Practicable Date, Sim Choo Kheng and Silviya Georgieva Georgieva each hold 99.8% and 0.2% of the issued and paid-up share capital of SLC, respectively. Sim Choo Kheng and Silviya Georgieva Georgieva are directors of SLC. SLC, based in Malaysia, is principally engaged in the design and construction of theme parks.
SL Gulf	As at the Latest Practicable Date, Sim Choo Kheng holds 49% of the issued and paid-up share capital of SL Gulf. The remaining 51% of the issued and paid-up share capital of SL Gulf is held by a third party individual who is not an associate of any of our Directors, CEO or Controlling Shareholders.[(1)] SL Gulf, based in Dubai, is principally engaged in the design and construction of theme attractions in theme parks as well as theme features mainly for restaurants and hotels.
Gabrovo Sdn Bhd	As at the Latest Practicable Date, Sim Choo Kheng holds 75% of the issued and paid-up share capital of Gabrovo Sdn Bhd. Georgi Ivanov Georgiev, the father of Silviya Georgieva Georgieva, holds the remaining 25% of the issued and paid-up share capital of Gabrovo Sdn Bhd. The directors of Gabrovo Sdn Bhd are Sim Choo Kheng and Georgi Ivanov Georgiev. Gabrovo Sdn Bhd operates a restaurant in Penang.

Note:

(1) The third party individual is holding 51% of the issued and paid-up share capital of SL Gulf as a nominee for Sim Choo Kheng. To the best of our Directors' knowledge and belief, this nominee arrangement is potentially unenforceable.

PAST INTERESTED PERSON TRANSACTIONS

(a) Acquisition of fixed assets from SLC

SLA acquired fixed assets, including motor vehicles and office equipment, with an aggregate value of RM1.00 million (inclusive of GST) from SLC on 29 September 2015 pursuant to an internal restructuring of the Group. The consideration was based on the net book value of the fixed assets.

Our Directors are of the view that this transaction was not entered into on an arm's length basis or on normal commercial terms, as there was no independent valuation undertaken. Nevertheless, the transaction was not prejudicial to the interests of our Company as the consideration was based on the net book value of the fixed assets. We do not intend to enter into such transactions with SLC after our listing on the Catalist.

(b) Lease of Theme Park premises and storage premises from SLC

Each of SLA and SLW entered into a lease with SLC for the use of their respective Theme Park premises (comprising Theme Park lands and buildings) from 2013 to 2016. In 2017, SLA entered into a lease with SLC for the use of storage premises owned by SLC. The lease of storage premises has since been terminated on 1 September 2018. The total amounts paid to SLC for the lease of the Theme Park premises and storage premises during the Relevant Period were as follows:-

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Lease of Theme Park premises	126	116	–	–	–
Lease of storage premises	–	–	6	3	1

Our Directors are of the view that these transactions were not entered into on an arm's length basis or on normal commercial terms as SLA and SLW did not obtain competitive quotes for the use of similar Theme Park premises and storage premises from unrelated third parties. Nevertheless, the transactions were not prejudicial to the interests of our Company as the amounts paid by our Group for the use of the Theme Park premises were lower than the amounts paid by SLC to PBA under the earlier lease agreement which was subsequently replaced by the PBA Lease and the amounts paid by our Group for the lease of the storage premises were, to the best of our Directors' knowledge, in line with other viable alternatives in the market. We do not intend to enter into such transactions with SLC after our listing on the Catalist.

(c) Transfer of registered trademarks from Sim Choo Kheng

Sim Choo Kheng assigned the following trademark registered in Malaysia to our Company for consideration of RM10.00 via a Deed of Assignment dated 23 August 2018:



Prior to the assignment, Sim Choo Kheng had granted the use of this trademark by our Group for no consideration. Further information of the trademarks owned by our Group are set out in the section entitled "General Information on our Group – Intellectual Property".

Our Directors are of the view that these transactions were not entered into on an arm's length basis or on normal commercial terms but were nevertheless not prejudicial to the interests of our Company as no consideration was paid to Sim Choo Kheng for the use of these trademarks and nominal consideration for RM10.00 was paid to Sim Choo Kheng for the transfer of these trademarks. We do not intend to enter into such transactions with Sim Choo Kheng after our listing on the Catalist.

(d) Advances from Sim Choo Kheng

Sim Choo Kheng made advances of RM509,000, RM5,457,108 and RM646,421 to SLE in FY2016, FY2017 and 1HFY2018 respectively to part-finance the development of ESCAPE Waterplay. The outstanding amounts owed to Sim Choo Kheng by SLE during the Relevant Period were as follows:

(RM'000)	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 June 2018	As at the Latest Practicable Date
Advances	–	509	5,966	6,613	–

The largest amount due to Sim Choo Kheng by SLE (based on month end balances) during the Relevant Period was RM6.61 million.

Our Directors are of the view that these transactions were not entered into on an arm's length basis or on normal commercial terms but were nevertheless not prejudicial to the interests of our Company as they were interest-free, unsecured and had no fixed term of repayment.

The amounts owing to Sim Choo Kheng have been capitalised in September 2018 pursuant to the Restructuring Exercise. Sim Choo Kheng may provide advances to our Group as and when necessary after our listing on Catalist. Such transactions will be subject to such guidelines as described in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

(e) Provision of maintenance and landscaping services by SLC

During the Relevant Period, SLC provided maintenance and landscaping services to SLA. These arrangements have been terminated since 1 January 2018. The amounts paid to SLC for maintenance and landscaping services during the Relevant Period are set out in the table below.

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Maintenance services	–	94	179	–	–
Landscaping services	22	121	155	–	–

Our Directors are of the view that these transactions were not entered into on an arm's length basis or on normal commercial terms as we did not obtain quotes for similar services from unrelated third parties. To the best of our Directors' knowledge, the contract sum for the provision of these services was in line with market rates and therefore not prejudicial to the interests of our Company. We do not intend to enter into such transactions with SLC after our listing on the Catalist.

(f) Provision of construction services by SLC in respect of ESCAPE Waterplay and ESCAPE Adventureplay

SLC was the main contractor for the construction of ESCAPE Waterplay. The Group had also engaged SLC to design and construct certain fixed assets for ESCAPE Adventureplay and ESCAPE Waterplay from time to time. The amounts paid to SLC for such services during the Relevant Period were as follows:

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Construction of ESCAPE Waterplay	–	4,394	7,372	3,208	–
Construction of certain fixed assets	522	1,293	671	356[(1)]	200[(1)]

Note:

(1) In January 2018, our Group made an advance payment of RM508,000 to SLC for the construction of certain fixed assets. This amount was billed by SLC during the Relevant Period.

The total contract sum for the construction of ESCAPE Waterplay amounted to approximately RM22.7 million (including equipment costs and variation orders). The contract sum was based on bills of quantities prepared by an independent quantity surveyor, as required by PDC pursuant to the Investment Agreement which stipulates that the subscription monies shall be payable from PDC to SLE provided that the expenditure for the construction of ESCAPE Waterplay is certified by professionals or supported by relevant supporting documentation. Based on the above-mentioned, our Company and our Audit Committee are of the view that the transaction with SLC in respect of the construction of ESCAPE Waterplay was not prejudicial to the interests of our Company as the contract sum for the construction of ESCAPE Waterplay was in line with market rates. Nevertheless, our Directors are of the view that this these transactions were not entered into on an arm's length basis or on normal commercial terms as we did not obtain quotes for similar services from unrelated third parties.

Further disclosure on the construction of ESCAPE Adventureplay

Prior to the Relevant Period, SLC provided construction services to our Group for the construction of ESCAPE Adventureplay. To the best of Sim Choo Kheng's recollection, the total contract sum for the construction of ESCAPE Adventureplay amounted to approximately RM11.2 million (including equipment costs and variation orders) as at 31 December 2012. Sim Choo Kheng has represented that the contract was executed on a cost-plus basis, with a mark-up of between 10% and 20%. To the best of his knowledge and belief, such markup was in line with then prevailing general practices of construction companies in Malaysia. Accordingly, our Company and our Audit Committee are of the view that the transaction with SLC was not prejudicial to the interests of our Company. This transaction was not carried out on arm's length basis and was not on normal commercial terms as no competitive quotes for similar construction services were obtained from unrelated third parties. The contract was completed before the commencement of operations of ESCAPE Adventureplay in November 2012, and falls outside of the Relevant Period.

(g) Payments made by SL Gulf and SLC on behalf of the Group

During the Relevant Period, SL Gulf effected certain payments on behalf of SLA, SLW and SLE to a third party service provider for accounting services provided to our Group.

In addition, SLC effected certain payments on behalf of SLA, SLW and SLE to third party service providers in relation to utilities, repair and maintenance services and other miscellaneous services provided to our Group.

The amounts paid by SL Gulf and SLC on behalf of SLA, SLW and SLE during the Relevant Period are set out below.

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Aggregate amount paid by SL Gulf on behalf of our Group	–	–	34	21	–

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Aggregate amount paid by SLC on behalf of our Group	449	131	270	586	–

Our Directors are of the opinion that the above transactions were not undertaken on an arm's length basis or on normal commercial terms but were nevertheless not prejudicial to the interests of our Company as they were on a cost recovery basis. We do not intend to enter into such transactions with SL Gulf and SLC after our listing on the Catalist.

(h) Secondment of our staff to SLC

SLA had, from time to time, seconded employees to SLC. The amounts received by us pursuant to the above secondment arrangement during the Relevant Period are set out below.

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Staff costs	–	70	240	121	–

The above arrangement was not entered into on an arm's length basis or on normal commercial terms but was nevertheless not prejudicial to the interests of our Company as the amount paid by SLC was on a cost recovery basis. We do not intend to enter into such transactions with SLC after our listing on the Catalist.

(i) Payments made by our Group on behalf of SL Gulf and SLC

Our Group had effected certain payments for travelling expenses on behalf of SL Gulf to third party service providers. Our Group had also effected certain payments in relation to utilities, repair and maintenance services and other miscellaneous services on behalf of SLC to third party service providers.

The amounts paid by our Group on behalf of SL Gulf and SLC during the Relevant Period are set out below.

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Aggregate amount paid by our Group on behalf of SL Gulf	–	–	9	–	–
Aggregate amount paid by our Group on behalf of SLC	49	128	248	382	–

Our Directors are of the opinion that the above transactions were not undertaken on an arm's length basis or on normal commercial terms but were nevertheless not prejudicial to the interests of our Company as such transactions were entered into on a cost recovery basis. The amounts paid by our Group on behalf of SL Gulf and SLC have been repaid. We do not intend to enter into such transactions with SL Gulf and SLC after our listing on the Catalist.

(j) Transfer of used motor vehicle to SLC

In FY2017, we disposed of one used motor vehicle to SLC for approximately RM66,000, based on the net book value of the vehicle. Our Directors are of the opinion that the transaction was not entered into on an arm's length basis or on normal commercial terms as there was no independent valuation undertaken but was nevertheless not prejudicial to the interests of our Company as the consideration paid by SLC was based on the net book value of the vehicle. We do not intend to enter into such transaction with SLC after our listing on the Catalist.

(k) Capital contribution through novation of debts in FY2015

On 30 September 2015, pursuant to an internal restructuring of SLA, SLW and SLE:

(i) a debt of RM168,887.47 and RM1,705.93 owed by SLE to SLC was novated to Sim Choo Kheng and Silviya Georgieva Georgieva respectively;

(ii) a debt of RM8,736,811.04 and RM88,250.62 owed by SLA to SLC was novated to Sim Choo Kheng and Silviya Georgieva Georgieva respectively;

(iii) a debt of RM8,613,000 and RM87,000 owed by SLA to Sim Choo Kheng and Silviya Georgieva Georgieva respectively was novated to SLE; and

(iv) a debt of RM990,000 and RM10,000 owed by SLW to Sim Choo Kheng and Silviya Georgieva Georgieva respectively was novated to SLE.

Following the abovementioned novations, the outstanding amounts owed to Sim Choo Kheng and Silviya Georgieva Georgieva were capitalised and fully settled by the issue and allotment of 9,702,000 and 98,000 ordinary shares in the capital of SLE to Sim Choo Kheng and Silviya Georgieva Georgieva respectively on 30 September 2015.

Our Directors are of the opinion that the above transactions were undertaken on an arm's length basis and on normal commercial terms and not prejudicial to the interests of our Company as there was no difference in the amount of the capital contribution in settlement of the amounts owed to Sim Choo Kheng and Silviya Georgieva Georgieva.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

(a) Provision of construction services by SLC in respect of ESCAPE Gravityplay

Pursuant to the terms of a letter of award dated 30 September 2017, SLE appointed SLC as the main building contractor of ESCAPE Gravityplay in 2017 for an aggregate contract sum of RM10.62 million (including equipment costs). As at the Latest Practicable Date, there has not been any variation orders. Construction works are ongoing and is expected to be completed in the first half of 2019. The amounts paid to SLC for such services during the Relevant Period are set out in the table below.

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Construction of Gravityplay	–	–	–	1,831	2,530

The contract price was based on a bills of quantities prepared by an independent quantity surveyor. PDC's appointed director on the board of SLE has no objection to the contract price. Based on the above-mentioned, our Company and our Audit Committee are of the view that the transaction with SLC for the construction of ESCAPE Gravityplay is not prejudicial to the interests of our Company and our minority Shareholders as the contract price is in line with market rates. Nevertheless, our Directors are of the view that this transaction was not entered into on an arm's length basis or on normal commercial terms as we did not obtain quotes for similar services from unrelated third parties.

Following the Listing, it is envisaged that our Group will appoint SLC, from time to time, to undertake the upgrading works for the Theme Parks and design and construction of any future theme parks that the Group may develop. While there will not be any increase to the contract sum of RM10.62 million, any variation orders for the construction of ESCAPE Gravityplay or any other such future transactions between our Group and SLC will be conducted in accordance with such guidelines and procedures as described in the section "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" of this Offer Document and be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or any other applicable provisions.

(b) Provision of food supplies by Gabrovo Sdn Bhd

Gabrovo Sdn Bhd had supplied food items to our Group during the Relevant Period. The aggregate amounts paid to Gabrovo Sdn Bhd for such supply of food during the Relevant Period are set out in the table below.

(RM'000)	FY2015	FY2016	FY2017	1HFY2018	From 1 July 2018 to the Latest Practicable Date
Supply of food items	1	16	20	6	10

The amounts paid by our Group to Gabrovo Sdn Bhd for the supply of food were at the same rates as those applicable to unrelated third parties. Our Directors are of the view that such transactions were entered into on an arm's length basis and on normal commercial terms and were not prejudicial to the interests of our Company and our minority Shareholders. It is envisaged that we will continue to enter into similar transactions with Gabrovo Sdn Bhd following the Listing and such future transactions will be conducted in accordance with such guidelines and procedures as described in the section "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" of this Offer Document and be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or any other applicable provisions.

(c) Personal guarantees provided by Sim Choo Kheng and/or Silviya Georgieva Georgieva

Sim Choo Kheng and Silviya Georgieva Georgieva provided personal guarantees in respect of a hire purchase facility extended to the Group by ORIX Credit Malaysia Sdn Bhd and the Investment Agreement with PDC. Sim Choo Kheng has also provided a personal guarantee in respect of a hire purchase facility by Public Bank Berhad. Details of the guarantees provided by Sim Choo Kheng and Silviya Georgieva Georgieva during the Relevant Period are set out in the table below.

Guarantees provided to	Total amount of facilities granted (RM'000)	Amount guaranteed (RM'000)	Largest amount outstanding during the Relevant Period (based on month-end balances) (RM'000)	Amount outstanding as at the Latest Practicable Date (RM'000)
ORIX Credit Malaysia Sdn Bhd	133	133	145	54
PDC	16,000	16,000	16,000	16,000
Public Bank Berhad	34	34	42	42

Each of Sim Choo Kheng and Silviya Georgieva Georgieva has also provided a personal guarantee dated 8 May 2016 in favour of PBA for the proper and punctual repayment of the rent of the lands on which the Theme Parks are constructed. Pursuant to the terms of the Novation Agreement, Sim Choo Kheng and Silviya Georgieva Georgieva has also agreed to indemnify PDC against all actions, demands, penalties, claims, proceedings and costs incurred by PDC by reason of non-observance and/or non-performance by Sim Choo Kheng,

Silviya Georgieva Georgieva, SLE and/or SLG under the Investment Agreement. Under the terms of the Investment Agreement, there is no limit on the amount of indemnity provided by Sim Choo Kheng and Silviya Georgieva Georgieva.

No consideration was paid to Sim Choo Kheng and Silviya Georgieva Georgieva for the provision of the abovementioned personal guarantees and indemnity.

Our Directors are of the view that the above-mentioned personal guarantees and indemnity were not made on an arm's length basis or on normal commercial terms as each of Sim Choo Kheng and Silviya Georgieva Georgieva did not receive any benefits in kind, or payments from our Group for providing these personal guarantees and indemnity. However, our Directors are of the view that such personal guarantees and indemnity are not prejudicial to the interests of our Company and our minority Shareholders.

We intend to repay the amount due to PDC using the proceeds from the Placement. Upon repayment, the personal guarantees for the RCPS and indemnity will be discharged accordingly.

GUIDELINES AND REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms and on arm's length basis and are not prejudicial to the interests of our Group and our minority Shareholders in any way.

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our minority Shareholders, the following procedures will be implemented by our Group:

(a) when purchasing any products or engaging any services from an Interested Person, two (2) other quotations from non-Interested Persons will be obtained for comparison. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two (2) comparative prices from the two (2) non-Interested Persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;

(b) when selling any products or supplying any services to an Interested Person, the quotes from at least two (2) non-Interested Persons will be used as comparison wherever possible. The price or fee for the supply of products or services shall not be lower than the lowest price or fee of the two (2) comparative prices from the two (2) non-Interested Persons;

(c) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent commensurates with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries or the reports;

(d) when engaging the design and/or construction services of SLC and/or SL Gulf, our Group will obtain at least one quotation from an independent third party. Getting such quotations may

be difficult since the theming construction industry is a specialised trade and there may not be many contractors who are able to provide equivalent services of the same desired quality. In the event such comparative quotation cannot be obtained, our Group will engage an independent quantity surveyor to issue a bill of quantities report which will provide a reasonable market benchmark for the construction costs. The fee for construction services by SLC and/or SL Gulf shall not be higher than the comparative quotation from an independent third party or the amount reflected in the bill of quantities report prepared by the independent quantity surveyor;

(e) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the interested person transaction will be approved by Sim Choo Kheng, our Executive Director and CEO or Aw Yeong Weng Kwong, our Chief Financial Officer, whom shall not be an Interested Person, in accordance with our usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quality, quantity, requirements and specifications will be taken into account; and

(f) in addition, we shall monitor all interested person transactions entered into by us and categorise these transactions as follows:

(i) a Category 1 interested person transaction is one where the value thereof is equal or in excess of 3.0% of the latest audited NTA of our Group; and

(ii) a Category 2 interested person transaction is one where the value thereof is below 3.0% of the latest audited NTA of our Group.

All Category 1 interested person transactions must be approved by our Audit Committee prior to entry whereas Category 2 interested person transactions need not be approved by our Audit Committee prior to entry but must be approved by Sim Choo Kheng, our Executive Director and CEO or Aw Yeong Weng Kwong, our Chief Financial Officer, whom shall not be an Interested Person, in respect of the particular transaction prior to entry and shall be reviewed on a half yearly basis by our Audit Committee.

In its review, our Audit Committee will ensure that all interested person transactions are carried out on normal commercial basis, on an arm's length basis and not prejudicial to the interests of our Group and our minority Shareholders. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

We shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, our Audit Committee and our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules (in particular, Chapter 9) and relevant accounting standards, are complied with. Where appropriate, the internal audit plan shall incorporate a review of all interested person transactions entered into at least on an annual basis. Such transactions will also be subject to the approval of our Shareholders if required by the

Catalist Rules. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

These internal audit reports will be reviewed by our Audit Committee on an annual basis to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. Our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice our interests and the interests of our minority Shareholders. Further, if during these periodic reviews by our Audit Committee, our Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to our interests and the interests of our minority Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

Disclosure will be made in our annual report of the aggregate value of interested person transactions during the relevant financial year under review.

POTENTIAL CONFLICTS OF INTERESTS

In general, a conflict of interest arises when any of our Directors, CEO, Controlling Shareholders or their Associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products or services as our Group. Save as disclosed in this section and the section entitled "Restructuring Exercise" of the Offer Document, none of our Directors, CEO, Controlling Shareholders, Executive Officers and/or any of their Associates has any interest, whether direct or indirect, in:

(a) any material transactions to which our Company or any of our subsidiaries, were or are a party;

(b) any company or entity carrying on the same business or dealing in similar products or services which competed or competes materially with the existing business of our Group;

(c) in any company or entity that is our material customer or supplier of goods or services; and

(d) any existing contract or arrangement which was or is significant in relation to the business of our Group.

SLC

SLC, a company incorporated in Malaysia and wholly-owned by Sim Choo Kheng and Silviya Georgieva Georgieva (who are also its directors), provides theme park design and construction services. During the Relevant Period, SLC has not provided any construction services to any third party apart from the Group. Sim Choo Kheng and Silviya Georgieva Georgieva are not involved in the day-to-day operations of SLC.

The Directors have advised that SLC has not been included as part of our Group as there is currently no intention for our Group to extend its scope of services to include construction of theme parks. Any expansion into the construction business or any change of business of our Group in the future would be subject to the provisions of Chapter 10 of the Catalist Rules.

SL Gulf

SL Gulf, based in Dubai, is principally engaged in the business of design and construction of theme attractions in theme parks as well as theme features mainly for restaurants and hotels.

Sim Choo Kheng holds a 49% direct shareholding interest in SL Gulf and a 51% interest through a nominee arrangement which may potentially be unenforceable. Sim Choo Kheng is the general manager of SL Gulf. He is not involved in the day-to-day operations of SL Gulf as he has delegated the running of SL Gulf by way of a power of attorney to SL Gulf's staff.

Our Board is of the view that there are no potential conflicts of interest arising from the interests of Sim Choo Kheng and Silviya Georgieva Georgieva in SLC and the interests of Sim Choo Kheng in SL Gulf in view of the following:

(a) *Distinctive services/products and customers*

The Group's business of development and operation of theme parks is different from the businesses of designing and constructing theme parks, theme attractions and theme features as carried out by SLC and SL Gulf. For the avoidance of doubt, SLC and SL Gulf do not develop or operate any theme parks.

The Group's business is akin to that of a hotel developer while the business of SLC and SL Gulf are akin to those of a construction company.

(b) *Non-compete undertaking*

Sim Choo Kheng and Silviya Georgieva Georgieva have each given to our Group a non-compete undertaking on the following terms which shall remain in force for so long as Sim Choo Kheng and/or his Associates remain as our Director and/or Controlling Shareholder and for a period of 1 year after they cease to be a Director and/or Controlling Shareholder of the Company and for as long as we remain listed on the SGX-ST.

(i) Sim Choo Kheng will not, and shall procure that his Associates (whether present or future) shall not, in any capacity either alone or jointly with, through or on behalf of any person or entity, either directly or indirectly, carry on or be employed, engaged, concerned, provide expertise or be interested in any similar or competing business to our Group, whether as a shareholder of such similar or competing business or otherwise; and

(ii) Sim Choo Kheng will not, and will procure that his Associates shall not engage in the design or construction of theme parks within the same state or province as our Theme Parks and the theme parks which the Group may operate in the future.

(c) *Call option*

Sim Choo Kheng and Silviya Georgieva Georgieva have both granted to our Company a call option pursuant to which our Company has the option, over a 5-year period immediately after the Listing, to acquire all the shares in the issued and paid-up capital of SLC held by them currently and during the option period.

Sim Choo Kheng has also granted a call option to our Company pursuant to which our Company has the option, over a 5-year period immediately after the Listing, to acquire all the

shares in the paid-up capital of SL Gulf held by him currently and during the option period (whether held directly or through nominee arrangement). Exercise of the call option is subject to existing rights of pre-emption and prevailing United Arab Emirates laws and regulations.

The purchase consideration for the abovementioned call options shall be based on valuations determined by independent valuers to be commissioned by our Company and the exercise of the call option shall be subject to deliberation and approval by our Audit Committee, taking into consideration, among others, the commercial rationale of the acquisition. The Company will seek shareholders' approval prior to the exercise of the call option where required under Chapter 9 and 10 of the Catalist Rules.

Save for Sim Choo Kheng's and/or Silviya Georgieva Georgieva's involvement in SLC and SL Gulf as described above, none of our Directors, CEO, Controlling Shareholders and/or any of their Associates is involved in the management of any company or entity involved in a similar or related business as our Group.

Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or its subsidiaries.

None of the experts:

(a) is employed on a contingent basis by our Company or any of our subsidiaries;

(b) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries; or

(c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

Interests of the Consultant

In the reasonable opinion of our Directors, Yeoh Seng Hooi does not have a material relationship with our Company save that:

(a) he is the consultant to the Group and Sim Choo Kheng in relation to the Listing and Placement; and

(b) pursuant to the consultancy agreement entered into between Sim Choo Kheng and Yeoh Seng Hooi, Sim Choo Kheng will transfer 2,013,375 Shares (after the Share Split) to Yeoh Seng Hooi, amounting to 1.5% of the issued and paid-up share capital of our Company immediately after the Placement.

