

# Sim Leisure Group Ltd.

(Company Registration Number: 201808096D)

(Incorporated in the Republic of Singapore)

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## ENTRY INTO A SHAREHOLDER AGREEMENT WITH ELPITIYA PLANTATIONS PLC

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### 1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Sim Leisure Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 4 February 2020 (the “**Announcement**”) in relation to the non-binding memorandum of understanding entered into by the Company and Elpitiya Plantations PLC (“**Elpitiya**”) to develop and operate theme parks under the “ESCAPE” brand in Sri Lanka (“**ESCAPE Sri Lanka**”).
- 1.2 Further to the Announcement, the Board wishes to announce that, on 13 April 2020, the Company entered into a definitive shareholder agreement (the “**SHA**”) with Elpitiya and Venture Valley (Pvt) Limited (“**Venture Valley**”), in relation to the share capital and operations of Venture Valley as a strategic joint venture company between the Company and Elpitiya in connection with ESCAPE Sri Lanka (the “**Joint Venture**”).

*Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Announcement.*

### 2. DETAILS OF THE JOINT VENTURE

#### 2.1 The SHA

The SHA sets out certain key terms and conditions regulating (i) the affairs of Venture Valley, such as the management and control of Venture Valley, as well as the rights and obligations of the shareholders of Venture Valley; and (ii) the operations and conduct of the Joint Venture Business (as defined below).

#### 2.2 Business of Venture Valley

Venture Valley has not commenced commercial operations and Elpitiya is currently the sole shareholder of Venture Valley. Based on the latest unaudited management accounts of Venture Valley for the financial year ended 31 December (“**FY**”) 2019, the net loss<sup>1</sup> attributable to Venture Valley is approximately Rs. 2.2 million (equivalent to approximately RM50,000<sup>2</sup>), and each of the book value and the net tangible asset value of Venture Valley is approximately negative Rs. 2.2 million (equivalent to approximately RM50,000<sup>2</sup>) respectively as at 31 December 2019. No valuation on Venture Valley was conducted.

Venture Valley was established for the purposes of developing and operating ESCAPE Sri Lanka (“**Joint Venture Business**”). Pursuant to the SHA, Elpitiya will sublease a plot of land to Venture Valley and Venture Valley will construct and operate ESCAPE Sri Lanka under the Company’s expertise. Construction of Phase 1 of ESCAPE Sri Lanka on 30 acres of land will commence in FY2020, targeting for opening to the public at the beginning of FY2021.

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<sup>1</sup> Pursuant to Rule 1002(3)(b) of the Catalyst Rules, “net loss” means loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

<sup>2</sup> Based on an exchange rate of Rs. 1: RM0.0227.

### 2.3 Capitalisation and shareholding proportion of Venture Valley

Pursuant to the SHA, the capitalisation and shareholding proportion of Venture Valley upon subscription of new shares in Venture Valley by both the Company and Elpitiya ("**Subscription**") in due course, shall be as follows:

	<b>Number of ordinary shares in Venture Valley to be allotted and issued upon Subscription</b>	<b>Shareholding Proportion in Venture Valley upon Subscription</b>	<b>Capital Contribution</b>
The Company	816,000 ordinary shares	51.0%	US\$816,000
Elpitiya	784,000 ordinary shares	49.0%	US\$784,000
<b>TOTAL</b>	1,600,000 ordinary shares	100.0%	US\$1,600,000

### 2.4 Board of directors of Venture Valley

Pursuant to the SHA, the board of directors of Venture Valley shall consist of seven directors, whereby four of them shall be nominated