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S$0.20 per S$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value subject to a maximum of S$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below and excluding the directorship held in our Company, none of our Directors currently holds or has held any directorships in the five (5) years preceding the date of this Offer Document.

Name	Present Directorships	Past Directorships
Sim Choo Kheng	*Group companies* SLA SLE SLW	*Group companies* –
	Other companies SLC Gabrovo Sdn. Bhd. Sim Leisure Builders Sdn. Bhd. Sim Leisure Design Sdn. Bhd Nha Hang Viet Nam Sdn Bhd.	*Other companies* Sim Leisure Pte. Ltd.
Silviya Georgieva Georgieva	*Group companies* SLA SLE SLW	*Group companies* –
	Other companies SLC Sim Leisure Builders Sdn. Bhd. Sim Leisure Design Sdn. Bhd.	*Other companies* –
Wesley James Rae	*Group companies* –	*Group companies* –
	Other companies Project Consult (Kent) Ltd	*Other companies* –
Yong Oi Ling	*Group companies* –	*Group companies* –
	Other companies –	*Other companies* Liam Consultants Sdn Bhd Liam Consultants Pte. Ltd.

Name	Present Directorships	Past Directorships
Tay Eng Kiat Jackson	*Group companies* –	*Group companies* –
	Other companies Hafary Pte Ltd Wood Culture Pte. Ltd. Hafary Centre Pte. Ltd. Hafary Balestier Showroom Pte. Ltd. Xquisit Pte. Ltd. One Heart Investment Pte. Ltd. OUE Lippo Healthcare Limited Hafary W+S Pte. Ltd. One Heart International Trading Private Ltd.	*Other companies* Park Mall Pte. Ltd. Viet Ceramics International Joint Stock Company
Chung Yew Pong	*Group companies* –	*Group companies* –
	Other companies Incitable Digital Asia Sdn Bhd Cadence Venture Capital Sdn Bhd	*Other companies* Netrove Partners Sdn. Bhd. Fifth Media Corporation Rainmax Realty Sdn. Bhd. Value Discovery Sdn. Bhd. E.A.R. Services Sdn. Bhd. MRuncit Commerce Sdn Bhd

2. Our Executive Officers do not have any present or past directorships over the five (5) years preceding the date of this Offer Document.

3. None of our Directors, Executive Officers and Controlling Shareholders:

   (a) has at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner or at any time within two (2) years after the date he or she ceased to be a partner;

   (b) has at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he or she 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;

   (c) has any unsatisfied judgment against him or her;

(d) 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 which he or she is aware of) for such purpose;

(e) 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 which he or she is aware of) for such breach;

(f) has at any time during the last 10 years, had judgement entered against him or her 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 or her part, or has been the subject of any civil proceedings (including any pending civil proceedings which he or she is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;

(g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) 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;

(i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;

(j) has ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(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;

(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

(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 the period when he or she was so concerned with the entity or business trust; or

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

4. Save as disclosed under the section entitled "Directors, Executive Officers and Employees – Service Agreements" of this Offer Document, there are no existing or proposed service contracts between our Directors and our Company or any of our subsidiaries.

5. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or in shares or otherwise, by any person to induce him to become, or qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

6. Save as disclosed in the sections entitled "Interested Persons Transactions" of this Offer Document, no Director or expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to us or any of our subsidiaries.

SHARE CAPITAL

7. As at the date of this Offer Document, there is only one (1) class of shares in the capital of our Company being ordinary shares in the share capital of our Company. The rights and privileges attached to our Shares are stated in our Constitution. There are no founder, management, deferred or unissued shares reserved for issuance for any purpose. Our existing Shares do not carry different voting rights from the Placement Shares.

8. No option to subscribe for or purchase shares in or debentures of our Company or our subsidiaries has been granted to, or was exercised by any Director or Executive Officer within the last two (2) years preceding the date of this Offer Document.

9. Save for PDC which has subscribed for the RCPS under the Investment Agreement, the Awards which may be granted under the Sim Leisure Performance Share Plan or Options to be granted under the Sim Leisure Employee Share Option Scheme, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

10. There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

11. There has not been any public takeover offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation, which has occurred during the financial period covered by this Offer Document up to the Latest Practicable Date.

12. Save as disclosed in the sections entitled "Share Capital" and "Restructuring Exercise" of this Offer Document, no shares or debentures were issued or agreed to be issued by our Company or our subsidiaries for cash or for a consideration other than cash during the last three (3) years preceding the date of lodgement of this Offer Document.

13. Save as disclosed below and in the sections entitled "Share Capital" and "Restructuring Exercise" of this Offer Document, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the three (3) years preceding the Latest Practicable Date:

Our subsidiaries

Name of company	Date of issue	Number of shares issued	Purpose of issue	Consideration per share	Resultant issued share capital
SLA	30 September 2015	8,700,000 ordinary shares	Working capital	RM1	RM9,200,000
SLW	30 September 2015	1,000,000 ordinary shares	Working capital	RM1	RM1,500,000
SLE	30 September 2015	9,702,000 ordinary shares	Working capital	RM1	RM10,702,000
SLE	30 September 2015	98,000 ordinary shares	Working capital	RM1	RM10,800,000
SLE	15 June 2016	468,750 RCPS	Investment Agreement	RM8	RM14,550,000
SLE	4 July 2016	112,140 RCPS	Investment Agreement	RM8	RM15,447,120
SLE	13 July 2016	468,750 RCPS	Investment Agreement	RM8	RM19,197,120
SLE	22 August 2016	35,683 RCPS	Investment Agreement	RM8	RM19,482,584
SLE	7 September 2016	100,398 RCPS	Investment Agreement	RM8	RM20,285,768
SLE	27 September 2016	70,465 RCPS	Investment Agreement	RM8	RM20,849,488
SLE	27 October 2016	66,065 RCPS	Investment Agreement	RM8	RM21,378,008
SLE	29 November 2016	107,373 RCPS	Investment Agreement	RM8	RM22,236,992
SLE	20 December 2016	57,222 RCPS	Investment Agreement	RM8	RM22,694,768
SLE	24 January 2017	95,230 RCPS	Investment Agreement	RM8	RM23,456,608
SLE	10 March 2017	55,283 RCPS	Investment Agreement	RM8	RM23,898,872
SLE	29 March 2017	90,352 RCPS	Investment Agreement	RM8	RM24,621,688

Name of company	Date of issue	Number of shares issued	Purpose of issue	Consideration per share	Resultant issued share capital
SLE	31 May 2017	62,578 RCPS	Investment Agreement	RM8	RM25,122,312
SLE	10 July 2017	84,306 RCPS	Investment Agreement	RM8	RM25,796,760
SLE	3 August 2017	25,411 RCPS	Investment Agreement	RM8	RM26,000,048
SLE	28 September 2017	99,994 RCPS	Investment Agreement	RM8	RM26,800,000
SLE	30 September 2018	6,612,529 ordinary shares	Capitalisation of shareholder's loan	RM1	RM33,412,529

14. There are no shares in our Company that are held by or on behalf of our Company or by our subsidiaries.

CONSTITUTION

15. (a) Our Company is registered in Singapore with the Accounting and Corporate Regulatory Authority with the registration number 201808096D. The main object of our Company is to carry on business as, *inter alia*, an investment holding company.

    (b) An extract of our Constitution providing for, amongst others, Directors' voting rights, borrowing powers of Directors and dividend rights are set out in Appendix D to this Offer Document.

MATERIAL CONTRACTS

16. The following contracts, not being contracts entered into in the ordinary course of business of our Company and our subsidiaries (as the case may be), have been entered into by our Company and our subsidiaries (as the case may be) within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:

    (a) the PEL Agreement dated 16 November 2018, details of which are set out in the section entitled "General Information on our Group – Material Licences, Permits and Approvals";

    (b) the Restructuring Agreement dated 12 December 2018, details of which are set out in the section entitled "Restructuring Exercise" of this Offer Document;

    (c) the Stakeholders Agreement dated 26 November 2018, details of which are set out in the section entitled "Capitalisation and Indebtedness" of this Offer Document; and

    (d) the Novation Agreement dated 26 November 2018, details of which are set out in the section entitled "Capitalisation and Indebtedness – Novation Agreement" of this Offer Document.

LITIGATION

17. On 19 January 2018, SLW had through its solicitors issued a notice of demand ("**Notice**") to Showtime Entertainment Production ("**Showtime**") for breach of contract in relation to the production of the performance known as "Acapulco High Dive Show" ("**the Show**") at ESCAPE Waterplay. SLA and Showtime had executed an agreement on 24 July 2017 pursuant to which Showtime was to produce the Show for the period from 1 September 2017 to 31 January 2018. The Notice stated that, amongst others, Showtime's divers who were to perform the Show abandoned their duties and left ESCAPE Waterplay on 21 December 2017. In view of the above, SLW gave notice of their termination of the agreement with immediate effect in accordance with the agreement. SLW also demanded for (i) return of payments made by SLW to Showtime amounting to the sum of USD48,830.00 (which includes the 25% initial payment of USD23,750.00, the payment for September of USD12,540.00, and the payment for October of USD12,540.00) and (ii) liquidated damages of USD8,360.00 being 10% of the total revised contract sum in accordance with the agreement. Showtime had via their solicitors replied to the Notice on 27 February 2018 and counterclaimed for (i) the balance due and payable under the agreement(s) entered in the sum of USD34,770.00 and (ii) damages, costs, expenses and payments incurred and expanded by them amounting to RM31,098.56. SLW replied on 16 April 2018 denying Showtime's claim, reiterated its stance and demanded the sum of USD48,830.00 and liquidated damages of USD8,360.00. Showtime replied on 25 April 2018 denying all of SLW's claims in SLW's letter dated 16 April 2018. SLW then replied to Showtime's letter dated 25 April 2018 on even date reiterating the agreed ultimate discounted contract sum of USD83,600.00 and denying the claims made by Showtime in their letter dated 25 April 2018 and reiterating their claims. As at the Latest Practicable Date, Showtime has not replied to SLW.

18. To the best of our Directors' knowledge and belief, having made all reasonable enquiries, neither our Company nor any of our subsidiaries or associated companies is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the last 12 months immediately preceding the date of lodgement of this Offer Document, a material effect on the financial position or profitability of our Group.

MISCELLANEOUS

19. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public since its incorporation.

20. Application monies received in respect of all successful applications (including successfully balloted applications which are subsequently rejected) will be placed in a separate non-interest bearing account with RHB Bank Berhad (the "**Receiving Bank**"). There is no sharing arrangement between the Receiving Bank and our Company in respect of interest or revenue or any other benefit in respect of the deployment of application monies in the inter-bank monies market, if any. Any refund of the application monies to unsuccessful or partially successful applicants will be made without any interest or share of such revenue or other benefit arising therefrom.

21. No property has been purchased or acquired or proposed to be purchased or acquired by our Group which is to be paid for, wholly or partly, out of the proceeds from the issue of Placement Shares or the purchase or acquisition of which has not been completed at the date of this Offer Document, other than the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of our Group, such contract not being made in contemplation of the Placement nor the Placement in consequence of the contract.

22. Save as disclosed in the sections titled "Risk Factors", "Capitalisation and Indebtedness", "Management's Discussion and Analysis of Results of Operations and Financial Position" and "General Information on Our Group" of this Offer Document, our Directors are not aware of any event which has occurred since 1 July 2018 up to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.

23. Save as disclosed in the sections titled "Risk Factors", "Capitalisation and Indebtedness", "Management's Discussion and Analysis of Results of Operations and Financial Position" and "General Information on Our Group" of this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:

    (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditures;

    (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.

24. Details, including the name, address and professional qualifications (including membership in a professional body) of the auditors of our Company since incorporation are as follows:

Name and address	Professional body	Partner-in-charge/ Professional qualification
BDO LLP 600 North Bridge Road #23-01 Parkview Square Singapore 188778	Institute of Singapore Chartered Accountants	Mr. Leong Hon Mun Peter/ A member of the Institute of Singapore Chartered Accountants

25. We currently have no intention of changing our auditors after the listing of our Company on the Catalist.

CONSENTS

26. The Independent Auditors and Reporting Accountants has given and have not before the registration of this Offer Document withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the Independent Auditors' Report and Audited Combined Financial Statements for the Financial Years Ended 31 December 2015, 2016 and 2017, the Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 and the Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018, as set out in Appendices A to C of this Offer

Document, in the form and context in which they are included and references to their name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

27. The Sponsor and Issue Manager has given, and has not before the registration of this Offer Document withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.

28. The Joint Placement Agents have each given, and have not before the registration of this Offer Document withdrawn their written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.

29. The Solicitors to the Placement and Legal Adviser to the Company on Singapore Law have given, and have not before the registration of this Offer Document, withdrawn their written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.

30. The Solicitors to the Joint Placement Agents on Singapore Law have given, and have not before the registration of this Offer Document withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.

31. The Legal Adviser to the Company on Malaysian Law have given, and have not before the registration of this Offer Document, withdrawn their written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto and its legal opinions as set out in the sections entitled "Risk Factors – Risks relating to our Industry and Business", "Capitalisation and Indebtedness" and "General Information on our Group – Material Licences, Permits and Approvals" of this Offer Document, in the form and context in which they appear in this Offer Document, and to act in such capacity in relation to this Offer Document.

32. Each of the Sponsor and Issue Manager, Joint Placement Agents, the Solicitors to the Placement and Legal Adviser to the Company on Singapore Law and Solicitors to the Joint Placement Agents on Singapore Law do not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in or omissions from this Offer Document.

33. Save for its legal opinions which have been referred to in the sections entitled "Risk Factors – Risks relating to our Industry and Business", "Capitalisation and Indebtedness" and "General Information on our Group – Material Licences, Permits and Approvals" of this Offer Document, the Legal Adviser to the Company on Malaysian Law does not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in or omissions from this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

34. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where the information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

35. Copies of the following documents may be inspected at the registered office of our Company, during normal business hours for a period of six (6) months from the date of registration of this Offer Document:

    (a) the Constitution of our Company;

    (b) the material contracts referred to in paragraph 16 above;

    (c) the letters of consent referred to in paragraphs 26 to 31 above;

    (d) the rules of the Sim Leisure Employee Share Option Scheme;

    (e) the rules of the Sim Leisure Performance Share Plan;

    (f) the legal opinions from ZIPG referred to under the sections entitled "Risk Factors – Risks relating to our Industry and Business", "Capitalisation and Indebtedness" and "General Information on our Group – Material Licences, Permits and Approvals" of this Offer Document;

    (g) the Service Agreement referred to under the section entitled "Directors, Executive Officers and Employees – Service Agreement" of this Offer Document;

    (h) the Independent Auditors' Report and Audited Combined Financial Statements for the Financial Years Ended 31 December 2015, 2016 and 2017 as set out in Appendix A of this Offer Document;

    (i) the Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements for the Financial Period from 1 January 2018 to 30 June 2018 as set out in Appendix B of this Offer Document; and

    (j) the Independent Auditors' Assurance Report and Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2017 and the Financial Period from 1 January 2018 to 30 June 2018 as set out in Appendix C of this Offer Document.

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APPENDIX A: INDEPENDENT AUDITORS' REPORT AND AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Sim Leisure Group Ltd.
and its subsidiaries

Independent Auditors' Report and Audited Combined Financial Statements
For the financial years ended 31 December 2015, 2016 and 2017

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS

We, Sim Choo Kheng and Silviya Georgieva Georgieva, being two of the directors of Sim Leisure Group Ltd. (the "Company"), do hereby state that, in the opinion of the Board of Directors,

(i) the accompanying combined financial statements together with the notes thereon as set out on pages A-6 to A-62 are properly drawn up in accordance with Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Company and its subsidiaries (the "Group") as at 31 December 2015, 2016 and 2017 and of the financial performance, changes in equity and cash flows of the Group for the financial years ended on those dates, and

(ii) 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.

On behalf of the Board of Directors

Sim Choo Kheng
Director

Silviya Georgieva Georgieva
Director

Singapore
22 February 2019

INDEPENDENT AUDITORS' REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

22 February 2019

The Board of Directors
Sim Leisure Group Ltd.
138 Robinson Road
#26-03, Oxley Tower
Singapore 068906

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Sim Leisure Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the combined statements of financial position as at 31 December 2015, 2016 and 2017 and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2015, 2016 and 2017, and a summary of significant accounting policies and other explanatory notes, as set out on pages A-6 to A-62.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the combined financial position of the Group as at 31 December 2015, 2016 and 2017, and of the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the financial years ended 31 December 2015, 2016 and 2017.

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 *Auditors' Responsibilities for the Audit of the Combined 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 combined 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.

Responsibilities of Management and Directors for the Combined Financial Statements

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

Report on the Audit of the Combined Financial Statements (Continued)

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

In preparing the combined 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.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined 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 auditors' report to the related disclosures in the combined 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 auditors' 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 combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on the Audit of the Combined Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Combined 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 combined 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 those charged with governance 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.

Restriction on Distribution and Use

This report is made solely to you as a body and for inclusion in the Offer Document to be issued in relation to the proposed initial public offering of ordinary shares of the Company in connection with the Company's listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015, 2016 AND 2017

	Note	2015 RM	2016 RM	2017 RM
ASSETS				
Non-current assets				
Plant and equipment	5	16,681,403	31,411,539	44,883,391
Current assets				
Inventories	6	21,464	21,195	140,425
Trade and other receivables	7	647,143	702,560	1,196,990
Prepayments	8	21,532	201,899	1,018,544
Cash and bank balances	9	1,846,471	2,844,448	818,738
		2,536,610	3,770,102	3,174,697
Total assets		19,218,013	35,181,641	48,058,088
EQUITY AND LIABILITIES				
Equity				
Share capital	10	10,800,000	10,800,000	10,800,000
Equity component of redeemable convertible preference shares	11	–	238,324	275,112
Retained earnings		6,512,399	9,086,054	10,374,383
Total equity		17,312,399	20,124,378	21,449,495
Non-current liabilities				
Finance lease payables	12	–	–	46,089
Liability component of redeemable convertible preference shares	11	–	12,065,729	11,301,009
Deferred tax liabilities	13	470,000	561,000	656,277
		470,000	12,626,729	12,003,375
Current liabilities				
Trade and other payables	14	1,235,614	2,298,834	9,894,146
Finance lease payables	12	–	–	44,166
Liability component of redeemable convertible preference shares	11	–	–	4,552,490
Current income tax payable		200,000	131,700	114,416
		1,435,614	2,430,534	14,605,218
Total liabilities		1,905,614	15,057,263	26,608,593
Total equity and liabilities		19,218,013	35,181,641	48,058,088

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

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

	Note	2015 RM	2016 RM	2017 RM
Revenue	15	9,107,752	9,243,457	9,683,166
Cost of sales		(4,205,808)	(4,204,201)	(5,056,262)
Gross profit		4,901,944	5,039,256	4,626,904
Other item of income				
Other income	16	97,879	54,451	9,565
Other items of expense				
Administrative expenses		(1,829,071)	(2,207,292)	(2,740,274)
Finance costs	17	–	–	(187,742)
Profit before income tax	18	3,170,752	2,886,415	1,708,453
Income tax expense	19	(491,964)	(312,760)	(420,124)
Profit for the financial year, representing total comprehensive income for the financial year		2,678,788	2,573,655	1,288,329
Profit and total comprehensive income attributable to owners of the parent		2,678,788	2,573,655	1,288,329
Earnings per share				
– Basic (in cents)	20	2.50	2.40	1.20
– Diluted (in cents)	20	2.50	2.29	1.21

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

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance at 1 January 2015		1,000,000	3,833,611	4,833,611
Profit for the financial year, representing total comprehensive income for the financial year		–	2,678,788	2,678,788
Contribution by owners				
Issuance of ordinary shares	10	9,800,000	–	9,800,000
Total transactions with owners		9,800,000	–	9,800,000
Balance as at 31 December 2015		10,800,000	6,512,399	17,312,399

	Share capital RM	Equity component of redeemable convertible preference shares RM	Retained earnings RM	Total equity RM
Balance at 1 January 2016	10,800,000	–	6,512,399	17,312,399
Profit for the financial year, representing total comprehensive income for the financial year	–	–	2,573,655	2,573,655
Contribution by owners				
Equity component of redeemable convertible preference shares	–	238,324	–	238,324
Total transactions with owners	–	238,324	–	238,324
Balance as at 31 December 2016	10,800,000	238,324	9,086,054	20,124,378

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

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017 (Continued)

	Share capital RM	Equity component of redeemable convertible preference shares RM	Retained earnings RM	Total equity RM
Balance at 1 January 2017	10,800,000	238,324	9,086,054	20,124,378
Profit for the financial year, representing total comprehensive income for the financial year	–	–	1,288,329	1,288,329
Contribution by owners				
Equity component of redeemable convertible preference shares	–	36,788	–	36,788
Total transactions with owners	–	36,788	–	36,788
Balance as at 31 December 2017	10,800,000	275,112	10,374,383	21,449,495

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

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

	2015 RM	2016 RM	2017 RM
Operating activities			
Profit before income tax	3,170,752	2,886,415	1,708,453
Adjustments for:			
Depreciation of plant and equipment	677,395	1,000,208	1,244,503
Interest income	(2,183)	(312)	–
Interest expense	–	–	187,742
Operating cash flows before working capital changes	3,845,964	3,886,311	3,140,698
Working capital changes:			
Inventories	74,366	269	(119,230)
Trade and other receivables	(579,375)	(55,417)	(494,430)
Prepayments	(19,390)	(180,367)	(816,645)
Trade and other payables	(340,399)	554,220	2,138,194
Cash generated from operations	2,981,166	4,205,016	3,848,587
Interest received	2,183	312	–
Income tax paid	(259,964)	(365,320)	(353,748)
Net cash from operating activities	2,723,385	3,840,008	3,494,839
Investing activities			
Purchase of plant and equipment	(2,175,972)	(15,245,799)	(13,376,726)
Proceeds from disposal of plant and equipment	–	–	66,654
Net cash used in investing activities	(2,175,972)	(15,245,799)	(13,310,072)
Financing activities			
Proceeds from issuance of redeemable convertible preference shares (Note A)	–	11,894,768	4,105,232
Interest paid on redeemable convertible preference shares (Note A)	–	–	(1,722,967)
Repayment of finance lease obligations (Note A)	–	–	(42,323)
Interest paid	–	–	(7,537)
Advances from a director of the Company	–	509,000	5,457,118
Net cash from financing activities	–	12,403,768	7,789,523
Net change in cash and bank balances	547,413	997,977	(2,025,710)
Cash and bank balances at beginning of financial year	1,299,058	1,846,471	2,844,448
Cash and bank balances at end of financial year	1,846,471	2,844,448	818,738

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

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017 (Continued)

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	2016 RM	Cash flows RM	Additions of plant and equipment under finance leases RM	Equity component of redeemable convertible preference shares RM	Accretion of interest RM	2017 RM
Redeemable convertible preference shares	12,065,729	2,382,265	–	(48,405)	1,453,910	15,853,499
Finance lease payables	–	(42,323)	132,578	–	–	90,255
	12,065,729	2,339,942	132,578	(48,405)	1,453,910	15,943,754

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

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

These combined financial statements have been prepared for inclusion in the Offer Document of Sim Leisure Group Ltd. (the "Company") and its subsidiaries (the "Group") and were authorised for issue by the Directors of the Company on 22 February 2019.

1. General corporate information

1.1 Domicile and activities

The Company was incorporated in the Republic of Singapore on 8 March 2018 under the Singapore Companies Act, Chapter 50 (the "Act") as a private company limited by shares under the name of Sim Leisure Group Pte. Ltd. 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. on 24 December 2018. The registration number of the Company is 201808096D.

The Company's registered office address is located at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906 and its principal place of business is located at 828, Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia.

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

The principal activities of the subsidiaries are set out in Note 1.3 to the combined financial statements.

1.2 Restructuring exercise

Prior to the Placement, a restructuring exercise (the "Restructuring Exercise") was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) Incorporation of the Company

The Company was incorporated in Singapore on 8 March 2018 under the Act as a private company limited by shares. At incorporation, the Company had an issued and paid-up share capital of S$1,000 comprising 1,000 ordinary shares held by Sim Choo Kheng.

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(ii) Acquisition by Sim Leisure Escape Sdn. Bhd. ("SLE") from Sim Choo Kheng of 1 share in Sim Leisure Adventureplay Sdn. Bhd. ("SLA") and 1 share in Sim Leisure Waterplay Sdn. Bhd. ("SLW")

SLE held all of the shares in SLA and SLW except for 1 share that was held by Sim Choo Kheng in each of SLA and SLW. On 24 December 2018, SLE acquired all the shareholding interests of Sim Choo Kheng respectively in both SLA and SLW for a nominal cash consideration of RM1.00 each. Following the acquisition, SLA and SLW became wholly-owned subsidiaries of SLE.

(iii) Acquisition of SLE by the Company

On 24 December 2018, the Company acquired all the shareholding interests of Sim Choo Kheng and Silviya Georgieva Georgieva in SLE for an aggregate consideration of RM30,112,569. The consideration was determined on a willing buyer-willing seller basis, taking into account the net asset value of SLE and its subsidiaries (namely, SLA and SLW) as at 30 June 2018 of RM23,500,040 and the capitalisation of advances by Sim Choo Kheng of RM6,612,529. The consideration was satisfied by the allotment and issue of 21,322,921 and 133,079 new shares to Sim Choo Kheng and Silviya Georgieva Georgieva, respectively. Upon completion of the aforesaid acquisition, SLE became a wholly-owned subsidiary of the Company.

1.3 Details of subsidiaries

As at the date of this report after the Restructuring Exercise, the Company has the following subsidiaries:

Name of company	Country of incorporation	Principal activities	Effective equity interest		
			2015 %	2016 %	2017 %
Sim Leisure Escape Sdn. Bhd.	Malaysia	Investment holding and development of theme parks	100	100	100
Sim Leisure Adventureplay Sdn. Bhd.	Malaysia	Development and operation of theme parks	100	100	100
Sim Leisure Waterplay Sdn. Bhd.	Malaysia	Development and operation of theme parks	100	100	100

2. Basis of preparation of combined financial statements

The Restructuring Exercise involved companies which are under common control. The combined financial statements of the Group for the financial years ended 31 December 2015, 2016 and 2017 have been prepared in a manner similar to the "pooling-of-interest" method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting periods.

These combined financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries after the Restructuring Exercise.

The audited combined financial statements of the Group for the financial years ended 31 December 2015, 2016 and 2017 are prepared in accordance with Singapore Financial Reporting Standards ("FRS") and on the historical cost except as disclosed in the accounting policies in Note 3 to the combined financial statements. The combined financial statements are presented in Ringgit Malaysia.

As at 31 December 2017, the Group's current liabilities have exceeded its current assets by RM11,430,521. The management is of the opinion that the use of going concern basis to prepare the combined financial statements of the Group is appropriate and that there are no material uncertainties related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern, based on a detailed review of cash flow forecast for the financial year ending 31 December 2018. Based on the cash flow forecast, the Group has sufficient cash and cash equivalents to support the Group's continuing operations and pay its debts as and when they fall due.

The statutory audited financial statements of all companies within the Group for the financial years ended 31 December 2015, 2016 and 2017 covered by the combined financial statements were audited by the following firms of Chartered Accountants who issued unmodified audit opinions in their reports as follows:

Name of company	Auditors	Financial year
Sim Leisure Escape Sdn. Bhd.	Tan & Loh, Malaysia	Financial year ended 31 December 2015
	BDO, Malaysia	Financial years ended 31 December 2016 and 2017
Sim Leisure Adventureplay Sdn. Bhd.	Tan & Loh, Malaysia	Financial year ended 31 December 2015
	BDO, Malaysia	Financial years ended 31 December 2016 and 2017
Sim Leisure Waterplay Sdn. Bhd.	Tan & Loh, Malaysia	Financial year ended 31 December 2015
	BDO, Malaysia	Financial years ended 31 December 2016 and 2017

2. Basis of preparation of combined financial statements (Continued)

For the purpose of inclusion in the combined financial statements, BDO had re-audited the financial statements for the financial year ended 31 December 2015.

The preparation of combined financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the respective reporting periods, and the reported amounts of revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the combined financial statements are disclosed in Note 4 to the combined financial statements.

3. Summary of significant accounting policies

3.1 Changes in accounting policies

During the financial years ended 31 December 2015, 2016 and 2017, the Group adopted the new or revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for each annual period respectively. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior financial years, except as detailed below.

FRS 7 (Amendments) *Disclosure Initiative*

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group adopted these amendments on 1 January 2017 and the additional disclosures have been included in the combined statements of cash flows.

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") issued but not yet effective

Convergence with International Financial Reporting Standards ("IFRSs")

On 29 December 2017, Accounting Standards Council Singapore issued SFRS(I)s, Singapore's equivalent of the IFRSs. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*. In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and INT SFRS(I) are effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- Classification and Measurement of Share-based Payment Transactions (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 9 and SFRS(I) 15 as disclosed below.

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") issued but not yet effective (Continued)

***Convergence with IFRSs* (Continued)**

SFRS(I) 9 *Financial Instruments*

Summary of the requirements

SFRS(I) 9 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

Potential impact on the financial statements

During the financial year, the Group completed its initial assessment of the impact on the Group's financial statements.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

Financial assets and liabilities currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9.

The new impairment requirements are not likely to result in significant changes in impairment loss allowance for trade and other receivables. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model.

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") issued but not yet effective (Continued)

***Convergence with IFRSs* (Continued)**

SFRS(I) 9 *Financial Instruments* (Continued)

Potential impact on the financial statements (Continued)

Under the new impairment model, the Group estimates that the impairment loss allowance on trade receivables and other receivables will not be significant when the new standard is adopted. The Group is currently finalising the policies and procedures in determining how to estimate the expected credit losses and the sources of forward-looking data, and evaluating the tax implications arising from the above change in impairment model.

The Group plans to adopt SFRS(I) 9 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year.

The Group will include additional financial statements disclosures in the financial year when SFRS(I) 9 is adopted.

SFRS(I) 15 and Clarifications to SFRS(I) 15 *Revenue from Contracts with Customers*

Summary of the requirements

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, SFRS(I) 15 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") issued but not yet effective (Continued)

***Convergence with IFRSs* (Continued)**

SFRS(I) 15 and Clarifications to SFRS(I) 15 *Revenue from Contracts with Customers* (Continued)

Summary of the requirements (Continued)

Clarifications to SFRS(I) 15 *Revenue Contracts with Customers* clarifies how to:

(i) Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;

(ii) Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and

(iii) Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, SFRS(I) 15, i.e. on 1 January 2018.

Potential impact on the financial statements

During the financial year, the Group completed its initial assessment of the impact on its financial statements.

The Group does not expect significant changes based on its initial assessment of revenue recognition as disclosed in Note 3.13 to the financial statements.

The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with full retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") issued but not yet effective (Continued)

Applicable to financial statements for the financial year ending 31 December 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning on 1 January 2019, and have not been early adopted:

- SFRS(I) 1-19 *Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement*
- SFRS(I) 9: *Prepayment Features with Negative Compensation*
- SFRS(I) 1-28: *Long-term Interests in Associates and Joint Ventures*
- SFRS(I) 16 *Leases*
- SFRS(I) 17 *Insurance Contracts*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual improvements to SFRS(I) 2015-2017 cycle

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

Management anticipates that the adoption of the above new SFRS(I), amendments to and interpretations of SFRS(I) will not have a material impact on the financial statements of the Group in the period of their initial adoption, except as disclosed below.

SFRS(I) 16 *Leases*

Summary of the requirements

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months, unless the underlying asset is of a low value.

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") issued but not yet effective (Continued)

***Applicable to financial statements for the financial year ending 31 December 2019 and thereafter* (Continued)**

SFRS(I) 16 *Leases* (Continued)

Summary of the requirements (Continued)

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.

Potential impact on the financial statements

On initial adoption of SFRS(I) 16, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of SFRS(I) 16, the Group will be required to capitalise its land and other operating facilities on the combined statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group plan to adopt the standard in the financial year beginning on 1 January 2019 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in the financial statements for that financial year.

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Reconciliation of FRS to SFRS(I)

On 19 January 2017, Monetary Authority of Singapore ("MAS") announced those entities who lodge prospectus with MAS on or after 1 January 2018 are required to prepare the restatement of up to 3 years of historical audited financial statements in accordance with SFRS(I) in the prospectus. However, transitional relief was also given for those entities that choose to lodge a prospectus on or after 1 January 2018 using the current FRS by including the followings:

- audited statements of reconciliation of the four primary financial statements (i.e. statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows) prepared in accordance with the FRS to SFRS(I), for the historical financial information for the annual period beginning on or after 1 January 2017; and

- notes to describe any differences between the financial figures of the audited annual financial statements prepared in accordance with the FRS, and the financial figures of the annual financial statements prepared in accordance with the SFRS(I).

The Group has elected the transitional relief to prepare the combined financial statements using the current FRS.

An assessment has been made with respect to the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1. There is no impact on the combined financial statements of the Group arising from the assessment on the adoption of SFRS(I). Accordingly, no audited reconciliation of the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the most recent completed financial year has been presented.

3. Summary of significant accounting policies (Continued)

3.2 Basis of combination

The combined financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the financial years ended 31 December 2015, 2016 and 2017. 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 combined from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the combined 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.

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.

When the Group loses control of subsidiaries, 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 FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3. Summary of significant accounting policies (Continued)

3.2 Basis of combination (Continued)

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 cash paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

3.3 Plant and equipment

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

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the 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.

An item of 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.

3. Summary of significant accounting policies (Continued)

3.3 Plant and equipment (Continued)

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

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

Construction-in-progress represents items of 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 during the period of construction. Construction-in-progress is reclassified to the appropriate category of plant and equipment when it is completed and ready for use.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end 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 plant and equipment.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

3.4 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.

3. Summary of significant accounting policies (Continued)

3.5 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 unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell 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 to sell 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 unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. 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.

3. Summary of significant accounting policies (Continued)

3.6 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 to 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.

3.7 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" and "cash and bank balances" on the combined statements of financial position.

Recognition and derecognition

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

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

3. Summary of significant accounting policies (Continued)

3.7 Financial assets (Continued)

(i) Loans and receivables (Continued)

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial instrument. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

3. Summary of significant accounting policies (Continued)

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and other deposits with banks. 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 change in value.

3.9 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

Borrowings 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.

3. Summary of significant accounting policies (Continued)

3.9 Financial liabilities (Continued)

(ii) Borrowings (Continued)

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 combined 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 combined statements of financial position.

Recognition and derecognition

Financial liabilities are recognised on the combined statements 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.

3.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group 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.

3. Summary of significant accounting policies (Continued)

3.11 Redeemable convertible preference shares ("RCPS")

RCPS are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

3.12 Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value where changes in fair value are recognised in profit or loss.

3.13 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from admission fee is recognised when the tickets are sold or events take place.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customers and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

Revenue from rendering of services is recognised when the services have been performed, net of discounts.

Interest income is recognised on a time-apportionment basis using the effective interest method.

3. Summary of significant accounting policies (Continued)

3.14 Leases

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group is the lessee of finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

3.15 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

3.16 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 on a time-proportion basis in profit or loss using the effective interest method.

3. Summary of significant accounting policies (Continued)

3.17 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 is provided, using the balance sheet 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 assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 profits will be available against which the temporary differences can be utilised.

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 a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

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.

3. Summary of significant accounting policies (Continued)

3.18 Dividends

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.

3.19 Foreign currencies

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The combined financial statements are presented in Ringgit Malaysia.

In preparing the combined financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

3.20 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.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the combined financial statements.

4.2 Key sources of estimation uncertainty

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

(i) Depreciation of plant and equipment

The plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of plant and equipment to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised. The carrying amounts of plant and equipment as at 31 December 2015, 2016 and 2017 were RM16,681,403, RM31,411,539 and RM44,883,391 respectively.

(ii) Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises expected assets and liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made.

The carrying amounts of deferred tax liabilities as at 31 December 2015, 2016 and 2017 were RM470,000, RM561,000, and RM656,277 respectively. The carrying amounts of current income tax payable as at 31 December 2015, 2016 and 2017 were RM200,000, RM131,700 and RM114,416 respectively.

5. Plant and equipment

	Plant, machinery and park structure RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Construction-in-progress RM	Total RM
2015						
Cost						
Balance at 1.1.2015	14,408,628	345,605	687,495	17,300	1,449,260	16,908,288
Additions	195,759	139,523	598,193	455,704	786,793	2,175,972
Balance at 31.12.2015	14,604,387	485,128	1,285,688	473,004	2,236,053	19,084,260
Accumulated depreciation						
Balance at 1.1.2015	1,521,902	98,003	97,982	7,575	–	1,725,462
Depreciation for the financial year	475,905	69,591	98,059	33,840	–	677,395
Balance at 31.12.2015	1,997,807	167,594	196,041	41,415	–	2,402,857
Carrying amount						
Balance at 31.12.2015	12,606,580	317,534	1,089,647	431,589	2,236,053	16,681,403

5. Plant and equipment (Continued)

	Plant, machinery and park structure RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Construction-in-progress RM	Total RM
2016						
Cost						
Balance at 1.1.2016	14,604,387	485,128	1,285,688	473,004	2,236,053	19,084,260
Additions	1,383,925	221,928	107,653	–	14,016,838	15,730,344
Reclassification	342,193	–	–	–	(342,193)	–
Balance at 31.12.2016	16,330,505	707,056	1,393,341	473,004	15,910,698	34,814,604
Accumulated depreciation						
Balance at 1.1.2016	1,997,807	167,594	196,041	41,415	–	2,402,857
Depreciation for the financial year	657,649	97,577	150,381	94,601	–	1,000,208
Balance at 31.12.2016	2,655,456	265,171	346,422	136,016	–	3,403,065
Carrying amount						
Balance at 31.12.2016	13,675,049	441,885	1,046,919	336,988	15,910,698	31,411,539

5. Plant and equipment (Continued)

	Plant, machinery and park structure RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Construction-in-progress RM	Total RM
2017						
Cost						
Balance at 1.1.2017	16,330,505	707,056	1,393,341	473,004	15,910,698	34,814,604
Additions	1,459,662	156,421	211,635	2,000	12,953,291	14,783,009
Disposals	(1,102)	–	–	(93,672)	–	(94,774)
Reclassification	28,212,334	–	244,770	–	(28,457,104)	–
Balance at 31.12.2017	46,001,399	863,477	1,849,746	381,332	406,885	49,502,839
Accumulated depreciation						
Balance at 1.1.2017	2,655,456	265,171	346,422	136,016	–	3,403,065
Depreciation for the financial year	837,964	109,584	218,633	78,322	–	1,244,503
Disposals	(18)	–	–	(28,102)	–	(28,120)
Balance at 31.12.2017	3,493,402	374,755	565,055	186,236	–	4,619,448
Carrying amount						
Balance at 31.12.2017	42,507,997	488,722	1,284,691	195,096	406,885	44,883,391

As at 31 December 2017, the carrying amount of the Group's plant and equipment which were acquired under finance lease agreements was RM150,896.

Borrowing costs of RM484,545 and RM1,273,705 which arose on the financing specifically entered into for the construction of the water theme park were capitalised by the Group during the financial years ended 31 December 2016 and 31 December 2017 respectively.

5. Plant and equipment (Continued)

For the purpose of the combined statements of cash flows, the Group's additions to plant and equipment during the financial years were financed as follows:

	2015 RM	2016 RM	2017 RM
Additions to plant and equipment	2,175,972	15,730,344	14,783,009
Capitalisation of borrowing costs	–	(484,545)	(1,273,705)
Acquired under finance lease agreements	–	–	(132,578)
Cash payments to purchase plant and equipment	2,175,972	15,245,799	13,376,726

6. Inventories

	2015 RM	2016 RM	2017 RM
Finished goods			
– trading goods	21,464	21,195	46,925
– consumables	–	–	93,500
	21,464	21,195	140,425

7. Trade and other receivables

	2015 RM	2016 RM	2017 RM
Trade receivables			
– third parties	52,195	552,636	432,918
Non-trade receivables			
– third parties	3,440	–	–
– related parties	566,453	17,395	225,767
	569,893	17,395	225,767
Goods and services tax recoverable, net	–	108,024	157,020
Deposits	25,055	24,505	381,285
	647,143	702,560	1,196,990

Trade receivables are unsecured, non-interest bearing and generally on 30 days' credit terms.

7. Trade and other receivables (Continued)

The non-trade amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

Trade and other receivables are denominated in Ringgit Malaysia.

8. Prepayments

	2015 RM	2016 RM	2017 RM
Prepaid other operating expenses	21,532	79,254	341,452
Prepaid insurance	–	31,758	40,136
Prepaid rental	–	90,887	106,364
Prepaid placement and listing expenses	–	–	530,592
	21,532	201,899	1,018,544

9. Cash and bank balances

Cash and bank balances are denominated in Ringgit Malaysia.

10. Share capital

As the Company was incorporated only on 8 March 2018, for the purpose of these combined financial statements, the share capital as at 31 December 2015, 2016 and 2017 represents the Group's share in the paid-up capital of Sim Leisure Escape Sdn. Bhd.

During the financial year ended 31 December 2015, Sim Leisure Escape Sdn. Bhd. issued 9,800,000 ordinary shares through conversion of novated debts of RM9,800,000.

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.

11. Liability component of redeemable convertible preference shares

On 28 March 2016, Sim Leisure Escape Sdn. Bhd. ("SLE"), Sim Choo Kheng and Silviya Georgieva Georgieva ("Existing Shareholders") entered into an investment agreement ("Agreement") with a subscriber ("Subscriber"), to issue 2,000,000 redeemable convertible preference shares ("RCPS") at RM8 per share, for an aggregate issue price of RM16,000,000. As at 31 December 2017, the 2,000,000 RCPS were issued and fully paid.

The salient features of the Agreement are as follows:

(i) Subject to Clause (iii) below, the maturity date shall fall on the last day of the period of 5 years from the date of first issuance of the RCPS.

(ii) The Subscriber shall be entitled to preferential cumulative dividends at the rate of 8% per annum or borrowing rate of CIMB Bank Berhad + 5% per annum, whichever is higher, commencing from the first year of operations and shall be payable half-yearly. Issuance of shares shall be based on the amount of each drawdown. No dividend shall be declared by any company of the Group to ordinary shareholders so long as the capital and/or debt and interest of the shares held by the Subscriber have not been repaid or redeemed in full.

(iii) SLE agrees that the Subscriber shall have the sole and absolute discretion to require SLE to redeem the RCPS or part thereof on the maturity date by repayment of the amount paid for the RCPS or part thereof at the redemption price of RCPS fixed at RM8.00 per RCPS to the Subscriber. The par value for the preference share is RM8.00 per RCPS.

(iv) The RCPS shall be redeemed in the following manner:

  (a) At least 50% of the net profit of SLE shall be utilised to redeem the RCPS annually. Redemption of the RCPS shall be based on 50% of the net profit of SLE or the scheduled timeline in Clause (iv)(b) below, whichever is earlier.

  (b) Subject to Clause (iv)(a) above, a sufficient number of RCPS at an aggregate value of RM5 million be redeemed on or before 31 December 2018; a further number of the RCPS at a value of RM5 million be redeemed on or before 31 December 2019; and a final number of shares at a value of RM6 million be redeemed on or before 31 December 2020.

  (c) The RCPS may be redeemed earlier if so requested by Mr Sim Choo Kheng or by mutual agreement of the Existing Shareholders and Subscriber.

11. Liability component of redeemable convertible preference shares (Continued)

The salient features of the Agreement are as follows: (Continued)

(v) In the event that SLE fails to redeem the RCPS, in accordance with Clause (iii) above, the Subscriber shall have the right to convert the RCPS into fully paid ordinary shares of RM1.00 each in SLE at the conversion rate of 1 ordinary share of RM1.00 for every RM1.00 paid on RCPS, including Subscriber's compounded holding cost of ten (10)% per annum, such premiums payable upon redemption, interest, dividends and tax related thereon as may be due and owing by SLE to the Subscriber provided always that the conversion rate shall be adjusted for any new ordinary shares prior to conversion.

(vi) The Subscriber shall have the same rights as ordinary shareholders of SLE as regards receiving notices, reports and audited accounts, and attending general meetings of the SLE.

(vii) The Subscriber shall have the right to vote at all general meetings of SLE under the following circumstances:

(a) on proposal to reduce capital;

(b) on proposal to wind up SLE;

(c) on proposal for the disposal of the whole of SLE's property, business and undertaking;

(d) on a proposal that affects the rights attached to the RCPS;

(e) when the dividend or part of the dividend on RCPS is in arrears for more than 6 months; and

(f) during the winding up of SLE.

11. Liability component of redeemable convertible preference shares (Continued)

The carrying amount of the liability component of the RCPS at the reporting date is derived as follows:

	2015 RM	2016 RM	2017 RM
Nominal value of RCPS issued	–	11,894,768	16,000,000
Equity component	–	(313,584)	(361,989)
Liability component on initial recognition	–	11,581,184	15,638,011
Add: Accumulated amortisation of discount			
– Opening balance at 1 January	–	–	484,545
– Accretion of interest during the financial year	–	484,545	1,453,910
– Interest paid during the financial year		–	(1,722,967)
– Closing balance at 31 December	–	484,545	215,488
Liability component at 31 December	–	12,065,729	15,853,499

Presented as:

	2015 RM	2016 RM	2017 RM
Current	–	–	4,552,490
Non-current	–	12,065,729	11,301,009
	–	12,065,729	15,853,499

The interest charged for the financial years ended 31 December 2016 and 31 December 2017 were calculated by applying an effective interest rate of 9.83% and 9.26% to 9.83% respectively, to the liability component since the RCPS were issued.

As at 31 December 2016 and 31 December 2017, the carrying amounts of the Group's non-current liability portion of the RCPS approximate their respective fair values.

Equity component of RCPS

This represents the residual amount of RCPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from the RCPS.

12. Finance lease payables

	Minimum lease payments RM	Future finance charges RM	Present value of minimum lease payments RM
2015	–	–	–
2016	–	–	–
2017			
Within one financial year	49,860	(5,694)	44,166
After one financial year but within five financial years	49,860	(3,771)	46,089
	99,720	(9,465)	90,255

The finance lease term is 3 years and interest is fixed at 4.27% per annum.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group, and supported by personal guarantees from certain Directors of the Company.

As at 31 December 2017, the carrying amounts of the Group's finance lease payables approximate their fair values.

The finance lease payables are denominated in Ringgit Malaysia.

13. Deferred tax liabilities

	2015 RM	2016 RM	2017 RM
Balance at beginning of financial year	283,000	470,000	561,000
Charged to profit or loss	187,000	15,740	83,660
Recognised in equity	–	75,260	11,617
Balance at end of financial year	470,000	561,000	656,277

13. Deferred tax liabilities (Continued)

Deferred tax liabilities arise as a result of the following temporary differences:

	2015 RM	2016 RM	2017 RM
Accelerated tax depreciation	470,000	561,000	609,500
Redeemable convertible preference shares	–	–	46,777
	470,000	561,000	656,277

14. Trade and other payables

	2015 RM	2016 RM	2017 RM
Trade payables			
– third parties	581,461	345,314	285,394
Non-trade payables			
– third parties	4,381	48,706	1,037,313
– related parties	346,880	838,008	585,649
– a director of the Company	–	509,000	5,966,118
	351,261	1,395,714	7,589,080
Goods and services tax payable, net	6,624	–	–
Deferred income	–	4,407	–
Interest payable on redeemable convertible preference shares	–	–	66,323
Accrued operating expenses	296,268	553,399	1,953,349
	1,235,614	2,298,834	9,894,146

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

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

14. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	2015 RM	2016 RM	2017 RM
Ringgit Malaysia	1,235,614	2,298,834	9,689,470
United States Dollar	–	–	68,638
Singapore Dollar	–	–	85,281
United Arab Emirates Dirham	–	–	49,870
Others	–	–	887
	1,235,614	2,298,834	9,894,146

15. Revenue

	2015 RM	2016 RM	2017 RM
Admission fee	7,437,743	7,537,764	8,068,194
Sales of goods	1,505,039	1,531,475	1,432,470
Services rendered	164,970	174,218	182,502
	9,107,752	9,243,457	9,683,166

16. Other income

	2015 RM	2016 RM	2017 RM
Interest income	2,183	312	–
Foreign exchange gain, net	5,920	–	–
Rebate from suppliers	76,354	8,889	–
Payables written off	–	32,992	–
Sale of scrap materials	–	7,670	2,670
Others	13,422	4,588	6,895
	97,879	54,451	9,565

17. Finance costs

	2015 RM	2016 RM	2017 RM
Interest expense			
– finance lease	–	–	7,537
– redeemable convertible preference shares	–	–	180,205
	–	–	187,742

18. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the above includes the following charges:

	2015 RM	2016 RM	2017 RM
Cost of sales			
Depreciation of plant and equipment	623,620	837,560	991,394
Cost of materials	959,828	825,118	889,572
Utilities expenses	80,505	132,804	172,284
Repair and maintenance expenses	116,799	189,944	406,699
Insurance for visitors	113,101	109,013	151,727
Operating lease expenses			
– land	126,141	65,646	132,126
– equipment	6,630	12,597	16,771
Employee benefit expenses			
– salaries, bonus and other benefits	1,828,096	1,570,252	1,712,735
– social security contributions	9,813	7,627	16,165
– defined contribution plans	58,754	48,753	133,533

18. Profit before income tax (Continued)

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the above includes the following charges: (Continued)

	2015 RM	2016 RM	2017 RM
Administrative expenses			
Depreciation of plant and equipment	53,775	162,648	253,109
Operating lease expenses			
– land	–	71,197	68,185
– office equipment	–	–	4,432
– motor vehicle	2,500	2,840	800
– staff accommodation	–	–	15,200
Travelling and vehicle expenses	9,259	19,760	47,861
Marketing and promotion expenses	103,303	220,746	356,409
Security expenses	235,113	190,752	266,236
Utilities expenses	–	9,122	42,580
Payment portal and credit card fees	100,391	120,142	129,038
Repair and maintenance expenses	20,767	11,088	4,028
Legal and professional fees	164,633	354,964	572,368
Directors' remuneration			
– directors' fee	–	252,000	168,000
– salaries, bonus and other benefits	308,000	–	84,000
– social security contributions	–	–	79
– defined contribution plans	–	–	4,800
Employee benefit expenses			
– salaries, bonus and other benefits	206,691	247,617	190,624
– social security contributions	2,986	1,666	1,823
– defined contribution plans	24,072	23,096	9,667

19. Income tax expense

	2015 RM	2016 RM	2017 RM
Current income tax			
– current financial year	310,000	324,200	338,700
– overprovision in prior financial years	(5,036)	(27,180)	(2,236)
	304,964	297,020	336,464
Deferred income tax			
– current financial year	157,000	83,440	174,560
– changes in tax rates	(13,000)	–	–
– under/(over) provision in prior financial years	43,000	(67,700)	(90,900)
	187,000	15,740	83,660
Total income tax expense recognised in profit or loss	491,964	312,760	420,124

Reconciliation of effective income tax rate

	2015 RM	2016 RM	2017 RM
Profit before income tax	3,170,752	2,886,415	1,708,453
Income tax calculated at Malaysia's statutory income tax rate of 25%, 24%, and 24% respectively	792,688	692,740	410,029
Tax effect in respect of:			
Non-allowable expenses	188,212	201,675	214,077
Tax exemption under pioneer status	(526,900)	(448,500)	(475,700)
Deferred tax assets not recognised	–	36,985	329,694
Deferred tax on redeemable convertible preference shares	–	(75,260)	35,160
Overprovision of current income tax in prior financial years	(5,036)	(27,180)	(2,236)
Under/(Over) provision of deferred income tax in prior financial years	43,000	(67,700)	(90,900)
Taxation for the financial year	491,964	312,760	420,124

On 12 November 2012, a subsidiary of the Group was granted pioneer status by the Ministry of International Trade and Industry for a period of 5 years, where 70% of income derived from the promoted business is exempted from corporate income tax. The subsidiary has obtained approval for the extension of the pioneer status on 28 December 2017 for another 5 years.

19. Income tax expense (Continued)

Reconciliation of effective income tax rate (Continued)

On 11 March 2016, another subsidiary of the Group has obtained approval for pioneer status from the Ministry of International Trade and Industry for a period of 5 years.

Unrecognised deferred tax assets

Unrecognised deferred tax assets are attributable to the following temporary differences:

	2015 RM	2016 RM	2017 RM
Unutilised tax losses	–	36,985	366,679

As at 31 December 2015, 2016 and 2017 the Group has unutilised tax losses of approximately Nil, RM154,104 and RM1,527,833 respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations in the country which the Group operates.

These deferred tax assets have not been recognised as there is no certainty on whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the combined financial statements in accordance with the accounting policy in Note 3.17 to the combined financial statements.

20. Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the relevant periods are based on profit attributable to ordinary shareholders for the financial years ended 31 December 2015, 2016 and 2017 divided by the pre-placement number of ordinary shares as these reflects the weighted average number of ordinary shares in relevant periods adjusted for the shares issued in the restructuring exercise and share spilt.

Diluted earnings per share

The Company has dilutive potential ordinary shares for redeemable convertible preference shares ("RCPS"). RCPS are assumed to have been converted into ordinary shares at issuance.

The calculation of diluted earnings per share for the relevant periods are based on profit attributable to ordinary shareholders (after adjusting for interest expense on redeemable convertible preference shares) for each of the financial year, and a weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares.

20. Earnings per share (Continued)

The calculation of basic and diluted earnings per share ("EPS") is based on the following data:

	2015 RM	2016 RM	2017 RM
Earnings			
Profit attributable to owners of the parent and earnings used in basic EPS	2,678,788	2,573,655	1,288,329
Add: Interest expense on RCPS	–	–	180,205
Earnings used in diluted EPS	2,678,788	2,573,655	1,468,534
Number of shares			
Weighted-average number of ordinary shares used in basic EPS	107,285,000	107,285,000	107,285,000
Effect of conversion of RCPS	–	4,929,243	14,418,313
Weighted-average number of ordinary shares used in diluted EPS	107,285,000	112,214,243	121,703,313

21. Significant related party transactions

For the purpose of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the combined financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the financial years ended 31 December 2015, 2016 and 2017:

	2015 RM	2016 RM	2017 RM
With related parties			
Rental charged by a related party	126,141	116,388	6,000
Repair and maintenance charged by a related party	22,260	214,500	334,245
Construction costs charged by a related party	522,187	5,688,527	8,043,771

21. Significant related party transactions (Continued)

	2015 RM	2016 RM	2017 RM
With related parties			
Plant and equipment transferred from a related party	1,004,252	–	–
Plant and equipment transferred to a related party	–	–	65,570
Staff secondment costs charged to a related party	–	70,207	239,662
Staff meals charged by a related party	1,355	15,936	19,948
Payment on behalf of related parties	48,982	127,923	257,067
Payment on behalf by related parties	448,767	131,039	303,833
With a director of the Company			
Capital contribution through conversion of novated debts	9,800,000	–	–
Advance from a director	–	509,000	5,457,118

Related parties are companies in which the Directors of the Company have significant interest.

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 directors of the Group during the financial years ended 31 December 2015, 2016 and 2017 were as follows:

	2015 RM	2016 RM	2017 RM
Directors of the Company			
– short-term employee benefits	308,000	–	84,000
– post-employment benefits	–	–	4,879
– directors' fee	–	252,000	168,000
	308,000	252,000	256,879

22. Operating lease commitments

The Group as lessee

The Group leases freehold land under non-cancellable operating leases. The operating lease commitment is based on existing rental rates. The lease term is 30 years and rental is fixed during the lease term.

As at the end of the respective reporting periods, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	2015 RM	2016 RM	2017 RM
Within one financial year	–	276,666	306,666
After one financial year but within five financial years	–	1,226,667	1,238,667
After five financial years	–	8,576,587	8,257,920
	–	10,079,920	9,803,253

23. Capital commitments

As at 31 December 2016 and 2017, the Group had capital commitments on the acquisition of plant and equipment amounting to RM4,729,370 and RM1,541,925 respectively.

24. Segment information

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.

The Group has only one primary business segment, which is that of theme park operations and events. 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. The Group also provides team building events in the theme parks.

Geographical information

The Group's revenue and assets are mainly derived from Malaysia, accordingly, no geographical segment information is presented during these financial years.

24. Segment information (Continued)

Major customers

Revenue is mainly derived from customers, which is the general public and corporations. 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 5% of the Group's total revenue for the financial years ended 31 December 2015, 2016 and 2017.

25. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rates 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 then establishes the 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.

25.1 Credit risks

Credit risks refer 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.

As at 31 December 2015, 2016 and 2017, approximately 93%, 93% and 91% of the Group's trade receivables from third parties were due from 1, 2 and 3 customers respectively.

The carrying amounts of financial assets recorded in the combined 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 and cash and bank balances.

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

25.1 Credit risks (Continued)

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

Bank deposits are mainly deposits with reputable banks with minimum risk of default.

As at the end of the respective reporting periods, the age analysis of trade receivables past due but not impaired is as follows:

	2015 RM	2016 RM	2017 RM
Neither past due nor impaired	48,327	419,786	432,823
Past due less than 1 month	–	132,850	–
Past due 1 to 2 months	972	–	–
Past due 2 to 3 months	–	–	–
Past due over 3 months	2,896	–	95
	52,195	552,636	432,918

25.2 Market risks

Interest rate risks

The Group's exposure to market risk for changes in interest rates relate to interest bearing redeemable convertible preference shares.

If interest rate increases or decreases by 0.5% with all other variables held constant, the Group's profit or loss will decrease or increase by approximately RM23,000 and RM74,000 for the financial years ended 31 December 2016 and 2017 respectively, arising from the Group's exposure to floating interest rates on its redeemable convertible preference shares.

Foreign currency risks

The Group has no significant exposure to market risk for changes in foreign currency rates as majority of the Group's transactions are denominated in Ringgit Malaysia. Hence, no sensitivity analysis has been prepared.

25.3 Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

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

25.3 Liquidity risks (Continued)

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 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	Total RM
Financial liabilities				
2015				
Trade and other payables (excluding goods and services tax payable)	–	1,228,990	–	1,228,990
2016				
Trade and other payables (excluding deferred income)	–	2,294,427	–	2,294,427
Redeemable convertible preference shares	9.83%	1,498,371	13,735,671	15,234,042
		3,792,798	13,735,671	17,528,469
2017				
Trade and other payables	–	9,894,146	–	9,894,146
Redeemable convertible preference shares	9.26% – 9.83%	6,424,000	12,513,000	18,937,000
Finance lease payables	4.27%	49,860	49,860	99,720
		16,368,006	12,562,860	28,930,866

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

25.4 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 Group did not have externally imposed capital requirements for the financial year ended 31 December 2015 and is in compliance with externally imposed capital requirements for the financial years ended 31 December 2016 and 2017.

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 2015, 2016 and 2017.

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, liability component of redeemable convertible preference shares and finance lease payables less cash and bank balances. Total equity comprises of share capital plus reserves.

	2015 RM	2016 RM	2017 RM
Trade and other payables	1,235,614	2,298,834	9,894,146
Liability component of redeemable convertible preference shares	–	12,065,729	15,853,499
Finance lease payables	–	–	90,255
Less: Cash and bank balances	(1,846,471)	(2,844,448)	(818,738)
Net (cash)/debt	(610,857)	11,520,115	25,019,162
Total equity	17,312,399	20,124,378	21,449,495
Total capital	16,701,542	31,644,493	46,468,657
Gearing ratio (%)	n.m.	36.4%	53.8%

The gearing ratio of the Group as at 31 December 2015 is not meaningful ("n.m.") because cash and bank balances are higher than the Group's liabilities.

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

25.5 Fair value of financial assets and financial liabilities

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of non-current liabilities in relation to redeemable convertible preference shares and finance lease payables are disclosed in Notes 11 and 12 respectively to the combined financial statements.

25.6 Categories of financial instruments

	2015 RM	2016 RM	2017 RM
Financial assets			
Loans and receivables			
– Trade and other receivables (excluding goods and services tax recoverable)	647,143	594,536	1,039,970
– Cash and bank balances	1,846,471	2,844,448	818,738
	2,493,614	3,438,984	1,858,708
Financial liabilities			
Other financial liabilities, at amortised cost			
– Trade and other payables (excluding goods and services tax payable and deferred income)	1,228,990	2,294,427	9,894,146
– Finance lease payables	–	–	90,255
– Redeemable convertible preference shares	–	12,065,729	15,853,499
	1,228,990	14,360,156	25,837,900

26. Events subsequent to the reporting period

26.1 On 30 September 2018, advances of RM6,612,529 owing to the Director was converted into 6,612,529 new and fully-paid up ordinary shares in Sim Leisure Escape Sdn. Bhd. at an issue price of RM1.00 each.

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following:

(a) the conversion of the Company into a public company limited by shares and the change of name to "Sim Leisure Group Ltd.";

(b) the adoption of a new Constitution;

(c) the allotment and issue of the Placement Shares which are the subject of the Placement, on the basis that the Placement Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued ordinary shares;

(d) the adoption of the Sim Leisure Performance Share Plan, details of which are set out in the sections entitled "Sim Leisure Performance Share Plan" of this Offer Document, and also in "Appendix G – Rules of the Sim Leisure Performance Share Plan" to this Offer Document, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Award Shares upon the release of awards granted under the Sim Leisure Performance Share Plan;

(e) the adoption of the Sim Leisure Employee Share Option Scheme, details of which are set out in the sections entitled "Sim Leisure Employee Share Option Scheme" of this Offer Document, and also in "Appendix F – Rules of the Sim Leisure Employee Share Option Scheme" to this Offer Document, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Option Shares upon the exercise of Options granted under the Sim Leisure Employee Share Option Scheme and that authority be given to the Directors to grant Options at a discount up to a maximum discount of 20%;

(f) the listing and quotation of all the issued ordinary shares (including the Placement Shares to be allotted and issued pursuant to the Placement, the Award Shares and the Option Shares) on Catalist; and

26. Events subsequent to the reporting period (Continued)

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following: (Continued)

(g) the authorisation to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting pursuant to the Constitution, to:

(A) (i) issue ordinary shares whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require ordinary shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into ordinary shares; and/or

(iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

26. Events subsequent to the reporting period (Continued)

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following: (Continued)

(g) the authorisation to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting pursuant to the Constitution, to: (Continued)

(B) issue ordinary shares in pursuance of any Instrument made or granted by the Directors pursuant to (A) above, while such authority was in force (notwithstanding that such issue of ordinary shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:

(i) the aggregate number of ordinary shares to be issued pursuant to such authority (including the ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding ordinary shares which may be issued pursuant to any adjustments ("**Adjustments**") effected under any relevant Instrument, which Adjustments shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company, shall not exceed 100.0% of the post-Placement issued share capital excluding treasury shares, and provided further that the aggregate number of ordinary shares to be issued other than on a *pro-rata* basis to Shareholders (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding ordinary shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Placement issued share capital excluding treasury shares;

(ii) in exercising such authority, 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) and the Constitution for the time being of the Company; and

(iii) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

26. Events subsequent to the reporting period (Continued)

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following: (Continued)

(g) the authorisation to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting pursuant to the Constitution, to: (Continued)

(B) issue ordinary shares in pursuance of any Instrument made or granted by the Directors pursuant to (A) above, while such authority was in force (notwithstanding that such issue of ordinary shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that: (Continued)

For the purpose of this resolution, the "**post-Placement issued share capital**" shall mean the total number of issued ordinary shares of the Company (excluding treasury shares) immediately after the Placement, after adjusting for (i) new ordinary shares arising from the conversion or exercise of any convertible securities; (ii) new ordinary shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of ordinary shares.

26.3 Pursuant to a written resolution passed on 18 February 2019, the shareholders approved the Share Split.

APPENDIX B: INDEPENDENT AUDITORS' REVIEW REPORT AND UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

Sim Leisure Group Ltd.
and its subsidiaries

Independent Auditors' Review Report And
Unaudited Interim Condensed Combined Financial Statements
For the financial period from 1 January 2018 to 30 June 2018

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS

We, Sim Choo Kheng and Silviya Georgieva Georgieva, being two of the Directors of Sim Leisure Group Ltd. (the "Company"), do hereby confirm that, in the opinion of the Board of Directors to the best of their knowledge, nothing has come to their attention which may render the accompanying unaudited interim condensed combined financial statements together with notes thereto are drawn up with the Financial Reporting Standards in Singapore (International) ("SFRS(I)") for the financial period from 1 January 2018 to 30 June 2018 to be false or misleading.

On behalf of the Board of Directors

Sim Choo Kheng
Director

Silviya Georgieva Georgieva
Director

Singapore
22 February 2019

INDEPENDENT AUDITORS' REVIEW REPORT ON THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

22 February 2019

The Board of Directors
Sim Leisure Group Ltd.
138 Robinson Road
#26-03, Oxley Tower
Singapore 068906

Report on the Review of the Interim Condensed Combined Financial Statements

Introduction

We have reviewed the accompanying unaudited interim condensed combined financial statements of Sim Leisure Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the unaudited interim condensed combined statement of financial position as at 30 June 2018 and the unaudited interim condensed combined statement of comprehensive income, unaudited interim condensed combined statement of changes in equity and unaudited interim condensed combined statement of cash flows of the Group for the financial period from 1 January 2018 to 30 June 2018, and selected explanatory notes, as set out on pages B-5 to B-33. Management is responsible for the preparation and fair presentation of the unaudited interim condensed combined financial statements in accordance with the Singapore Financial Reporting Standards (International) 1-34, *Interim Financial Reporting* ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on the unaudited interim condensed combined financial statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed combined financial statements is not prepared, in all material respects, in accordance with SFRS (I) 1-34.

Restriction on Distribution and Use

This report is made solely to you as a body and for inclusion in the Offer Document to be issued in relation to the proposed initial public offering of ordinary shares of the Company in connection with the Company's listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
ASSETS			
Non-current assets			
Plant and equipment	5	46,346,004	44,883,391
Current assets			
Inventories	6	33,675	140,425
Trade and other receivables	7	1,071,954	1,196,990
Prepayments	8	823,827	1,018,544
Cash and bank balances	9	765,678	818,738
		2,695,134	3,174,697
Total assets		49,041,138	48,058,088
EQUITY AND LIABILITIES			
Equity			
Share capital	10	10,803,000	10,800,000
Equity component of redeemable convertible preference shares	11	275,112	275,112
Retained earnings		12,421,928	10,374,383
Total equity		23,500,040	21,449,495
Non-current liabilities			
Finance lease payables	12	23,290	46,089
Liability component of redeemable convertible preference shares	11	11,125,544	11,301,009
Deferred tax liabilities	13	691,929	656,277
		11,840,763	12,003,375
Current liabilities			
Trade and other payables	14	8,246,797	9,894,146
Finance lease payables	12	45,117	44,166
Liability component of redeemable convertible preference shares	11	4,771,001	4,552,490
Current income tax payable		637,420	114,416
		13,700,335	14,605,218
Total liabilities		25,541,098	26,608,593
Total equity and liabilities		49,041,138	48,058,088

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

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Note	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Revenue	15	8,448,215	3,587,709
Cost of sales		(3,816,016)	(2,097,105)
Gross profit		4,632,199	1,490,604
Other item of income			
Other income	16	379,402	6,384
Other items of expense			
Administrative expenses		(1,510,493)	(1,205,283)
Finance costs	17	(772,111)	(3,994)
Profit before income tax	18	2,728,997	287,711
Income tax (expense)/credit	19	(681,452)	7,460
Profit for the financial period, representing total comprehensive income for the financial period		2,047,545	295,171
Profit and total comprehensive income attributable to owners of the parent		2,047,545	295,171
Earnings per share			
– Basic (in cents)	20	1.91	0.28
– Diluted (in cents)	20	2.28	0.25

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

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Share capital RM	Equity component of redeemable convertible preference shares RM	Retained earnings RM	Total equity RM
Unaudited				
Balance at 1 January 2018	10,800,000	275,112	10,374,383	21,449,495
Profit for the financial period, representing total comprehensive income for the financial period	–	–	2,047,545	2,047,545
Contribution by owners				
Issuance of 1,000 subscriber's share at date of incorporation of the Company	3,000	–	–	3,000
Total transactions with owners	3,000	–	–	3,000
Balance as at 30 June 2018	10,803,000	275,112	12,421,928	23,500,040
Unaudited				
Balance at 1 January 2017	10,800,000	238,324	9,086,054	20,124,378
Profit for the financial period, representing total comprehensive income for the financial period	–	–	295,171	295,171
Contribution by owners				
Equity component of redeemable convertible preference shares	–	26,168	–	26,168
Total transactions with owners	–	26,168	–	26,168
Balance as at 30 June 2017	10,800,000	264,492	9,381,225	20,445,717

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

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Operating activities		
Profit before income tax	2,728,997	287,711
Adjustments for:		
Depreciation of plant and equipment	1,205,382	563,228
Payables written off	(372,276)	–
Interest expense	772,111	3,994
Operating cash flows before working capital changes	4,334,214	854,933
Working capital changes:		
Inventories	106,750	405
Trade and other receivables	125,036	255,216
Prepayments	194,717	(55,450)
Trade and other payables	(1,922,963)	657,609
Cash generated from operations	2,837,754	1,712,713
Income tax paid	(122,796)	(137,500)
Net cash from operating activities	2,714,958	1,575,213
Investing activities		
Purchase of plant and equipment	(2,667,995)	(6,563,983)
Proceeds from disposal of plant and equipment	–	65,570
Net cash used in investing activities	(2,667,995)	(6,498,413)
Financing activities		
Proceeds from issuance of ordinary shares	3,000	–
Proceeds from issuance of redeemable convertible preference shares (Note A)	–	2,427,544
Interest paid on redeemable convertible preference shares (Note A)	(724,515)	–
Repayment of finance lease obligations (Note A)	(21,848)	(20,936)
Interest paid	(3,082)	(3,994)
Advances from a director of the Company	646,422	1,594,810
Net cash (used in)/from financing activities	(100,023)	3,997,424
Net change in cash and bank balances	(53,060)	(925,776)
Cash and bank balances at beginning of financial period	818,738	2,844,448
Cash and bank balances at end of financial period	765,678	1,918,672

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

UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018 (Continued)

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	1 January 2017 RM	Cash flows RM	Additions to plant and equipment under finance leases RM	Equity portion of redeemable convertible preference shares RM	Accretion of interest RM	30 June 2017 RM
Redeemable convertible preference shares	12,065,729	2,427,544	–	(34,441)	648,458	15,107,290
Finance lease payables	–	(20,936)	132,578	–	–	111,642
	12,065,729	2,406,608	132,578	(34,441)	648,458	15,218,932

			Non-cash changes	
	1 January 2018 RM	Cash flows RM	Accretion of interest RM	30 June 2018 RM
Redeemable convertible preference shares	15,853,499	(724,515)	767,561	15,896,545
Finance lease payables	90,255	(21,848)	–	68,407
	15,943,754	(746,363)	767,561	15,964,952

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

NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

These notes form an integral part and should be read in conjunction with the unaudited interim condensed combined financial statements.

These unaudited interim condensed combined financial statements have been prepared for inclusion in the Offer Document of Sim Leisure Group Ltd. (the "Company") and its subsidiaries (the "Group") and were authorised for issue by the Directors of the Company on 22 February 2019.

1. General corporate information

The Company was incorporated in the Republic of Singapore on 8 March 2018 under the Singapore Companies Act, Chapter 50 (the "Act") as a private company limited by shares under the name of Sim Leisure Group Pte. Ltd. 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. on 24 December 2018. The registration number of the Company is 201808096D.

The Company's registered office address is located at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906 and its principal place of business is located at 828, Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia.

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

The principal activities of the subsidiaries are set out in Note 1.3 to the audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

These unaudited interim condensed combined financial statements have been prepared solely in connection with the proposed listing of the Company on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

2. Basis of preparation of unaudited interim condensed combined financial statements

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS (I)") issued by the Accounting Standards Council on 1 January 2018 as required by the listing requirements of the Singapore Exchange. SFRS (I) is a new financial reporting framework identical to the International Financial Reporting Standards. There are no reconciling differences between FRS and SFRS(I) for the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the financial year ended 31 December 2017 and the statement of financial position as at 1 January 2018.

The unaudited interim condensed combined financial statements have been prepared for the financial period from 1 January 2018 to 30 June 2018 in accordance with Singapore Financial Reporting Standard (International) 1-34, *Interim Financial Reporting* ("SFRS(I) 1-34"). The unaudited interim condensed combined financial statements are presented in Ringgit Malaysia.

The unaudited interim condensed combined financial statements do not include the full disclosures normally included in a complete set of financial statements and should be read in conjunction with the audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

2. Basis of preparation of unaudited interim condensed combined financial statements (Continued)

As at 30 June 2018, the Group's current liabilities have exceeded its current assets by RM11,005,201. The management is of the opinion that the use of going concern basis to prepare the Group's financial statements is appropriate and that there are no material uncertainties related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern, based on a detailed review of cash flow forecast for the financial year ending 31 December 2019. Based on the cash flow forecast, the Group has sufficient cash and cash equivalents to support the Group's continuing operations and pay its debts as and when they fall due.

3. Summary of significant accounting policies

The unaudited interim condensed combined financial statements have been prepared on the historical basis except as disclosed in the accounting policies in the audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

The accounting policies and methods of computation used in the unaudited interim condensed combined financial statements are consistent with those applied in the audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017. The accounting policies are set out in Note 3 to the audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017. Due to the adoption of the new standards and interpretation effective from 1 January 2018, the accounting policies for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* are disclosed below:

SFRS(I) 15 *Revenue from Contracts with Customers*

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 and variable amounts, if any.

Revenue from admission fee is recognised when the tickets are sold or events take place.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customers and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

Revenue from rendering of services is recognised when the services have been performed, net of discounts.

3. Summary of significant accounting policies (Continued)

SFRS(I) 9 *Financial Instruments*

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

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. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category 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. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the combined 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.

3. Summary of significant accounting policies (Continued)

SFRS(I) 9 *Financial Instruments* (Continued)

Financial assets (Continued)

Amortised cost (Continued)

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and bank balances in the combined statement 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.

4. Critical accounting judgements and key sources of estimation uncertainty

The critical judgements and key sources of estimation uncertainty made by the management remain unchanged from the audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

5. Plant and equipment

	Plant, machinery and park structure RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Construction-in-progress RM	Total RM
Unaudited						
Cost						
Balance at 1.1.2018	46,001,399	863,477	1,849,746	381,332	406,885	49,502,839
Additions	313,826	34,398	81,924	8,000	2,229,847	2,667,995
Reclassification	295,226	–	–	–	(295,226)	–
Balance at 30.6.2018	46,610,451	897,875	1,931,670	389,332	2,341,506	52,170,834
Accumulated depreciation						
Balance at 1.1.2018	3,493,402	374,755	565,055	186,236	–	4,619,448
Depreciation for the financial period	992,337	52,052	124,227	36,766	–	1,205,382
Balance at 30.6.2018	4,485,739	426,807	689,282	223,002	–	5,824,830
Carrying amount						
Balance at 30.6.2018	42,124,712	471,068	1,242,388	166,330	2,341,506	46,346,004

5. Plant and equipment (Continued)

	Plant, machinery and park structure RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Construction-in-progress RM	Total RM
Audited						
Cost						
Balance at 1.1.2017	16,330,505	707,056	1,393,341	473,004	15,910,698	34,814,604
Additions	1,459,662	156,421	211,635	2,000	12,953,291	14,783,009
Disposals	(1,102)	–	–	(93,672)	–	(94,774)
Reclassification	28,212,334	–	244,770	–	(28,457,104)	–
Balance at 31.12.2017	46,001,399	863,477	1,849,746	381,332	406,885	49,502,839
Accumulated depreciation						
Balance at 1.1.2017	2,655,456	265,171	346,422	136,016	–	3,403,065
Depreciation for the financial year	837,964	109,584	218,633	78,322	–	1,244,503
Disposals	(18)	–	–	(28,102)	–	(28,120)
Balance at 31.12.2017	3,493,402	374,755	565,055	186,236	–	4,619,448
Carrying amount						
Balance at 31.12.2017	42,507,997	488,722	1,284,691	195,096	406,885	44,883,391

As at 30 June 2018, the carrying amount of the Group's plant and equipment which were acquired under finance lease agreements was RM132,419 (31 December 2017: RM150,896).

Borrowing costs of RM648,458 which arose on the financing specifically entered into for the construction of the water theme park were capitalised by the Group during the financial period from 1 January 2017 to 30 June 2017.

5. Plant and equipment (Continued)

For the purpose of the unaudited interim condensed combined statement of cash flows, the Group's additions to plant and equipment during the financial period were financed as follows:

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Additions to plant and equipment	2,667,995	7,345,019
Capitalisation of borrowing costs	–	(648,458)
Acquired under finance lease agreements	–	(132,578)
Cash payments to purchase plant and equipment	2,667,995	6,563,983

6. Inventories

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Finished goods		
– trading goods	33,675	46,925
– consumables	–	93,500
	33,675	140,425

7. Trade and other receivables

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Trade receivables		
– third parties	439,352	432,918
Non-trade receivables		
– related parties	162,108	225,767
Goods and services tax recoverable, net	89,709	157,020
Deposits	380,785	381,285
	1,071,954	1,196,990

7. Trade and other receivables (Continued)

Trade receivables are unsecured, non-interest bearing and generally on 30 days' credit terms.

The non-trade amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

Trade and other trade receivables are denominated in Ringgit Malaysia.

8. Prepayments

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Prepaid other operating expenses	159,453	341,452
Prepaid insurance	16,132	40,136
Prepaid rental	55,151	106,364
Prepaid placement and listing expenses	593,091	530,592
	823,827	1,018,544

9. Cash and bank balances

Cash and bank balances are denominated in the following currencies:

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Ringgit Malaysia	762,678	818,738
Singapore dollar	3,000	–
	765,678	818,738

10. Share capital

As the Company was incorporated only on 8 March 2018, for the purpose of these unaudited interim condensed combined financial statements, the share capital as at 31 December 2017 represented the Group's share in the paid-up capital of Sim Leisure Escape Sdn. Bhd.

On 8 March 2018, the Company issued 1,000 subscriber shares for a cash consideration of S$1 per share at the date of its incorporation.

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.

11. Liability component of redeemable convertible preference shares

On 28 March 2016, Sim Leisure Escape Sdn. Bhd. ("SLE"), Sim Choo Kheng and Silviya Georgieva Georgieva ("Existing Shareholders") entered into an investment agreement ("Agreement") with a subscriber ("Subscriber"), to issue 2,000,000 redeemable convertible preference shares ("RCPS") at RM8 per share, for an aggregate issue price of RM16,000,000. As at 31 December 2017, the 2,000,000 RCPS were issued and fully paid.

The salient features of the Agreement are as follows:

(i) Subject to Clause (iii) below, the maturity date shall fall on the last day of the period of 5 years from the date of first issuance of the RCPS.

(ii) The Subscriber shall be entitled to preferential cumulative dividends at the rate of 8% per annum or borrowing rate of CIMB Bank Berhad + 5% per annum, whichever is higher, commencing from the first year of operations and shall be payable half-yearly. Issuance of shares shall be based on the amount of each drawdown. No dividend shall be declared by any company of the Group to ordinary shareholders so long as the capital and/or debt and interest of the shares held by the Subscriber have not been repaid or redeemed in full.

(iii) SLE agrees that the Subscriber shall have the sole and absolute discretion to require SLE to redeem the RCPS or part thereof on the maturity date by repayment of the amount paid for the RCPS or part thereof at the redemption price of RCPS fixed at RM8.00 per RCPS to the Subscriber. The par value for the preference share is RM8.00 per RCPS.

(iv) The RCPS shall be redeemed in the following manner:

  (a) At least 50% of the net profit of SLE shall be utilised to redeem the RCPS annually. Redemption of the RCPS shall be based on 50% of the net profit of SLE or the scheduled timeline in Clause (iv)(b) below, whichever is earlier.

  (b) Subject to Clause (iv)(a) above, a sufficient number of RCPS at an aggregate value of RM5 million be redeemed on or before 31 December 2018; a further number of the RCPS at a value of RM5 million be redeemed on or before 31 December 2019; and a final number of shares at a value of RM6 million be redeemed on or before 31 December 2020.

  (c) The RCPS may be redeemed earlier if so requested by Mr Sim Choo Kheng or by mutual agreement of the Existing Shareholders and Subscriber.

(v) In the event that SLE fails to redeem the RCPS, in accordance with Clause (iii) above, the Subscriber shall have the right to convert the RCPS into fully paid ordinary shares of RM1.00 each in SLE at the conversion rate of 1 ordinary share of RM1.00 for every RM1.00 paid on RCPS, including Subscriber's compounded holding cost of ten (10)% per annum, such premiums payable upon redemption, interest, dividends and tax related thereon as may be due and owing by SLE to the Subscriber provided always that the conversion rate shall be adjusted for any new ordinary shares prior to conversion.

11. Liability component of redeemable convertible preference shares (Continued)

The salient features of the Agreement are as follows: (Continued)

(vi) The Subscriber shall have the same rights as ordinary shareholders of SLE as regards receiving notices, reports and audited accounts, and attending general meetings of the SLE.

(vii) The Subscriber shall have the right to vote at all general meetings of SLE under the following circumstances:

(a) on proposal to reduce capital;

(b) on proposal to wind up SLE;

(c) on proposal for the disposal of the whole of SLE's property, business and undertaking;

(d) on a proposal that affects the rights attached to the RCPS;

(e) when the dividend or part of the dividend on RCPS is in arrears for more than 6 months; and

(f) during the winding up of SLE.

The carrying amount of the liability component of the RCPS at the balance sheet date is derived as follows:

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Nominal value of RCPS issued	16,000,000	16,000,000
Equity component	(361,989)	(361,989)
Liability component on initial recognition	15,638,011	15,638,011
Add: Accumulated amortisation of discount		
– Opening balance at beginning of the financial period/year	215,488	484,545
– Accretion of interest during the financial period/year	767,561	1,453,910
– Interest paid during the financial period/year	(724,515)	(1,722,967)
– Closing balance at end of the financial period/year	258,534	215,488
Liability component at end of the financial period/year	15,896,545	15,853,499

11. Liability component of redeemable convertible preference shares (Continued)

Presented as:

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Current	4,771,001	4,552,490
Non-current	11,125,544	11,301,009
	15,896,545	15,853,499

The interest charged for the financial year/period ended 31 December 2017 and 30 June 2018 respectively, were calculated by applying an effective interest rate of 9.26% to 9.83%, to the liability component since the RCPS were issued.

As at 31 December 2017 and 30 June 2018, the carrying amounts of the Group's non-current liability portion of the RCPS approximate their respective fair values.

Equity component of RCPS

This represents the residual amount of RCPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from the RCPS.

12. Finance lease payables

	Minimum lease payments RM	Future finance charges RM	Present value of minimum lease payments RM
Unaudited			
30 June 2018			
Within one financial year	49,860	(4,743)	45,117
After one financial year but within five financial years	24,930	(1,640)	23,290
	74,790	(6,383)	68,407

12. Finance lease payables (Continued)

	Minimum lease payments RM	Future finance charges RM	Present value of minimum lease payments RM
Audited			
31 December 2017			
Within one financial year	49,860	(5,694)	44,166
After one financial year but within five financial years	49,860	(3,771)	46,089
	99,720	(9,465)	90,255

The finance lease term is 3 years and interest is fixed at 4.27% per annum.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group, and supported by personal guarantees from certain Directors of the Company.

As at 31 December 2017 and 30 June 2018, the carrying amounts of the Group's finance lease payables approximate their fair values.

The finance lease payables are denominated in Ringgit Malaysia.

13. Deferred tax liabilities

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Balance at beginning of financial period/year	656,277	561,000
Charged to profit or loss	35,652	83,660
Recognised in equity	–	11,617
Balance at end of financial period/year	691,929	656,277

13. Deferred tax liabilities (Continued)

Deferred tax liabilities arise as a result of the following temporary differences:

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Accelerated tax depreciation	667,100	609,500
Redeemable convertible preference shares	24,829	46,777
	691,929	656,277

14. Trade and other payables

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Trade payables		
– third parties	268,421	285,394
Non-trade payables		
– third parties	256,466	1,037,313
– related parties	56,131	585,649
– a director of the Company	6,612,540	5,966,118
	6,925,137	7,589,080
Deferred income	200,000	–
Interest payable on redeemable convertible preference shares	67,792	66,323
Accrued operating expenses	785,447	1,953,349
	8,246,797	9,894,146

14. Trade and other payables (Continued)

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

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

Trade and other payables are denominated in the following currencies:

	30 June 2018 RM (Unaudited)	31 December 2017 RM (Audited)
Ringgit Malaysia	8,101,510	9,689,470
United States Dollar	68,638	68,638
Singapore Dollar	–	85,281
United Arab Emirates Dirham	75,762	49,870
Others	887	887
	8,246,797	9,894,146

15. Revenue

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Admission fee	7,240,965	3,014,865
Sales of goods	1,071,616	497,779
Services rendered	135,634	75,065
	8,448,215	3,587,709

16. Other income

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Foreign exchange gain, net	2,980	–
Payables written off	372,276	–
Others	4,146	6,384
	379,402	6,384

17. Finance costs

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Interest expense		
– finance lease	3,082	3,994
– redeemable convertible preference shares	767,561	–
– others	1,468	–
	772,111	3,994

18. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the unaudited interim condensed combined financial statements, the above includes the following charges:

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Cost of sales		
Depreciation of plant and equipment	1,081,562	486,697
Cost of materials	724,861	326,967
Utilities expenses	203,042	63,166
Repair and maintenance expenses	267,264	139,538
Insurance for visitors	81,851	57,445
Operating lease expenses		
– land	104,060	57,545
– equipment	5,711	4,813
Employee benefit expenses		
– salaries, bonus and other benefits	1,020,521	703,370
– social security contributions	14,002	5,028
– defined contribution plans	115,103	35,361

18. Profit before income tax (Continued)

In addition to the charges and credits disclosed elsewhere in the notes to the unaudited interim condensed combined financial statements, the above includes the following charges: (Continued)

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Administrative expenses		
Depreciation of plant and equipment	123,820	76,531
Operating lease expenses		
– land	52,273	–
– office equipment	4,222	1,800
– motor vehicle	–	800
Travelling and vehicle expenses	51,324	9,362
Marketing and promotion expenses	193,415	74,785
Security expenses	7,507	107,010
Utilities expenses	26,862	16,134
Payment portal and credit card fees	112,810	45,647
Repair and maintenance expenses	16,595	3,977
Legal and professional fees	220,163	244,391
Directors' remuneration		
– directors' fee	–	126,000
– salaries, bonus and other benefits	144,000	–
– social security contributions	461	–
– defined contribution plans	11,700	–
Employee benefit expenses		
– salaries, bonus and other benefits	289,951	142,797
– social security contributions	3,037	1,069
– defined contribution plans	22,530	7,519

19. Income tax expense/(credit)

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Current income tax		
– current financial period	645,800	67,800
Deferred income tax		
– current financial period	36,552	(75,260)
– overprovision in prior financial years	(900)	–
	35,652	(75,260)
Total income tax expense/(credit) recognised in profit or loss	681,452	(7,460)

Reconciliation of effective income tax rate

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Profit before income tax	2,728,997	287,711
Income tax calculated at Malaysia's statutory income tax rate of 24%	654,959	69,051
Tax effect in respect of:		
Non-allowable expenses	228,141	156,749
Tax exemption under pioneer status	(200)	(158,000)
Utilisation of previously unrecognised deferred tax assets	(178,600)	–
Deferred tax on redeemable convertible preference shares	(21,948)	(75,260)
Overprovision of deferred income tax in prior financial years	(900)	–
Taxation for the financial period	681,452	(7,460)

19. Income tax expense/(credit) (Continued)

Reconciliation of effective income tax rate (Continued)

On 12 November 2012, a subsidiary of the Group was granted pioneer status by the Ministry of International Trade and Industry for a period of 5 years, where 70% of income derived from the promoted business is exempted from corporate income tax. The subsidiary has obtained approval for the extension of the pioneer status on 28 December 2017 for another 5 years. On 11 March 2016, another subsidiary of the Group has obtained approval for pioneer status from the Ministry of International Trade and Industry for a period of 5 years.

Unrecognised deferred tax assets

Unrecognised deferred tax assets are attributable to the following temporary differences:

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 31 December 2017 (Audited) RM
Unutilised tax losses	188,941	366,679

As at 30 June 2018, the Group has unutilised tax losses of approximately RM787,258 available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as there is no certainty whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the unaudited interim condensed combined financial statements in accordance with the accounting policy in Note 3.17 to the audited combined financial statements.

20. Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the relevant periods are based on profit attributable to ordinary shareholders for the financial periods ended 30 June 2017 and 30 June 2018 divided by the pre-placement number of ordinary shares as these reflects the weighted average number of ordinary shares in relevant periods adjusted for the shares issued in the restructuring exercise and share split.

Diluted earnings per share

The Company has dilutive potential ordinary shares for redeemable convertible preference shares ("RCPS"). RCPS are assumed to have been converted into ordinary shares at issuance.

The calculation of diluted earnings per share for the relevant periods are based on profit attributable to ordinary shareholders (after adjusting for interest expense on redeemable convertible preference shares) for each of the financial period, and a weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares.

The calculation of basic and diluted earnings per share ("EPS") is based on the following data:

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Earnings		
Profit attributable to owners of the parent and earnings used in basic EPS	2,047,545	295,171
Add: Interest expense on RCPS	767,561	–
Earnings used in diluted EPS	2,815,106	295,171
Number of shares		
Weighted-average number of ordinary shares used in basic EPS	107,285,000	107,285,000
Effect of conversion of RCPS	16,000,000	12,583,489
Weighted-average number of ordinary shares used in diluted EPS	123,285,000	119,868,489

21. Significant related party transactions

For the purpose of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the unaudited interim condensed combined financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the financial periods:

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
With related parties		
Rental charged by a related party	3,000	3,000
Repair and maintenance charged by a related party	–	117,546
Construction costs charged by a related party	5,395,543	4,474,849
Plant and equipment transferred to a related party	–	65,570
Staff secondment costs charged to a related party	121,531	137,167
Staff meals charged by a related party	6,440	4,354
Advances to a related party	508,000	–
Payment on behalf of related parties	382,441	51,753
Payment on behalf by related parties	607,317	73,767
With a director of the Company		
Advance from a director	646,422	1,594,810

Related parties are companies in which the Directors of the Company have significant interest.

21. Significant related party transactions (Continued)

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 directors of the Group during the financial periods were as follows:

	1 January 2018 to 30 June 2018 (Unaudited) RM	1 January 2017 to 30 June 2017 (Unaudited) RM
Directors of the Company		
– short-term employee benefits	144,000	–
– post-employment benefits	12,161	–
– directors' fee	–	126,000
	156,161	126,000

22. Operating lease commitments

The Group as lessee

The Group leases freehold land under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The lease is 30 years and rental is fixed during the lease term.

As at the end of the respective reporting periods, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
Within one financial year	306,666	306,666
After one financial year but within five financial years	1,262,666	1,238,667
After five financial years	8,080,587	8,257,920
	9,649,919	9,803,253

23. Capital commitments

As at 30 June 2018, the Group has capital commitments on the acquisition of plant and equipment amounting to RM8,790,864 (31 December 2017: RM1,541,925).

24. Segment information

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.

The Group has only one primary business segment, which is that of theme park operations and events. 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. The Group also provides team building events in the theme parks.

Geographical information

The Group's revenue and assets are mainly derived from Malaysia, accordingly, no geographical segment information is presented during the financial period/year.

Major customers

For the financial period ended 30 June 2018, the revenue from one major customer of the Group represents approximately 12.6% of the Group's revenue.

25. Financial instruments, financial risks and capital management

The Group's overall financial risks and capital management remains unchanged from the audited combined financial statements for the financial years ended 31 December 2015, 2016 and 2017.

26. Events subsequent to the reporting period

26.1 On 30 September 2018, advances of RM6,612,529 owing to the Director was converted into 6,612,529 new and fully-paid up ordinary shares in Sim Leisure Escape Sdn. Bhd. at an issue price of RM1.00 each.

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following:

(a) the conversion of the Company into a public company limited by shares and the change of name to "Sim Leisure Group Ltd.";

(b) the adoption of a new Constitution;

(c) the allotment and issue of the Placement Shares which are the subject of the Placement, on the basis that the Placement Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued ordinary shares;

26. Events subsequent to the reporting period (Continued)

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following: (Continued)

(d) the adoption of the Sim Leisure Performance Share Plan, details of which are set out in the sections entitled "Sim Leisure Performance Share Plan" of this Offer Document, and also in "Appendix G – Rules of the Sim Leisure Performance Share Plan" to this Offer Document, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Award Shares upon the release of awards granted under the Sim Leisure Performance Share Plan;

(e) the adoption of the Sim Leisure Employee Share Option Scheme, details of which are set out in the sections entitled "Sim Leisure Employee Share Option Scheme" of this Offer Document, and also in "Appendix F – Rules of the Sim Leisure Employee Share Option Scheme" to this Offer Document, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Option Shares upon the exercise of Options granted under the Sim Leisure Employee Share Option Scheme and that authority be given to the Directors to grant Options at a discount up to a maximum discount of 20%;

(f) the listing and quotation of all the issued ordinary shares (including the Placement Shares to be allotted and issued pursuant to the Placement, the Award Shares and the Option Shares) on Catalist; and

(g) the authorisation to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting pursuant to the Constitution, to:

(A) (i) issue ordinary shares whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require ordinary shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into ordinary shares; and/or

(iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

26. Events subsequent to the reporting period (Continued)

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following: (Continued)

(g) the authorisation to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting pursuant to the Constitution, to: (Continued)

(B) issue ordinary shares in pursuance of any Instrument made or granted by the Directors pursuant to (A) above, while such authority was in force (notwithstanding that such issue of ordinary shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:

(i) the aggregate number of ordinary shares to be issued pursuant to such authority (including the ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding ordinary shares which may be issued pursuant to any adjustments ("**Adjustments**") effected under any relevant Instrument, which Adjustments shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company, shall not exceed 100.0% of the post-Placement issued share capital excluding treasury shares, and provided further that the aggregate number of ordinary shares to be issued other than on a *pro-rata* basis to Shareholders (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding ordinary shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Placement issued share capital excluding treasury shares;

(ii) in exercising such authority, 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) and the Constitution for the time being of the Company; and

26. Events subsequent to the reporting period (Continued)

26.2 Pursuant to written resolutions passed on 24 December 2018, the shareholders approved, among others, the following: (Continued)

(g) the authorisation to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting pursuant to the Constitution, to: (Continued)

(B) issue ordinary shares in pursuance of any Instrument made or granted by the Directors pursuant to (A) above, while such authority was in force (notwithstanding that such issue of ordinary shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that: (Continued)

(iii) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

For the purpose of this resolution, the "**post-Placement issued share capital**" shall mean the total number of issued ordinary shares of the Company (excluding treasury shares) immediately after the Placement, after adjusting for (i) new ordinary shares arising from the conversion or exercise of any convertible securities; (ii) new ordinary shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of ordinary shares.

26.3 Pursuant to a written resolution passed on 18 February 2019, the shareholders approved the Share Split.

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Sim Leisure Group Ltd.
and its subsidiaries

Independent Auditors' Assurance Report and
Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2017 and
the financial period from 1 January 2018 to 30 June 2018

INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

22 February 2019

The Board of Directors
Sim Leisure Group Ltd.
138 Robinson Road
#26-03, Oxley Tower
Singapore 068906

Report on the compilation of unaudited pro forma combined financial information

We have completed our assurance engagement to report on the compilation of unaudited pro forma combined financial information of Sim Leisure Group Ltd. (the "Company") and its subsidiaries (the "Group") by the management. The unaudited pro forma combined financial information consists of the pro forma combined statements of financial position of the Group as at 31 December 2017 and 30 June 2018, the pro forma combined statements of comprehensive income and pro forma combined statements of cash flows of the Group for the financial year ended 31 December 2017 and for the financial period from 1 January 2018 to 30 June 2018, and related notes as set out on pages C-6 to C-18 of the Offer Document issued by the Company. The applicable criteria on the basis of which the management has compiled the unaudited pro forma combined financial information are described in Note 3.

The unaudited pro forma combined financial information has been compiled by the management to illustrate the impact of the significant event (the "Significant Event") set out in Note 2 on:

(i) the financial positions of the Group as at 31 December 2017 and 30 June 2018 as if the Significant Event had taken place on those dates; and

(ii) the financial performance and cash flows of the Group for the financial year ended 31 December 2017 and for the financial period from 1 January 2018 to 30 June 2018 as if the Significant Event had taken place on 1 January 2017 and 1 January 2018 respectively.

As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the management from the audited combined financial statements for the financial year ended 31 December 2017 on which an audit report has been published and from the unaudited combined financial statements for the financial period from 1 January 2018 to 30 June 2018, on which a review report has been published.

Report on the compilation of unaudited pro forma combined financial information (Continued)

Management's responsibility for the unaudited pro forma combined financial information

Management is responsible for compiling the unaudited pro forma combined financial information on the basis as described in Note 3.

Our independence and quality control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code* of *Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma combined financial information has been compiled, in all material respects, by the management on the basis as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the unaudited pro forma combined financial information on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma combined financial information.

The purpose of unaudited pro forma combined financial information included in the Offer Document is solely to illustrate the impact of the Significant Event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

Report on the compilation of unaudited pro forma combined financial information (Continued)

Auditors' responsibilities (Continued)

A reasonable assurance engagement to report on whether the unaudited pro forma combined financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma combined financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the auditors' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma combined financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) The unaudited pro forma combined financial information has been compiled:

    (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited combined financial statements, which are in accordance with Singapore Financial Reporting Standards and as modified by the adoption of Singapore Financial Reporting Standards (International);

    (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma combined financial information; and

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information is appropriate for the purpose of preparing such unaudited combined financial information.

Restriction on Distribution and Use

This report is made solely to you as a body and for inclusion in the Offer Document to be issued in connection with the proposed initial public offering of ordinary shares of the Company's listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

SIM LEISURE GROUP LTD.
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UNAUDITED PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 AND 30 JUNE 2018

	31 December 2017	30 June 2018
	RM	RM
ASSETS		
Non-current assets		
Plant and equipment	44,883,391	46,346,004
Current assets		
Inventories	140,425	33,675
Trade and other receivables	1,196,990	1,071,954
Prepayments	1,018,544	823,827
Cash and bank balances	818,738	765,678
	3,174,697	2,695,134
Total assets	48,058,088	49,041,138
EQUITY AND LIABILITIES		
Equity		
Share capital	16,766,108	17,415,529
Equity component of redeemable convertible preference shares	275,112	275,112
Retained earnings	10,374,383	12,421,928
Total equity	27,415,603	30,112,569
Non-current liabilities		
Finance lease payables	46,089	23,290
Liability component of redeemable convertible preference shares	11,301,009	11,125,544
Deferred tax liabilities	656,277	691,929
	12,003,375	11,840,763
Current liabilities		
Trade and other payables	3,928,038	1,634,268
Finance lease payables	44,166	45,117
Liability component of redeemable convertible preference shares	4,552,490	4,771,001
Current income tax payable	114,416	637,420
	8,639,110	7,087,806
Total liabilities	20,642,485	18,928,569
Total equity and liabilities	48,058,088	49,041,138

SIM LEISURE GROUP LTD.
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UNAUDITED PRO FORMA COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Financial year ended 31 December 2017	Six-month financial period ended 30 June 2018
	RM	RM
Revenue	9,683,166	8,448,215
Cost of sales	(5,056,262)	(3,816,016)
Gross profit	4,626,904	4,632,199
Other item of income		
Other income	9,565	379,402
Other items of expense		
Administrative expenses	(2,740,274)	(1,510,493)
Finance costs	(187,742)	(772,111)
Profit before income tax	1,708,453	2,728,997
Income tax expense	(420,124)	(681,452)
Profit for the financial year, representing total comprehensive income for the financial year	1,288,329	2,047,545
Profit and total comprehensive income attributable to owners of the parent	1,288,329	2,047,545
Earnings per share		
– Basic[(1)] (in cents)	1.20	1.91
– Diluted[(2)] (in cents)	1.21	2.28

Notes:

(1) The calculation of pro forma basic earnings per share for the relevant periods are based on profit attributable to ordinary shareholders for the financial year ended 31 December 2017 and the financial period from 1 January 2018 to 30 June 2018 divided by the pre-placement number of ordinary shares as these reflects the weighted average number of ordinary shares in relevant periods adjusted for the shares issued in the restructuring exercise and share spilt of 107,285,000.

(2) The calculation of pro forma diluted earnings per share for the relevant periods are based on profit attributable to ordinary shareholders (after adjusting for interest expense on redeemable convertible preference shares) for the financial year ended 31 December 2017 and the financial period from 1 January 2018 to 30 June 2018, and a weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 121,703,313 and 123,285,000 respectively.

SIM LEISURE GROUP LTD.
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UNAUDITED PRO FORMA COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Financial year ended 31 December 2017 RM	Six-month financial period ended 30 June 2018 RM
Operating activities		
Profit before income tax	1,708,453	2,728,997
Adjustments for:		
Depreciation of plant and equipment	1,244,503	1,205,382
Payables written off	–	(372,276)
Interest expense	187,742	772,111
Operating cash flows before working capital changes	3,140,698	4,334,214
Working capital changes:		
Inventories	(119,230)	106,750
Trade and other receivables	(494,430)	125,036
Prepayments	(816,645)	194,717
Trade and other payables	2,138,194	(1,922,963)
Cash generated from operations	3,848,587	2,837,754
Income tax paid	(353,748)	(122,796)
Net cash from operating activities	3,494,839	2,714,958
Investing activities		
Purchase of plant and equipment	(13,376,726)	(2,667,995)
Proceeds from disposal of plant and equipment	66,654	–
Net cash used in investing activities	(13,310,072)	(2,667,995)
Financing activities		
Proceeds from issuance of ordinary shares	–	3,000
Proceeds from issuance of redeemable convertible preference shares (Note A)	4,105,232	–
Interest paid on redeemable convertible preference shares (Note A)	(1,722,967)	(724,515)
Repayment of finance lease obligations (Note A)	(42,323)	(21,848)
Interest paid	(7,537)	(3,082)
Advances from a director of the Company	5,457,118	646,422
Net cash from/(used in) financing activities	7,789,523	(100,023)
Net change in cash and bank balances	(2,025,710)	(53,060)
Cash and bank balances at beginning of financial year/period	2,844,448	818,738
Cash and bank balances at end of financial year/period	818,738	765,678

UNAUDITED PRO FORMA COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018 (Continued)

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	2016 RM	Cash flows RM	Additions of plant and equipment under finance leases RM	Equity component of redeemable convertible preference shares RM	Accretion of interest RM	2017 RM
Redeemable convertible preference shares	12,065,729	2,382,265	–	(48,405)	1,453,910	15,853,499
Finance lease payables	–	(42,323)	132,578	–	–	90,255
	12,065,729	2,339,942	132,578	(48,405)	1,453,910	15,943,754

			Non-cash changes	
	1 January 2018 RM	Cash flows RM	Accretion of interest RM	30 June 2018 RM
Redeemable convertible preference shares	15,853,499	(724,515)	767,561	15,896,545
Finance lease payables	90,255	(21,848)	–	68,407
	15,943,754	(746,363)	767,561	15,964,952

SIM LEISURE GROUP LTD.
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STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Audited combined statement of financial position RM	Pro forma adjustments Note 4 RM		Unaudited pro forma combined statement of financial position RM
ASSETS				
Non-current assets				
Plant and equipment	44,883,391			44,883,391
Current assets				
Inventories	140,425			140,425
Trade and other receivables	1,196,990			1,196,990
Prepayments	1,018,544			1,018,544
Cash and bank balances	818,738			818,738
	3,174,697			3,174,697
Total assets	48,058,088			48,058,088
EQUITY AND LIABILITIES				
Equity				
Share capital	10,800,000	5,966,108	(i)	16,766,108
Equity component of redeemable convertible preference shares	275,112			275,112
Retained earnings	10,374,383			10,374,383
Total equity	21,449,495			27,415,603
Non-current liabilities				
Finance lease payables	46,089			46,089
Liability component of redeemable convertible preference shares	11,301,009			11,301,009
Deferred tax liabilities	656,277			656,277
	12,003,375			12,003,375
Current liabilities				
Trade and other payables	9,894,146	(5,966,108)	(i)	3,928,038
Finance lease payables	44,166			44,166
Liability component of redeemable convertible preference shares	4,552,490			4,552,490
Current income tax payable	114,416			114,416
	14,605,218			8,639,110
Total liabilities	26,608,593			20,642,485
Total equity and liabilities	48,058,088			48,058,088

SIM LEISURE GROUP LTD.
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STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Unaudited interim combined statement of financial position RM	Pro forma adjustments Note 4 RM		Unaudited pro forma combined statement of financial position RM
ASSETS				
Non-current assets				
Plant and equipment	46,346,004			46,346,004
Current assets				
Inventories	33,675			33,675
Trade and other receivables	1,071,954			1,071,954
Prepayments	823,827			823,827
Cash and bank balances	765,678			765,678
	2,695,134			2,695,134
Total assets	49,041,138			49,041,138
EQUITY AND LIABILITIES				
Equity				
Share capital	10,803,000	6,612,529	(ii)	17,415,529
Equity component of redeemable convertible preference shares	275,112			275,112
Retained earnings	12,421,928			12,421,928
Total equity	23,500,040			30,112,569
Non-current liabilities				
Finance lease payables	23,290			23,290
Liability component of redeemable convertible preference shares	11,125,544			11,125,544
Deferred tax liabilities	691,929			691,929
	11,840,763			11,840,763
Current liabilities				
Trade and other payables	8,246,797	(6,612,529)	(ii)	1,634,268
Finance lease payables	45,117			45,117
Liability component of redeemable convertible preference shares	4,771,001			4,771,001
Current income tax payable	637,420			637,420
	13,700,335			7,087,806
Total liabilities	25,541,098			18,928,569
Total equity and liabilities	49,041,138			49,041,138

SIM LEISURE GROUP LTD.
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STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Audited combined statement of comprehensive income RM	Pro forma adjustments Note 4 RM	Unaudited pro forma combined statement of comprehensive income RM
Revenue	9,683,166		9,683,166
Cost of sales	(5,056,262)		(5,056,262)
Gross profit	4,626,904		4,626,904
Other item of income			
Other income	9,565		9,565
Other items of expense			
Administrative expenses	(2,740,274)		(2,740,274)
Finance costs	(187,742)		(187,742)
Profit before income tax	1,708,453		1,708,453
Income tax expense	(420,124)		(420,124)
Profit for the financial year, representing total comprehensive income for the financial year	1,288,329		1,288,329
Profit and total comprehensive income attributable to owners of the parent	1,288,329		1,288,329
Earnings per share			
– Basic (in cents)	1.20		1.20
– Diluted (in cents)	1.21		1.21

SIM LEISURE GROUP LTD.
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STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Unaudited interim combined statement of comprehensive income RM	Pro forma adjustments Note 4 RM	Unaudited pro forma combined statement of comprehensive income RM
Revenue	8,448,215		8,448,215
Cost of sales	(3,816,016)		(3,816,016)
Gross profit	4,632,199		4,632,199
Other item of income			
Other income	379,402		379,402
Other items of expense			
Administrative expenses	(1,510,493)		(1,510,493)
Finance costs	(772,111)		(772,111)
Profit before income tax	2,728,997		2,728,997
Income tax expense	(681,452)		(681,452)
Profit for the financial year, representing total comprehensive income for the financial year	2,047,545		2,047,545
Profit and total comprehensive income attributable to owners of the parent	2,047,545		2,047,545
Earnings per share			
– Basic (in cents)	1.91		1.91
– Diluted (in cents)	2.28		2.28

SIM LEISURE GROUP LTD.
AND ITS SUBSIDIARIES

STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Audited combined statement of cash flows RM	Pro forma adjustments Note 4 RM	Unaudited pro forma combined statement of cash flows RM
Operating activities			
Profit before income tax	1,708,453		1,708,453
Adjustments for:			
Depreciation of plant and equipment	1,244,503		1,244,503
Interest expense	187,742		187,742
Operating cash flows before working capital changes	3,140,698		3,140,698
Working capital changes:			
Inventories	(119,230)		(119,230)
Trade and other receivables	(494,430)		(494,430)
Prepayments	(816,645)		(816,645)
Trade and other payables	2,138,194		2,138,194
Cash generated from operations	3,848,587		3,848,587
Income tax paid	(353,748)		(353,748)
Net cash from operating activities	3,494,839		3,494,839
Investing activities			
Purchase of plant and equipment	(13,376,726)		(13,376,726)
Proceeds from disposal of plant and equipment	66,654		66,654
Net cash used in investing activities	(13,310,072)		(13,310,072)
Financing activities			
Proceeds from issuance of redeemable convertible preference shares (Note A)	4,105,232		4,105,232
Interest paid on redeemable convertible preference shares (Note A)	(1,722,967)		(1,722,967)
Repayment of finance lease obligations (Note A)	(42,323)		(42,323)
Interest paid	(7,537)		(7,537)
Advances from a director of the Company	5,457,118		5,457,118
Net cash from financing activities	7,789,523		7,789,523
Net change in cash and bank balances	(2,025,710)		(2,025,710)
Cash and bank balances at beginning of financial year	2,844,448		2,844,448
Cash and bank balances at end of financial year	818,738		818,738

SIM LEISURE GROUP LTD.
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STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Unaudited interim combined statement of cash flows RM	Pro forma adjustments Note 4 RM	Unaudited pro forma combined statement of cash flows RM
Operating activities			
Profit before income tax	2,728,997		2,728,997
Adjustments for:			
Depreciation of plant and equipment	1,205,382		1,205,382
Payables written off	(372,276)		(372,276)
Interest expense	772,111		772,111
Operating cash flows before working capital changes	4,334,214		4,334,214
Working capital changes:			
Inventories	106,750		106,750
Trade and other receivables	125,036		125,036
Prepayments	194,717		194,717
Trade and other payables	(1,922,963)		(1,922,963)
Cash generated from operations	2,837,754		2,837,754
Income tax paid	(122,796)		(122,796)
Net cash from operating activities	2,714,958		2,714,958
Investing activities			
Purchase of plant and equipment	(2,667,995)		(2,667,995)
Net cash used in investing activities	(2,667,995)		(2,667,995)
Financing activities			
Proceeds from issuance of ordinary shares	3,000		3,000
Interest paid on redeemable convertible preference shares (Note A)	(724,515)		(724,515)
Repayment of finance lease obligations (Note A)	(21,848)		(21,848)
Interest paid	(3,082)		(3,082)
Advances from a director of the Company	646,422		646,422
Net cash used in financing activities	(100,023)		(100,023)
Net change in cash and bank balances	(53,060)		(53,060)
Cash and bank balances at beginning of financial period	818,738		818,738
Cash and bank balances at end of financial period	765,678		765,678

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

1. General corporate information

The Company was incorporated in the Republic of Singapore on 8 March 2018 under the Singapore Companies Act, Chapter 50 (the "Act") as a private company limited by shares under the name of Sim Leisure Group Pte. Ltd. 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. on 24 December 2018. The registration number of the Company is 201808096D.

The Company's registered office address is located at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906 and its principal place of business is located at 828, Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia.

2. Significant event

Save for the following significant event below (the "Significant Event"), the Directors of the Company, as at the date of this report, are not aware of any significant acquisitions or disposals of assets which have occurred since 1 January 2018 and any significant changes made to the capital structure of the Company subsequent to 31 December 2017:

– On 30 September 2018, Sim Leisure Escape Sdn. Bhd., a subsidiary of the Group, and a Director of the Company have mutually agreed that advances of RM6,612,529 owing to the Director be satisfied by converting into 6,612,529 new and fully-paid up ordinary shares at an issue price of RM1.00 each.

3. Basis of preparation of the unaudited pro forma combined financial information

The Group in this unaudited pro forma combined financial information relates to the companies referred to in the entities within Sim Leisure Group Ltd. and its subsidiaries (the "Group") subsequent to the Restructuring Exercise as referred to the Offer Document.

The unaudited pro forma combined financial information are presented in Ringgit Malaysia (RM).

The unaudited pro forma combined financial information have been prepared based the following:

- Audited combined financial statements of the Group for the financial years ended 31 December 2015, 2016 and 2017, which have been prepared in accordance with Singapore Financial Reporting Standards.

  The audited combined financial statements of the Group for the financial years ended 31 December 2015, 2016 and 2017 were audited by BDO LLP in accordance with Singapore Standards on Auditing. The independent auditors' report relating to the audit of the financial statements was not subject to any qualification.

3. Basis of preparation of the unaudited pro forma combined financial information (Continued)

- Unaudited interim condensed combined financial statements of the Group for the financial period from 1 January 2018 to 30 June 2018, which have been prepared by management in accordance with Singapore Financial Reporting Standards (International) 34, *Interim Financial Reporting*.

  The unaudited interim condensed combined financial statements of the Group for the financial period from 1 January 2018 to 30 June 2018 were reviewed by BDO LLP in accordance with Singapore Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* The independent auditors' report relating to the review of the unaudited interim condensed combined financial statements was not subject to any qualification.

The unaudited pro forma combined financial information is prepared using the same accounting policies as the audited combined financial statements of the Group except for those modified upon the adoption of SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* that are effective for the financial year beginning 1 January 2018, which are disclosed in Note 3 to the unaudited interim condensed combined financial statements for the financial period from 1 January 2018 to 30 June 2018.

The unaudited pro forma combined financial information for the financial year ended 31 December 2017 and the financial period from 1 January 2018 to 30 June 2018 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

- the financial positions of the Group as at 31 December 2017 and 30 June 2018 would have been if the Significant Event had taken place on those dates; and

- the financial performance and cash flows of the Group for the financial year ended 31 December 2017 and the financial period from 1 January 2018 to 30 June 2018 would have been if the Significant Event discussed in Note 2 had taken place on 1 January 2017 and 1 January 2018 respectively.

Based on the assumptions discussed above, the material adjustments as set out in Note 4 have been made to the combined financial statements of the Group in arriving at the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information, because of their nature, is not necessarily indicative of the results of the operations, cash flows or the related effects on the financial position that would have been attained had the Significant Event actually occurred earlier. Save as disclosed in the explanatory notes, the Directors of the Company, for the purposes of preparing this set of unaudited pro forma combined financial information, have not considered the effects of the other events.

4. Pro forma adjustments

The following pro forma adjustments were made to the combined statement of financial position in arriving at the unaudited pro forma combined financial information:

(i) Inclusion in unaudited pro forma combined financial information for the financial year ended 31 December 2017, where a subsidiary of the Group capitalised advances of RM5,966,108 due to a Director of a Company into 5,966,108 new and fully-paid up ordinary shares at an issue price of RM1.00 each.

(ii) Inclusion in unaudited pro forma combined financial information for the financial period from 1 January 2018 to 30 June 2018, where a subsidiary of the Group capitalised advances of RM6,612,529 due to a Director of a Company into 6,612,529 new and fully-paid up ordinary shares at an issue price of RM1.00 each.

APPENDIX D: SUMMARY OF THE CONSTITUTION OF OUR COMPANY

The discussion below provides information about certain provisions of our Constitution and certain aspects of the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Constitution.

SUMMARY OF THE REGULATIONS OF OUR CONSTITUTION

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting convened by a notice of the proposed increase.

Any Director who holds any executive office, or who serves on any committee of our Directors, or who performs services which in the opinion of our Directors, are outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise (but not by way of commission on or percentage of turnover) as our Directors may determine.

The remuneration of a Managing Director shall be fixed by our Directors and may be by way of salary, commission or participation in profits (but not turnover) or by any or all of these modes.

Our Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

Our Constitution does not prescribe any specific retirement age limit for Directors.

(e) Shareholding Qualification

There is no shareholding qualification for Directors under our Constitution.

2. Share rights and restrictions

We currently have one class of shares, namely, ordinary shares. Only persons who are registered on our register of members are recognised as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of our Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend unclaimed after a period of six (6) years from the date they are first payable may be forfeited and shall revert to our Company, but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP at least 72 hours before the general meeting. Except as otherwise provided in our Constitution, two (2) or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every shareholder present in person and by proxy shall have one (1) vote, and on a poll, every shareholder present in person or by proxy shall have one (1) vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting, by any shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all shareholders having the right to vote at the meeting, by any shareholder present in person having the right to vote at the meeting and representing not less than 5.0% of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares) or by not less than two (2) shareholders present in person or by proxy and entitled to vote.

3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice may be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Constitution relating to general meetings of our Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two (2) persons holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one (1) vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two (2) months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or exercise voting rights on their shares.

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APPENDIX E: DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in entirety by reference to our Constitution and the laws of Singapore. A copy of our Constitution will be available for inspection at our registered office during normal business hours for a period of six months from the date of the registration of this Offer Document with the SGX-ST.

ORDINARY SHARES

All of the Shares of our Company are in registered form. Our Company may, subject to the provisions of the Companies Act and the Catalist Rules, purchase the Shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of the Shares.

NEW SHARES

New Shares may only be issued with the prior approval of the Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval may not exceed 100% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital at the time of grant of such approval, of which the aggregate number of shares to be issued other than on a *pro rata* basis to its Shareholders may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital at the time of grant of such approval. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of the Board, who may allot and issue the same with such rights and restrictions as it may think fit.

SHAREHOLDERS

Only persons who are registered in our Company's register of Shareholders and, in cases in which the person so registered is CDP the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as Shareholders. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. Our Company may close the register of Shareholders for any time or times if it provides the SGX-ST at least five (5) clear Market Days' notice. However, the register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. Our Company typically closes the register to determine our Shareholders' entitlement to receive dividends and other distributions.

TRANSFER OF SHARES

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board may decline to register any transfer of Shares which are not fully paid or Shares on which our Company has a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which our Company is listed. Our Board may also decline to register any instrument of transfer unless, *inter alia*, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. Our Company will replace lost or destroyed share certificates if it is properly notified and if the applicant pays a fee which will not exceed $2.00 and furnishes any evidence and indemnity that our Board may require.

GENERAL MEETINGS OF SHAREHOLDERS

Our Company is required to hold an annual general meeting every year. Our Board may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two (2) or more Shareholders holding not less than 10% of the issued share capital of our Company (excluding treasury shares) may call a meeting. Unless otherwise required by law or by the Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Constitution, a change of the corporate name and a reduction in the share capital, share premium account or capital redemption reserve fund. Our Company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder who has supplied our Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

VOTING RIGHTS

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting. Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents. In the case of a tied vote, the chairman of the meeting at which the vote is taken shall be entitled to a casting vote.

DIVIDENDS

The Company may, by ordinary resolution of its Shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Board of Directors. The Company must pay all dividends out of its profits. The Board of Directors may also declare an interim dividend without the approval of its Shareholders. All dividends are paid *pro rata* among the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by the Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge the Company from any liability to that Shareholder in respect of that payment.

CAPITALISATION AND RIGHTS ISSUES

The Board of Directors may, with approval by the Shareholders at a general meeting, capitalise any profits and distribute the same as shares credited as paid-up to the Shareholders in proportion to their shareholdings. The Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which the Company is listed.

TAKE-OVERS

Under the Singapore Code on Take-overs and Mergers ("**Take-over Code**"), issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code.

In addition, a mandatory take-over offer is also required to be made if a person who is holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights in the Company acquires additional voting Shares representing more than 1% of the voting rights in the Company in any six (6) month period.

Under the Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

(a) the following companies;

  (i) a company;

  (ii) the parent company of (i);

  (iii) the subsidiaries of (i);

  (iv) the fellow subsidiaries of (i);

  (v) the associated companies of (i), (ii) (iii) or (iv);

  (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

  (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(b) a company with any of its directors (together with close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose in investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:

  (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

  (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i):

(iv) any person who is accustomed to act in accordance with the instructions of (i);

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If our Company is liquidated or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares, if any.

INDEMNITY

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by our Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. Our Company may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Company.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

Except as described in "**VOTING RIGHTS**" and "**TAKE-OVERS**" above, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

MINORITY RIGHTS

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any Shareholder of our Company, as they think fit to remedy any of the following situations:

(a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or

(b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority Shareholder's shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;

(e) provide that our Constitution be amended; or

(f) provide that we be wound up.

SUBSTANTIAL SHAREHOLDERS

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires Substantial Shareholders, or if they cease to be Substantial Shareholders, to give notice of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a substantial shareholder to make disclosure to our Company under the SFA is two (2) business days after he becomes aware:

(a) that he is or (if he had ceased to be one) had been a substantial shareholder;

(b) of any change in percentage level in his interest; or

(c) that he had ceased to be a substantial shareholder,

there being a conclusive presumption of a person being "aware" of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

"**Percentage level**", in relation to a substantial shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

While the definition of an "**interest**" in our voting shares for the purposes of substantial shareholder disclosure requirements under the SFA is similar to that under the Companies Act, the SFA provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

TREASURY SHARES

The Constitution expressly permits our Company to purchase or acquire shares of our Company and to hold such shares (or any of them) as treasury shares in accordance with the requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (ii) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury shares shall not at any time exceed 10% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar of Companies may allow. Where Shares are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those Shares.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of Shares as fully paid bonus shares in respect of the treasury shares or the subdivision or consolidation of any treasury share into a treasury share of a larger or smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

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APPENDIX F: RULES OF THE SIM LEISURE EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THIS SHARE OPTION SCHEME

This Scheme shall be called the "Sim Leisure Employee Share Option Scheme".

2. DEFINITIONS

In this Scheme, except where the context otherwise requires, the following words and expressions shall have the following meanings:

"Act"	The Companies Act, Chapter 50 of Singapore as amended, supplemented or modified from time to time
"Adoption Date"	The date on which this Scheme is adopted by our Company in general meeting
"Auditors"	The auditors of our Company for the time being
"Board"	The board of Directors of our Company for the time being
"Catalist"	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	The Listing Manual Section B: Rules of Catalist of of the SGX-ST, as amended, supplemented or modified from time to time
"CDP"	The Central Depository (Pte) Limited
"CPF"	Central Provident Fund
"Committee"	The remuneration committee of our Company, or such other committee comprising Directors duly authorised and appointed by our Board to administer this Scheme
"Company"	Sim Leisure Group Ltd.
"Control"	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of our Company
"Controlling Shareholder"	A Shareholder who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises Control over the Company
"Director"	A person holding office as a director of our Company for the time being

"Employee"	A confirmed employee of our Group, including Executive Directors, selected by the Committee to participate in this Scheme in accordance with Rule 4
"Executive Director"	A director of our Company and/or any of its Subsidiaries, as the case may be, who performs an executive function
"Exercise Price"	The price at which a Participant shall subscribe for or acquire each Share upon the exercise of an Option as determined in accordance with Rule 8
"Financial Year"	Each period of 12 months or more or less than 12 months, at the end of which the balance of accounts of our Company are prepared and audited, for the purpose of laying the same before an annual general meeting of our Company
"Grantee"	The person to whom an offer of an Option is made
"Group"	Our Company and its Subsidiaries (as they may exist from time to time)
"Incentive Option"	An option granted with the Exercise Price set at a discount to the Market Price
"Market Price"	A price equal to the average of the last dealt prices for the Shares on the SGX-ST for the five (5) consecutive Trading Days immediately preceding the Offering Date of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
"Market Price Option"	An Option granted with the Exercise Price set at the Market Price
"Non-Executive Director"	A director of our Company and/or any of its Subsidiaries, as the case may be, including an independent director, who is not an Executive Director
"Offering Date"	The date on which an Option is granted pursuant to Rule 6
"Option"	A Market Price Option or an Incentive Option, as the case may be
"Option Period"	The period for the exercise of an Option as set out in Rule 9.1

"Participant"	A person who is selected by the Committee to participate in this Scheme in accordance with the provisions herein and/or a holder of an Option
"Performance Share Plan"	The Sim Leisure Performance Share Plan, as amended, supplemented or modified from time to time
"Record Date"	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
"Rules"	The rules of this Scheme as amended, supplemented or modified from time to time
"Scheme"	The Sim Leisure Employee Share Option Scheme, as amended, supplemented or modified from time to time
"SGX-ST"	The Singapore Exchange Securities Trading Limited
"Shareholders"	The registered holders of Shares except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	Ordinary shares in the capital of our Company
"Share Split"	The sub-division of 21,457,000 Shares in the issued share capital of our Company into 107,285,000 Shares
"Subsidiary"	A company which is for the time being a subsidiary of our Company as defined by Section 5 of the Act
"Trading Day"	A day on which the Shares are traded on Catalist

Currencies and Units

"S$"	Singapore dollars
"%"	Per centum or percentage

The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meanings ascribed to them respectively by Section 81SF of the SFA.

The term "**Associate**" shall have the meaning ascribed to it by the Catalist Rules.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to persons shall include corporations. References to Rules and Schedules shall be construed as references to Rules of and the Schedules to this Scheme.

Any reference in this Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Scheme shall, where applicable, have the same meaning assigned to it under the Act.

Any reference in this Scheme to a time of day shall be a reference to Singapore time unless otherwise stated.

3. OBJECTIVES OF THIS SCHEME

3.1 This Scheme is a share incentive scheme. It will provide an opportunity for Employees and Non-Executive Directors, who satisfy the eligibility criteria in Rule 4, to participate in the equity of our Company.

3.2 This Scheme recognises the fact that the services of such Employees and Non-Executive Directors are important to the success and continued well-being of our Group. Implementation of this Scheme will enable our Company to give recognition to the contributions made by such Employees and Non-Executive Directors. At the same time, it will give such Employees and Non-Executive Directors an opportunity to have a direct interest in our Company and will also help to achieve the following positive objectives:

(i) the motivation of each Participant to optimise performance standards and efficiency and to maintain a high level of contribution to our Group;

(ii) the retention of key Employees whose contributions are important to the long-term growth and profitability of our Group;

(iii) to attract potential employees with relevant skills to contribute to our Group and create value for our Shareholders;

(iv) to align the interest of Participants with the interests of our Shareholders; and

(v) to instil loyalty to, and a stronger sense of identification with the long-term growth and profitability of our Group.

4. ELIGIBILITY

4.1 The following persons shall be eligible to participate in this Scheme at the absolute discretion of the Committee:

(i) Employees who are not on probation and have attained the age of 21 years on or before the Offering Date; and

(ii) Non-Executive Directors who have attained the age of 21 years on or before the Offering Date.

The Participant must not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.2 Controlling Shareholders and their Associates (notwithstanding that they may meet the eligibility criteria in Rule 4.1 above) shall not participate in this Scheme unless each of the following:

(i) their participation; and

(ii) the actual or maximum number of Shares under the Option to be issued or transferred to them and the terms of any Option to be granted to them,

has been approved by independent Shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation; and (ii) the actual or maximum number of Shares and terms of any Options to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in this Scheme of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Share Option Scheme.

For the purposes of obtaining such approval from the independent Shareholders, our Company shall procure that the letter to Shareholders in connection therewith shall set out (a) clear justifications for the participation of such Controlling Shareholders or Associates of Controlling Shareholders; and (b) clear rationale for the terms of the Options to be granted to such Controlling Shareholders or Associates of Controlling Shareholders (including the rationale for any discount to the Market Price, if so proposed).

4.3 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, implemented or to be implemented by any company within our Group.

4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in this Scheme may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS OF THIS SCHEME

5.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable and/or transferred or transferable in respect of all Options granted under this Scheme and the number of Shares issued and issuable and/or transferred or transferable in respect of all options or awards granted under any other share option schemes or share schemes of the Company (including the Performance Share Plan), shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day immediately preceding the Offering Date of the Option.

5.2 The aggregate number of Shares which may be issued or transferred in respect of all Options granted under this Scheme to Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under this Scheme.

5.3 The number of Shares which may be issued or transferred in respect of all Options granted under this Scheme to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under this Scheme.

5.4 Subject to Rule 4 and Rule 10, the aggregate number of Shares in which Options may be offered to a Grantee for subscription or acquisition in accordance with this Scheme shall be determined at the discretion of the Committee, which shall take into account criteria such as rank, past performance, years of service and potential development of the Grantee.

6. OFFERING DATE

6.1 The Committee may, at its absolute discretion, save as provided in Rule 4 and Rule 5, offer to grant Options to such Grantees at any time during the period when this Scheme is in force. However, no Option shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim and/or final results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is released.

6.2 The Letter of Offer to grant an Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification as the Committee may determine from time to time.

7. ACCEPTANCE OF OFFER

7.1 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval in writing of the Committee.

7.2 The grant of any Option under Rule 6 shall be accepted by the Grantee within 30 days from the Offering Date of that Option. The grant of an Option must be accepted by completing, signing and returning of the Acceptance Form in, or substantially in, the form set out in Schedule B, accompanied by payment of S$1.00 or such amount as the Committee may decide as consideration, subject to such modification as the Committee may determine from time to time.

7.3 If a grant of an Option is not accepted in the manner as provided in Rule 7.2, such offer shall, upon expiry of the 30-day period, automatically lapse and become null and void and of no effect.

7.4 An Option shall immediately lapse and become null and void and of no effect, and a Participant shall have no claim against our Company:

(i) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;

(ii) in the event of misconduct on the part of the Participant, as determined by the Committee at its absolute discretion;

(iii) subject to Rules 9.4, 9.5 and 9.6, upon the Participant ceasing to be in the employment of our Group, for any reason whatsoever; or

(iv) in the event that the Committee, at its absolute discretion, deems it appropriate that such Option granted to a Participant shall lapse on the grounds that any of the objectives of this Scheme (as set out in Rule 3) have not been met.

7.5 In the event that an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against our Company.

8. EXERCISE PRICE

8.1 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and shall be fixed by the Committee at:

(i) the Market Price; or

(ii) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee at its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20.0% of the Market Price in respect of that Option.

8.2 In making any determination under Rule 8.1(ii) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:

(i) the performance of our Company and our Group;

(ii) the individual performance of the Participant;

(iii) the contribution of the Participant to the success and development of our Company and/or our Group; and

(iv) the prevailing market conditions.

9. RIGHT TO EXERCISE OF OPTION

9.1 Except as provided in this Rule 9 and Rule 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, as follows:

(i) in the case of a Market Price Option, during the period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date; and

(ii) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date,

or such shorter period(s) if so determined by the Committee.

9.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Rules until such time as it shall lapse in accordance with the Rules.

9.3 Subject to Rule 9.4, an Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against our Company:

(i) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;

(ii) in the event of misconduct on the part of the Participant, as determined by the Committee at its absolute discretion;

(iii) subject to Rules 9.4, 9.5 and 9.6, upon the Participant ceasing to be in the employment of our Group, for any reason whatsoever; or

(iv) in the event that the Committee, at its absolute discretion, deems it appropriate that such Option granted to a Participant shall lapse on the grounds that any of the objectives of this Scheme (as set out in Rule 3) have not been met.

For the purpose of Rule 9.3(iii), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date. For the avoidance of doubt, no Option shall lapse pursuant to Rule 9.3(iii) in the event of any transfer of employment of a Participant between companies in the Group.

9.4 If a Participant ceases to be employed by our Group by reason of:

(i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

(ii) redundancy;

(iii) retirement at or after the legal retirement age;

(iv) retirement before the legal retirement age with the consent of the Committee;

(v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group; or

(vi) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within our Group,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Option Period, and upon the expiry of such period, the Option shall immediately lapse and become null and void.

9.5 Where a Participant who is an Executive Director ceases to be an employee of our Group for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Option Period, and upon the expiry of such period, the Option shall immediately lapse and become null and void.

9.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant from the date of his death to the end of the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

10. TAKE-OVER AND WINDING-UP OF OUR COMPANY

10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(i) the expiry of 6 months thereafter, unless prior to the expiry of such 6-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or

(ii) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void, provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall subject to Rule 9 remain exercisable until the expiry of the Option Period relating thereto.

10.2 If under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of our Company or its amalgamation with another company or companies, each Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or

arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.

10.3 If an order is made for the winding-up of our Company on the basis of its insolvency, all Options to the extent unexercised, shall lapse and become null and void.

10.4 In the event of a members' voluntary winding-up (other than amalgamation or reconstruction), the Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall, subject to Rule 10.5, be entitled within 30 days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto), to exercise any unexercised Option, after which period such unexercised Option shall lapse and become null and void.

10.5 If in connection with the making of a general offer referred to in Rule 10.1 or the scheme for the reconstruction referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other Options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 10.

10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.

11. EXERCISE OF OPTIONS, ALLOTMENT OR TRANSFER AND LISTING OF SHARES

11.1 An Option may be exercised during the Option Period, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiples thereof), by a Participant giving notice in writing to our Company in, or substantially in, the form set out in Schedule C (the "**Exercise Notice**"), each case being subject to such modifications as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. An Option shall be deemed to be exercised upon the receipt by our Company of the Exercise Notice duly completed, the relevant documentation required by the Committee and the aggregate Exercise Price.

11.2 All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of our Company or such other mode of payment as may be acceptable to our Company.

11.3 Subject to:

(i) such consents or other required actions of any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and

(ii) compliance with the Act, the Rules and the Constitution of our Company,

our Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days after the date of the exercise of the Option in accordance with Rule 11.1, allot the relevant Shares or, as the case may be, transfer existing Shares (which includes where desired any Shares held by our Company as treasury shares), in respect of which such Option has been exercised by the Participant and where required, or as the case may be, within five (5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

11.4 Our Company shall, if necessary, as soon as practicable after the exercise of an Option, apply to the SGX-ST and any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 12.

11.5 Shares which are all allotted or transferred on the exercise of an Option by a Participant shall be issued or transferred, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP, the Participant's securities sub-account with a CDP Depository Agent or the CPF investment account maintained with a CPF agent bank.

11.6 Shares allotted and issued, and existing Shares procured by our Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Constitution of our Company and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date of which is prior to the date such Option is exercised.

11.7 Except as set out in Rule 11.3 and subject to Rule 12, an Option does not confer on a Participant any right to participate in any new issue of Shares.

12. ALTERATION OF CAPITAL

12.1 If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or capital reduction, subdivision, consolidation or distribution, or issues for cash or for shares or otherwise than for cash or otherwise howsoever) should take place, then:

(a) the Exercise Price, class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or

(b) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

shall be adjusted in such manner as the Committee may determine to be appropriate or equitable including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

12.2 Unless the Committee considers an adjustment to be appropriate or equitable, the following shall not be regarded as a circumstance requiring adjustment under the provisions of this Rule 12:

(i) the issue of securities as consideration for an acquisition of any assets or private placement of securities by our Company;

(ii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; or

(iii) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share option schemes or share plan of the Company (including the Performance Share Plan and this Scheme).

12.3 Notwithstanding the provisions of Rule 12.1 above:

(i) no such adjustment shall be made if as a result the Participant receives a benefit that a Shareholder does not receive; and

(ii) any adjustment must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Upon any adjustment required to be made, our Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year. Any adjustment shall take effect upon such written notification being given.

12.5 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 12.

13. ADMINISTRATION

13.1 This Scheme shall be administered by the Committee at its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

13.2 The Committee shall have the power, from time to time, to make or vary such arrangements, guidelines and/or regulations (not being inconsistent with this Scheme) for the implementation and administration of this Scheme as it thinks fit including, but not limited to, imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period.

13.3 Any decision or determination of the Committee, made pursuant to any provision of this Scheme (other than a matter to be certified by the Auditors), shall be final, binding and conclusive (including any decisions pertaining to quantum of discount applicable to an Incentive Option or to disputes as to the interpretation of this Scheme or any rule, regulation, or procedure thereunder or as to any rights under this Scheme). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

14. NOTICES AND ANNUAL REPORT

14.1 Any notice given by a Participant to our Company shall be sent by post or delivered to the registered office of our Company or such other address as may be notified by our Company to the Participant in writing.

14.2 Any notice, documents or correspondence given by our Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

14.3 Our Company shall in relation to this Scheme, as required by law, the SGX-ST or other relevant authority, make the following disclosures in its annual report to Shareholders:

(i) the names of the members of the Committee administering this Scheme;

(ii) the information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular Financial Year):

(a) Participants who are Directors;

(b) Participants who are Controlling Shareholders and their Associates; and

(c) Participants, other than those in (i) and (ii) above, who received 5.0% or more of the total number of Options available under this Scheme;

Name of Participant	Options granted during Financial Year under review (including terms)	Aggregate Options granted since commencement of the Scheme to end of Financial Year under review	Aggregate Options exercised since commencement of the Scheme to end of Financial Year under review	Aggregate Options Outstanding as at the end of Financial Year under review

(iii) the number and proportion of Incentive Options granted at the following discounts to the Market Price in the Financial Year under review:

(a) Incentive Options granted at up to 10.0% discount; and

(b) Incentive Options granted at between 10.0% but not more than 20.0% discount;

(iv) such other information as may be required by the Catalist Rules or the Act; and

(v) an appropriate negative statement in the event the disclosure of any of the abovementioned information is not applicable.

15. MODIFICATIONS TO THIS SCHEME

15.1 Any or all of the provisions of this Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

(i) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters of the total number of Shares which would fall to be issued and allotted or transferred upon exercise in full of all outstanding Options;

(ii) any modification or alteration which would be to the advantage of Participants under this Scheme shall be subject to the prior approval of Shareholders at a general meeting; and

(iii) no modification or alteration shall be made without due compliance with the Catalist Rules, the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 15.1(i), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter this Scheme in any way to the extent necessary to cause this

Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. TERMS OF EMPLOYMENT UNAFFECTED

16.1 This Scheme or any Option shall not form part of any contract of employment between our Company, or any Company within our Group and any Participant and the rights and obligations of a Participant under the terms of the office or employment with such company within our Group shall not be affected by his participation in this Scheme or any right which he may have to participate in it or any Option which he may hold and this Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

16.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against our Company or our Group directly or indirectly or give rise to any cause of action at law or in equity against our Company and/or our Group.

17. DURATION OF THIS SCHEME

17.1 This Scheme shall continue to be in force at the discretion of the Committee, for a maximum period of 10 years commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, this Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

17.2 This Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if this Scheme is so terminated, no further Options shall be offered by our Company hereunder.

17.3 The termination, discontinuance or expiry of this Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 7.2, whether such Options have been exercised (whether fully or partially) or not.

18. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under this Scheme shall be borne by the Participant.

19. COSTS AND EXPENSES OF THIS SCHEME

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

19.2 Save for the taxes referred to in Rule 18 and such costs and expenses expressly provided in this Scheme to be payable by the Participants, all fees, costs, and expenses incurred by our Company in relation to this Scheme, including but not limited to the fees, costs and expenses relating to the issue and allotment of the Shares pursuant to the exercise of any Option, shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and our Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with this Scheme including but not limited to our Company's delay or failure in issuing and allotting or transferring the Shares or in applying for or procuring the listing of and quotation for the Shares on Catalist in accordance with Rule 11.4 (and any other stock exchanges on which the Shares are quoted or listed).

21. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in this Scheme are to abstain from voting on any shareholders' resolution relating to the Scheme and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast for each of the resolutions contemplated. In particular, Shareholders who are eligible to participate in the Scheme shall abstain from voting on the following resolutions, where applicable: (i) implementation of the Scheme; (ii) the maximum discount which may be given in respect of any Option; and (iii) participation by and grant of Options to Controlling Shareholders and their Associates.

22. DISPUTES

For the avoidance of doubt, any dispute or difference of any nature in connection with this Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

23. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued and/or transferred pursuant to the exercise of an Option if such issue and/or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue and/or transfer of Shares hereto.

24. GOVERNING LAW

This Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. Our Company and the Participants, by accepting the offer of the grant of Options in accordance with this Scheme, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

SCHEDULE A

SIM LEISURE EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No:

Date:

PRIVATE AND CONFIDENTIAL

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We are pleased to inform you that you have been nominated to participate in the Sim Leisure Employee Share Option Scheme (the "**Scheme**") by the Committee appointed by the Board of Directors of Sim Leisure Group Ltd. (the "**Company**") to administer the Scheme. Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S$1.00, to subscribe for and be allotted and/or transferred _____ Shares at the Exercise Price of S$_____ per Share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme). A copy of the Scheme is available for inspection at the business address of the Company.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part, except with the prior approval of the Committee.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S$1.00 not later than 5.00 p.m. on _____ failing which this offer will forthwith lapse.

Yours faithfully
for and on behalf of
SIM LEISURE GROUP LTD.

Name:
Designation:

SCHEDULE B

SIM LEISURE EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No:

Date:

To: The Committee
Sim Leisure Employee Share Option Scheme
c/o The Company Secretary
Sim Leisure Group Ltd.
138 Robinson Road
#26-03, Oxley Tower
Singapore 068906

Closing Time and Date for Acceptance of Offer	:	_____
No. of Shares in respect of which Option is Offered	:	_____
Exercise Price per Share	:	S$_____
Total Amount Payable on acceptance of Option (exclusive of the relevant CDP charges (as defined below))	:	S$_____

I have read your Letter of Offer dated _____ (the "**Offering Date**") and agree to be bound by the terms thereof and of the Sim Leisure Employee Share Option Scheme ("**Scheme**") stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I hereby accept the Option to subscribe for _____ ordinary shares in the capital of Sim Leisure Group Ltd. (the "**Company**") (the "**Shares**") at S$_____ per Share and enclose a *cheque/banker's draft/cashier's order/postal order no. for S$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of The Central Depository (Pte) Limited ("**CDP**") relating to or in connection with the issue and allotment and/or transfer of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP or my securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank (collectively, the "**CDP Charges**").

I confirm as at the date hereof:

(a) I am not less than 21 years old and not an undischarged bankrupt, nor have I entered into a composition with any of my creditors;

(b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and

(c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer. I agree to keep all information pertaining to the grant of the Option to me confidential.

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

* NRIC/Passport No. : _____

Signature : _____

Date : _____

Note:

* *Delete where inapplicable*

SCHEDULE C

SIM LEISURE EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Committee
Sim Leisure Employee Share Option Scheme
c/o The Company Secretary
Sim Leisure Group Ltd.
138 Robinson Road
#26-03, Oxley Tower
Singapore 068906

Total Number of ordinary shares (the "**Shares**") at S$_____ per Share under an option granted on _____ (the "**Offering Date**")	:	_____
Number of Shares previously allotted and issued or transferred thereunder	:	_____
Outstanding balance of Shares which may be allotted and issued or transferred thereunder	:	_____
Number of Shares now to be subscribed and/or acquired (in multiples of 100)	:	_____

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in Sim Leisure Group Ltd. (the "**Company**") at S$_____ per Share.

2. I hereby request the Company to allot and issue or transfer to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("**CDP**") to the credit of my "Securities Account with CDP/*Securities Sub-Account with a Depository Agent/* CPF investment account with a CPF Agent Bank specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP/CPF (the "**CDP charges**") and any stamp duties in respect thereof:

* (a)	Direct Securities Account Number	:	_____
* (b)	Securities Sub-Account Number	:	_____
	Name of CDP Depository Age	:	_____
* (c)	CPF Investment Account Number	:	_____
	Name of CPF Agent Bank	:	_____

3. I enclose a *cheque/cashier's order/bank draft/postal order no. _____ for S$_____ in payment for Exercise Price of S$_____ for the total number of the said Shares and the applicable CDP charges.

4. I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the Sim Leisure Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.

5. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

PLEASE PRINT IN BLOCK LETTERS

Name in full	:	_____
Designation	:	_____
Address	:	_____
Nationality	:	_____
* NRIC/Passport No.	:	_____
Signature	:	_____
Date	:	_____

Note:

** Delete where inapplicable*

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APPENDIX G: RULES OF THE SIM LEISURE PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Performance Share Plan shall be called the "Sim Leisure Performance Share Plan".

2. DEFINITIONS

In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Act"	The Companies Act, Chapter 50 of Singapore as amended, supplemented or modified from time to time
"Adoption Date"	The date on which this Plan is adopted by our Company in general meeting
"Auditors"	The auditors of our Company for the time being
"Award"	A contingent award of Shares granted under Rule 5
"Award Date"	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
"Award Letter"	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
"Board"	The Board of Directors of our Company for the time being
"Catalist"	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	The Listing Manual of Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time
"CDP"	The Central Depository (Pte) Limited
"Committee"	The remuneration committee of our Board, or such other committee comprising Directors duly authorised and appointed by our Board to administer this Plan
"Company"	Sim Leisure Group Ltd.
"Constitution"	The Constitution of our Company, as amended from time to time
"Control"	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of our Company

"Controlling Shareholder"	A Shareholder who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company
"CPF"	Central Provident Fund
"Executive"	An employee of our Group (including any Executive Director who meets the relevant age and rank criteria) selected by the Committee to participate in the Plan in accordance with Rule 4
"Executive Director"	A director of our Company and/or any of its Subsidiaries, as the case may be, who performs an executive function
"Group"	Our Company and its Subsidiaries (as they may exist from time to time)
"Market Value"	In relation to a Share, on any day: (a) the average price of a Share on the SGX-ST over the last five (5) Trading Days immediately preceding such day; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable
"Participant"	A person who is selected by the Committee to participate in this Plan in accordance with the provisions herein
"Performance Condition"	In relation to an Award, the condition specified on the Award Date in relation to that Award
"Performance Period"	The period, as may be determined by the Committee at its absolute discretion, during which the Performance Condition is to be satisfied
"Plan"	The Sim Leisure Performance Share Plan, as the same amended, supplemented or modified or altered from time to time

"Record Date"	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
"Release"	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and "**Released**" shall be construed accordingly
"Release Schedule"	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
"Released Award"	An Award which has been released in accordance with Rule 7
"Retention Period"	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date
"SGX-ST"	The Singapore Exchange Securities Trading Limited
"Shares"	Ordinary shares in the capital of our Company
"Share Option Scheme"	The Sim Leisure Employee Share Option Scheme, as amended, supplemented or modified from time to time
"Shareholders"	The registered holders of Shares except where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
"Subsidiary"	A company which is for the time being a subsidiary of our Company as defined by Section 5 of the Act
"Trading Day"	A day on which the Shares are traded on Catalist
"Vesting"	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and "**Vest**" and "**Vested**" shall be construed accordingly

"Vesting Date"	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have vested pursuant to Rule 7

Currencies and Units

"%"	Per centum or percentage

The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meanings ascribed to them respectively by Section 81SF of the SFA.

The term "**Associate**" shall have the meaning ascribed to it by the Catalist Rules.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to persons shall include corporations. References to Rules shall be construed as references to Rules of this Plan.

Any reference in this Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Plan shall, where applicable, have the same meaning assigned to it under the Act.

Any reference in this Plan to a time of day shall be a reference to Singapore time unless otherwise stated.

3. OBJECTIVES OF THE PLAN

The Plan has been proposed in order to:

(i) foster an ownership culture within our Group which aligns the interests of Executives with the interests of Shareholders;

(ii) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units; and

(iii) make key employee remuneration sufficiently competitive to recruit and retain staff whose contributions are important to the long-term growth and profitability of the Group.

4. ELIGIBILITY OF PARTICIPANTS

4.1 Executives who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the Plan at the absolute discretion of the Committee, provided that such persons shall not be undischarged bankrupts or have entered into a composition with his creditors.

4.2 Controlling Shareholders and their Associates (notwithstanding that they may meet the eligibility criteria in Rule 4.1 above) shall not participate in the Plan unless each of the following:

(i) their participation; and

(ii) the actual or maximum number of Shares comprised in the Award to be issued or transferred to them and the terms of any Awards to be granted to them,

has been approved by independent Shareholders in a general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation; and (ii) the actual or maximum number of Shares and terms of any Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in this Plan of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.

For the purposes of obtaining such approval from the independent Shareholders, our Company shall procure that the letter to Shareholders in connection therewith shall set out (a) clear justifications for the participation of such Controlling Shareholders or Associates of Controlling Shareholders; and (b) clear rationale for the terms of the Awards to be granted to such Controlling Shareholders or Associates of Controlling Shareholders.

4.3 Save as prescribed by the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, implemented or to be implemented by any company within our Group.

4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

5.1 Except as provided in Rule 8, the Committee may, at its absolute discretion, grant Awards to Executives at any time during the period when the Plan is in force, provided that no Participant who is a member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of our Group and the extent of effort with which the Performance Condition may be achieved within the Performance Period.

5.3 The Committee shall decide in relation to an Award:

(i) the Participant;

(ii) the Award Date;

(iii) the Performance Period;

(iv) the number of Shares which are the subject of the Award;

(v) the Performance Condition;

(vi) the Release Schedule; and

(vii) any other condition(s) which the Committee may determine in relation to that Award.

5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:

(i) in the event of a take-over offer being made for the Shares or if Shareholders or, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or

(ii) if anything happens which causes the Committee to conclude that:

(a) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or

(b) the Performance Condition and/or Release Schedule should be waived,

and shall notify the Participants of such change or waiver.

5.5 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

(i) the Award Date;

(ii) the Performance Period;

(iii) the number of Shares which are the subject of the Award;

(iv) the Performance Condition;

(v) the Release Schedule; and

(vi) any other condition which the Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the issue and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against our Company:

(i) in the event of misconduct on the part of the Participant as determined by the Committee at its absolute discretion;

(ii) subject to Rule 6.2(ii), upon the Participant ceasing to be in the employment of our Group for any reason whatsoever; or

(iii) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(ii), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 In any of the following events, namely:

(i) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;

(ii) where the Participant ceases to be in the employment of our Group by reason of:

(a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

(b) redundancy;

(c) retirement at or after the legal retirement age;

(d) retirement before the legal retirement age with the consent of the Committee;

(e) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group;

(f) (where applicable) his transfer of employment between companies within our Group; or

(g) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within our Group;

(iii) the death of a Participant; or

(iv) any other event approved by the Committee,

the Committee may, at its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

(i) a take-over offer for the Shares becomes or is declared unconditional;

(ii) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of our Company or its amalgamation with another company or companies being approved by Shareholders and/or sanctioned by the court under the Act; or

(iii) an order being made or a resolution being passed for the winding up of our Company (other than as provided in Rule 6.1(iii) or for amalgamation or reconstruction),

the Committee will consider, at its absolute discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period that has lapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the issue and/or transfer to each Participant of the number of Shares so determined, such issue and/or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition

(i) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its absolute discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be an Executive from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its absolute discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be an Executive from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of our Company or our Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

(ii) Shares which are the subject of a Released Award shall be vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(i) and, on the Vesting Date, the Company will issue and/or procure the transfer to each Participant of the number of Shares so determined.

(iii) Where new Shares are to be issued upon the Vesting of any Award, our Company shall, as soon as practicable after such Vesting, apply to the SGX-ST for permission to deal in and for quotation of such Shares.

7.2 **Release of Award**

On Vesting of the Award, after the end of each Performance Period, our Company has the discretion to determine whether to issue new Shares or to procure the transfer of existing Shares, or a combination of both methods to the Participant. Shares which are issued and/or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent, or the CPF investment account maintained with a CPF agent bank, in each case, as designated by that Participant.

7.3 **Ranking of Shares**

New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the Release of an Award shall:

(i) be subject to all the provisions of the Constitution of our Company; and

(ii) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

7.4 **Cash Awards**

The Committee, at its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been issued and/or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

7.5 **Moratorium**

Shares which are issued and/or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. Our Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

8. LIMITATION ON THE SIZE OF THE PLAN

8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued or issuable and/or transferred or transferable in respect of all Awards granted under this Plan and the number of Shares issued or issuable and/or transferred or transferable in respect of all options or awards granted under any other share option schemes or share schemes of the Company (including the Share Option Scheme), shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day immediately preceding such grant of Awards.

8.2 The aggregate number of Shares which may be issued and/or transferred pursuant to all Awards granted under this Plan to Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under this Plan.

8.3 The number of Shares which may be issued and/or transferred pursuant to all Awards granted under this Plan to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under this Plan.

8.4 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under this Plan.

9. ALTERATION OF CAPITAL

9.1 If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or capital reduction, subdivision, consolidation or distribution, or issues for cash or for shares or otherwise than for cash or otherwise howsoever) should take place, then:

(i) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested;

(ii) the class and/or number of Shares which are the subject of future Awards which may be granted to Participants; and/or

(iii) the maximum number of Shares which may be issued pursuant to Awards granted under this Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate or equitable including retrospective adjustments where such variation occurs after the Vesting of an Award but the Record Date relating to such variation precedes such date of Vesting and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

9.2 Unless the Committee considers an adjustment to be appropriate or equitable, the following shall not be regarded as a circumstance requiring adjustment under the provisions of this Rule 9:

(i) the issue of securities as consideration for an acquisition of any assets or private placement of securities by our Company;

(ii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; or

(iii) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share option schemes or share plans of the Company (including the Share Option Scheme and this Plan).

9.3 Notwithstanding the provisions of Rule 9.1 above:

(i) no such adjustment shall be made if as a result the Participant receives a benefit that a Shareholder does not receive; and

(ii) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment required to be made pursuant to this Rule 9, our Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the class and/or number of Shares thereafter to be issued and/or transferred on the Vesting of an Award and the maximum entitlement in any one financial year. Any adjustment shall take effect upon such written notification being given.

9.5 The restriction on the number of Shares to be issued and/or transferred pursuant to Awards granted under the Plan under Rule 8 above, shall not apply to the number of additional Shares or Awards over additional Shares issued by virtue of any adjustment to the number of Shares and/or Awards pursuant to this Rule 9.

10. ADMINISTRATION OF THE PLAN

10.1 The Plan shall be administered by the Committee at its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, at its absolute discretion, think fit.

10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on our Company or the Committee or any of its members any liability whatsoever in connection with:

(i) the lapsing of any Awards pursuant to any provision of this Plan;

(ii) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under this Plan; and/or

(iii) any decision or determination of the Committee made pursuant to any provision of this Plan.

10.4 Any decision or determination of the Committee made pursuant to any provision of this Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND ANNUAL REPORT

11.1 Any notice given by a Participant to our Company shall be sent by post or delivered to the registered office of our Company or such other address as may be notified by our Company to the Participant in writing.

11.2 Any notice, documents or correspondence given by our Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

11.3 Our Company shall in relation to this Plan, as required by law, the SGX-ST or other relevant authority, make the following disclosures in its annual report to Shareholders:

(i) the names of the members of the Committee administering this Plan;

(ii) the information required in the table below for the following Participants:

(a) Participants who are Directors;

(b) Participants who are Controlling Shareholders and their Associates; and

(c) Participants, other than those in (a) and (b) above, who received 5.0% or more of the total number of Shares to be comprised in Awards available under this Plan;

Name of Participant	Aggregate number of Shares comprised in Awards granted during Financial Year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the Plan to end of Financial Year under review	Aggregate number of Shares comprised in Awards which have been issued and/or transferred pursuant to the Vesting of Awards since commencement of the Plan to end of Financial Year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the Financial Year under review

(iii) such other information as may be required by the Catalist Rules or the Act; and

(iv) an appropriate negative statement in the event the disclosure of any of the abovementioned information is not applicable.

12. MODIFICATIONS TO THE PLAN

12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:

(i) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than ¾ of the total number of Shares which would fall to be issued and allotted or transferred upon the Vesting of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;

(ii) any modification or alteration which would be to the advantage of Participants under this Plan except with the prior approval of Shareholders at a general meeting; and

(iii) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(i), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final and conclusive.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

13.1 This Plan or any Award shall not form part of any contract of employment between our Company, or any Company within our Group and any Participant and the rights and obligations of a Participant under the terms of the office or employment with such company within our Group shall not be affected by his participation in this Plan or any right which he may have to participate in it or any Award which he may hold and this Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

13.2 This Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against our Company or our Group directly or indirectly or give rise to any cause of action at law or in equity against our Company and/or our Group.

14. DURATION OF THE PLAN

14.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, this Plan may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

14.2 The Plan may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if this Plan is so terminated, no further Awards shall be offered by our Company hereunder.

14.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE PLAN

16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by our Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award, shall be borne by our Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and our Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to our Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on Catalist in accordance with Rule 7.1(iii).

18. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in this Plan are to abstain from voting on any shareholders' resolution relating to the Plan and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast for each of the resolutions contemplated. In particular, Shareholders who are eligible to participate in the Plan shall abstain from voting on the following resolutions, where applicable: (i) implementation of the Plan; and (ii) participation by and grant of Awards to Controlling Shareholders and their Associates.

19. DISPUTES

For the avoidance of doubt, any dispute or difference of any nature in connection with this Plan shall be referred to the Committee and its decision shall be final and binding in all respects.

20. CONDITION OF AWARD

Every Award shall be subject to the condition that no Shares shall be issued and/or transferred pursuant to the Vesting of an Award if such issue and/or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

21. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and our Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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APPENDIX H: TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price for each Placement Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**

2. Your application for the Placement Shares may only be made by way of the Application Forms or in such other manner as the Sponsor and Issue Manager and the Joint Placement Agents may in their absolute discretion deem fit.

3. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**

4. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Placement Shares. Any separate application by you for the Placement Shares are be deemed to be multiple applications and the Company, the Sponsor and Issue Manager and Joint Placement Agents have the discretion whether to accept or reject such multiple applications.**

   If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Joint Placement Agents.

   Joint and/or multiple applications for Placement Shares shall be liable to be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Joint Placement Agents. If you submit or procure submissions of multiple share applications for Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary, may be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Joint Placement Agents.

5. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of the deceased at the time of the application.

6. We will not recognise the existence of a trust. An application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 7 below.

7. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.

8. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 9 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

9. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**

10. **Our Company, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or comply with the terms and conditions of this Offer Document, or which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or a remittance which is not honoured upon the first presentation.**

11. **Each of our Company, the Sponsor and Issue Manager and the Joint Placement Agents further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

    Without prejudice to the rights of our Company, the Sponsor and Issue Manager and the Joint Placement Agents, as agents of the Company, have been authorised to accept, for and on behalf of the Company such other forms of application as the Sponsor and Issue Manager and the Joint Placement Agents deem appropriate.

12. Our Company, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, reserve the right to reject or to accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company, the Sponsor and Issue Manager and/or the Joint Placement Agents will be entertained. This right applies to applications made by way of Application Forms. In deciding the basis of allotment which shall be at the discretion of our Company in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, due

consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

13. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the Placement Shares, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Sponsor and Issue Manager and the Joint Placement Agents. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renouncee, any instrument of transfer and/or other documents required for the issue of the Placement Shares allotted to you.

14. In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

    Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

    (a) where the Placement Shares have not been issued and allotted to the applicants, we shall either:

        (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;

        (ii) within seven (7) days of the date of the lodgement of the supplementary or replacement offer document, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application; or

        (iii) (A) treat your application as withdrawn and cancelled, in which case the application shall be deemed to have been withdrawn and cancelled; and (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk; or

(b) where the Placement Shares have already been issued and allotted but trading has not commenced, we shall either:

(i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the same, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;

(ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in and without any right or claim against our Company, the Sponsor and Issue Manager and/or the Joint Placement Agents; or

(iii) subject to compliance with the Companies Act and our Constitution, (A) treat the issue of the Placement Shares as void in which case the issue of the Placement Shares shall be deemed void and (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk

and you shall not have any right or claim against our Company, the Sponsor and Issue Manager and the Joint Placement Agents.

An applicant who wishes to exercise his option under paragraph 14(a)(i) or (ii) above to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and the Joint Placement Agents.

An applicant who wishes to exercise his option under paragraph 14(b)(i) or (ii) above to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the issue of those Placement Shares shall be deemed to be void, and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and the Joint Placement Agents.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement offer document, including instructions on how you can exercise the option to withdraw your application or return the Placement Shares allotted to you, may be found in such supplementary or replacement offer document.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Sponsor and Issue Manager and the Joint Placement Agents and any other parties so authorised by the forgoing persons.

16. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Joint Placement Agents or its designated sub-placement agent by way of an Application Form or such other forms of application as the Sponsor and Issue Manager and the Joint Placement Agents deems appropriate.

17. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:

    (a) irrevocably agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price and agree that you will accept such Placement Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company;

    (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon your application;

    (c) warrant the truth and accuracy of the information contained, and representations and declarations made in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company the Sponsor and Issue Manager and the Joint Placement Agents in determining whether to accept your application and/or whether to allot any Placement Shares to you; and

    (d) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application amount, the outcome of your application (including the number of Placement Shares allotted to you pursuant to your application) and other personal data ("**Personal Data**") by the Share Registrar, CDP, Securities Clearing and Computer Services (Pte) Ltd, the SGX-ST, our Company, the Sponsor and Issue Manager, the Joint Placement Agents and/or other authorised operators (the "**Relevant Parties**") for the purpose of the processing of your application for the Placement Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**") and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any

Personal Data or matters without notice to you if the Relevant Parties consider them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the "**Personal Data Privacy Terms**"); and

(e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor and Issue Manager and the Joint Placement Agents will infringe any such laws as a result of the acceptance of your application.

18. Our acceptance of applications will be conditional upon, *inter alia*, our Company, the Sponsor and Issue Manager and the Joint Placement Agents being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares, Placement Shares, ZC Shares and the Shares which may be issued under the Sim Leisure Employee Share Option Scheme and the Sim Leisure Performance Share Plan on Catalist;

(b) the Management and Sponsorship Agreement and the Placement Agreement referred to in the section entitled "Plan of Distribution – Management and Sponsorship, and Placement Arrangements" of this Offer Document, have become unconditional and have not been terminated; and

(c) the Authority, the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, has not served a Stop Order under the SFA which directs that no or no further shares to which this Offer Document relates be allotted.

19. Where the Authority, the SGX-ST, acting as agent on behalf of the Authority, or other competent authority issues a Stop Order pursuant to Section 242 of the SFA and applications to subscribe for the Placement Shares to which this Offer Document relates have been made prior to the Stop Order, and:

(a) where the Placement Shares have not been issued to the applicants, the applications shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or

(b) where the Placement Shares have been issued to the applicants but trading has not commenced, the SFA provides that the issue of the Placement Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid for the Placement Shares.

Such monies paid in respect of your application will be returned to you at your own risk, without interest or any share or revenue or other benefit arising therefrom, and you will not have any claim against us, the Sponsor and Issue Manager and the Joint Placement Agents.

This shall not apply where only an interim Stop Order has been served.

20. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, no Placement Shares shall be issued to you during the time when the interim Stop Order is in force.

21. The Authority, the SGX-ST, acting as agent on behalf of the Authority or other competent authority, is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed on a securities exchange and trading in them has commenced.

22. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the internet at the SGX-ST website (http://www.sgx.com) and through a paid advertisement in a major English newspaper in Singapore.

23. Our Company will not hold any application in reserve.

24. Our Company will not allot Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting on behalf of the Authority.

25. Additional terms and conditions for applications by way of Application Forms are set out in the section entitled "Additional Terms and Conditions for Applications Using Application Forms" below.

26. All payments in respect of any application for the Placement Shares and any refund, shall be made in S$.

27. No person in any jurisdictions outside Singapore receiving this Offer Document or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Placement Shares unless such offer or invitation could lawfully be made without compliance with any regulatory requirements in those jurisdictions.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in this Appendix H entitled "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" of this Offer Document, as well as the Constitution of our Company.

1. Your application must be made using the Application Forms for Placement Shares or in such other manner as the Sponsor and Issue Manager and the Joint Placement Agents may in their absolute discretion deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.

   We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances or remittances which are not honoured upon the first procedure.**

2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Form except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with our Company's Share Registrar. Our Company, the Sponsor and Issue Manager and the Joint Placement Agents reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore having an interest in the aggregate of more than fifty per cent. (50%) of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than fifty per cent. (50%) of the issued share capital of or interests in such corporation.

7. The completed and signed Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to SIM LEISURE GROUP LTD. C/O B.A.C.S. PRIVATE LIMITED, 8 ROBINSON ROAD, #09-00 ASO BUILDING, SINGAPORE 048544**, to arrive by **12.00 noon on 27 February 2019 or such other time as our Company may, in consultation with the Sponsor and Issue Manager and Joint Placement Agents, in their absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used**. No acknowledgement of receipt will be issued for any application or remittance received. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**SIM LEISURE SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", and with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by **ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED**. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. We reserve the right to reject any application which is accompanied by combined Banker's Draft or Cashier's Order for different CDP Securities Accounts. No acknowledgement or receipt will be issued by our Company or the Sponsor and Issue Manager and the Joint Placement Agents for applications and application monies received.

8. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement does not proceed for any reason, the

application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the Authority, the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.

9. Capitalised terms used in the Application Form and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.

10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and Issue Manager, the Joint Placement Agents and/or any party involved in the Placement, and in any such event, our Company, the Sponsor and Issue Manager and/or the Joint Placement Agents do not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor and Issue Manager and the Joint Placement Agents and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.

11. By completing and delivering the Application Form, you agree that:

    (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 27 February 2019** or such other time or date as our Company may, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, in their absolute discretion, decide and by completing and delivering the Application Form:

        (i) your application is irrevocable; and

        (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

    (b) neither our Company, the Sponsor and Issue Manager, the Joint Placement Agents nor any other party involved in the Placement shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 12 above or to any cause beyond their respective controls;

    (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

(e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor and Issue Manager and the Joint Placement Agents or any other person involved in the Placement shall have any liability for any information not so contained;

(g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;

(h) you irrevocably agree and undertake to subscribe for the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company, the Sponsor and Issue Manager and the Joint Placement Agents decide to allot a smaller number of Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final; and

(i) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue of the Placement Shares that may be allotted to you.

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SINGAPORE TAXATION

The statements made herein regarding taxation are general in nature and are based on certain aspects of the tax laws of Singapore and Malaysia and administrative guidelines issued by the relevant authorities in force as of the date of this Offer Document and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of our Shares or of any person acquiring, holding, selling or otherwise dealing with our Shares or on any tax implications arising from the acquisition, ownership, sale or other dealings in respect of our Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities) may be subject to special rules. Prospective Shareholders are advised to consult their own tax advisers as to the Singapore and Malaysia or other tax consequences of the acquisition, ownership or disposal of our Shares. It is emphasised that neither our Company nor any other persons involved in this Offer Document accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

SINGAPORE INCOME TAX

Singapore Income Tax

Individual income tax

Individual taxpayers who are Singapore tax residents are subject to tax on income accrued or derived from Singapore. All foreign-sourced income (except for income received through a partnership in Singapore) received on or after 1 January 2004 in Singapore by tax resident individuals will be exempt from tax. Certain Singapore-sourced investment income (such as interest from debt securities) derived by tax resident individuals on or after 1 January 2004 from certain financial instruments (other than income derived through a partnership in Singapore or from the carrying on of a trade, business or profession) will be exempt from tax.

A Singapore tax resident individual is taxed at progressive rates ranging from 0 per cent. to a maximum rate of 22 per cent, after deduction of qualifying personal reliefs where applicable, with effect from the year of assessment 2017.

Non-resident individuals, subject to certain exceptions, are generally subject to income tax on income accrued in or derived from Singapore at a flat rate of 22 per cent, with effect from Year of Assessment 2017 except that Singapore employment income is taxed at 15 per cent or at the progressive resident rates, whichever yields a higher tax. However, Singapore does not tax capital gains. A non-resident individual (other than a director) exercising a short-term employment in Singapore for not more than 60 days may be exempt from tax in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign sourced service income received or deemed received in Singapore, unless otherwise exempted.

Foreign income in the form of branch profits, dividends and service fee income ("**specified foreign income**") received or deemed received in Singapore by a Singapore tax resident corporate taxpayer on or after 1 June 2003 are exempted from Singapore tax subject to meeting the qualifying conditions.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. In general, control and management of the company is vested in its board of directors and therefore if the board of directors meets and conducts the company's business in Singapore, the company will be regarded as tax resident in Singapore.

The corporate tax rate in Singapore is 17% with effect from the Year of Assessment 2010 after allowing partial tax exemption on the first S$300,000 of a company's chargeable income as follows:

(i) 75 per cent, of up to the first S$10,000 of a company's chargeable income (excluding Singapore franked dividends); and

(ii) 50 per cent, of up to the next S$290,000 of a company's chargeable income (excluding Singapore franked dividends).

From year of assessment 2020, the partial tax exemption scheme will be limited to the first S$200,000 (instead of S$300,000) of the normal chargeable income – 75.0% of the first S$10,000 and 50.0% of the next S$190,000.

Further, new start-up companies will, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income (other than Singapore dividends) of up to S$100,000 and 50% tax exemption on up to the next S$200,000 of normal chargeable income in each of the company's first three consecutive years of assessment. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate. It has been announced in the 2018 Budget that with effect from the year of assessment 2020, the tax exemption scheme for new start-up companies will be limited to the first S$200,000 (instead of S$300,000) of the normal chargeable income. The tax exemption on the first S$100,000 will also be reduced from 100.0% to 75.0%.

Dividend Distributions

As the Company will be tax resident in Singapore, dividends paid by the Company would be considered as sourced from Singapore. Dividends received in respect of the Shares by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Currently, (subject to certain transitional rules), Singapore has adopted the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under this One-Tier System, the tax collected from corporate profits is the final tax and the Company can pay tax exempt (1-tier) dividends which are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder.

Capital Gains Tax

Singapore does not impose a tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and therefore be subject to tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. Any profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal profits would be taxable as trading income.

Bonus Shares

Under current Singapore tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, pro-rata to shareholders ("**bonus issue**") does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. However, as the Company will move to the One-Tier System after 31 December 2007, any dividend paid on or after 1 January 2008 will be exempt from Singapore tax. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the dividend declared will be treated as exempt (one-tier) dividend income and will not be subject to Singapore tax.

Adoption of FRS 39 treatment for Singapore income tax purposes

On 30 December 2005, the IRAS issued a circular titled "Income Tax Implications arising from the adoption of FRS 39-Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted via the Income Tax (Amendment) Act 2006, with such amendments having been deemed to come into operation on 1 January 2005. The FRS 39 Circular generally applies, subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or conversion of the Shares.

Adoption of SFRS (I) 9 Financial Instruments ("SFRS (I) 9") Tax Treatment

The SFRS (I) 9 replaces the existing FRS 39 and it applies to companies for financial years beginning on or after 1 January 2018.

Generally, the tax treatment of financial assets and liabilities on revenue account that are recognised and measured under SFRS (I) 9 will generally be aligned with the accounting treatment. There is no option for companies to opt out of the SFRS (I) 9 tax treatment. Any gains or losses arising from our Shares that are held on revenue account recognised in the profit and loss account will be taxed or allowed as a deduction, regardless of whether the gains or losses are realised or not. Gains or losses arising from our Shares held on capital account will not be taxed or allowed as a deduction.

For equity instruments on revenue account measured at fair value through other comprehensive income ("OCI"), the gain or loss recognised in OCI will not be taxed or allowed as a deduction until they are realised. Therefore, at the time of de-recognition, the cumulative gains or losses recognised and remaining in OCI will be taxed or allowed as a deduction. Shareholders who are impacted by SFRS (I) 9 are advised to consult their own tax advisers accordingly.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of S$2.00 for every S$1,000 or any part thereof, computed on the consideration paid or market value of our Shares registered in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

However, as our Shares will be listed on Catalist and their transfers will be "scripless" transfers via the CDP, no stamp duty will be imposed on the transfers of our Shares via the CDP.

Goods and Services Tax ("GST")

The sale of the Shares by an investor belonging to Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt sale will become an additional cost to the investor.

Where our Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business may, subject to the provisions of the Goods and Services Tax Act, be offset against the investor's GST liability and, in the event of an excess input tax credit, recovered from the Comptroller of GST of Singapore.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 7%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

Estate duty

With effect from 15 February 2008, Singapore estate duty has been abolished.

MALAYSIA TAXATION

Individual income tax

An individual is a tax resident in Malaysia for the basis period in a year of assessment if:

(a) he is in Malaysia in that basis year for a period or periods amounting in all to one hundred and eighty-two days or more;

(b) he is in Malaysia in that basis year for a period of less than one hundred and eighty-two days and that period is linked by or to another period of one hundred eighty-two or more consecutive days throughout which he is in Malaysia in the basis year for the year of assessment immediately preceding or after that particular year of assessment:

Provided that any temporary absence from Malaysia:–

(i) connected with his service in Malaysia and owing to service matters or attending conferences or seminars or study abroad;

(ii) owing to ill-health involving himself or a member of his immediate family; and

(iii) in respect of social visits not exceeding fourteen days in the aggregate;

shall be taken to form part of such period or that period as the case may be, if he is in Malaysia immediately prior to and after that temporary absence;

(c) he is in Malaysia in that basis year for a period or periods amounting in all to ninety days or more, having been with respect to each of any three of the basis years for the four years of assessment immediately preceding that particular year of assessment either–

(i) resident in Malaysia within the meaning of this Act for the basis year in question; or

(ii) in Malaysia for a period or periods amounting in all to ninety days or more in the basis year in question; or

(d) he is resident for the year immediately following that year and for each of the three immediately preceding years.

Individual taxpayers who are Malaysian tax residents are generally subject to Malaysian income tax on income accruing in or derived from Malaysia.

The single-tier tax system was introduced in Budget 2008 to replace the imputation system with effect from year of assessment 2008. Under this system, corporate income is taxed at corporate level and this is a final tax. Companies may declare single tier exempt dividend that would be exempt from tax in the hands of their shareholders.

Non-resident individuals, subject to certain exceptions, are subject to Malaysian income tax on income accruing in or derived from Malaysia. Non-resident individuals are not subject to tax on foreign-sourced income received in Malaysia.

A Malaysian tax resident individual is taxed at progressive rates ranging from 0% to 28%. Income derived by a non-resident individual is, subject to certain exceptions, normally taxed at the rate of 28%.

Corporate income tax

A company is regarded as resident in Malaysia for Malaysian tax purposes if control and management of its business is exercised in Malaysia.

Dividend Distributions

The single-tier system of taxation for companies completely replaced Malaysia's full imputation system on 1 January 2008. Under the single-tier system, tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Malaysia can be distributed to its shareholders as tax exempt (one-tier) dividends. Such dividends are tax exempt in the hands of shareholders.

No withholding tax is imposed on dividend payments made, whether to resident or non-resident shareholders.

Gains on Disposal of Ordinary Shares

Gains from disposal of shares are regarded as capital gains and normally not subject to income tax except for shares held in real property companies (RPC) or if the gains arising from the disposal of the ordinary shares are construed to be of an income nature will be subject to tax. Hence, any profits derived from the disposal of ordinary shares are not taxable in Malaysia unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the ordinary shares will be taxable or if the shares are RPC shares. Likewise, if the gains are regarded by the Inland Revenue Board of Malaysia as having arisen from the carrying on of a trade or business in Malaysia, such gains may be taxed as trading income.

Stamp Duty

Transfer of shares in a Malaysian company is subject to stamp duty on the instrument of transfer of shares executed in Malaysia at the rate of 0.3% of the value of shares transferred. Stamp duty is payable by the transferee within 30 days from the date of the instrument of transfer.

Based on the guidelines issued by the Stamp Duty Unit of the IRB on 21 April 2001, the value of the shares (i.e. shares not quoted on Bursa Malaysia) transferred for stamp duty purposes is determined as follows:

(a) In cases where sale of shares requires the approval of the Securities Commission, the price/value per share as approved by SC may be accepted.

(b) In cases of companies incurring losses, the par value or net tangible assets or sale consideration whichever the highest is to be used.

(c) In other cases, a comparison is to be made between net tangible assets, price earning multiple/price earnings ratio and sale consideration whichever is the highest to be used.

Goods and Services Tax ("GST")

GST is a tax on domestic consumption of goods and services and on the importation of goods into Malaysia. The standard rate of GST is currently 6.0%. GST was taxed at the rate of 6%, unless specially reduced to 0% or exempted by GST Orders. With effect from 1 June 2018, GST was taxed at the rate of 0%.

The buying or selling of ordinary shares is an exempt supply as set out in the Second Schedule of the Goods and Services Tax (Exempt Supply) Order 2014 i.e. when a share is bought or sold there will be no GST on the gross contract amount, which is price x quantity of the securities. However, the supply of services relating to the buying and selling of shares such as clearing and settlement, brokerage etc. for which fees or commission are charged, will be subject to GST at the standard rate of 6%.

GST Act was repealed on 1 September 2018.

Sales and Services Tax ("SST")

SST is made up of 2 separate taxes i.e. sales tax and services tax. Sales tax is imposed on taxable goods sold by registered manufacturers in Malaysia or on imported goods at 10%, unless specially reduced to 5% or exempted by Sales Tax Orders.

Service tax is imposed on a specific list of taxable services which are provided under the Service Tax Regulations 2018 at the rate of 6%.

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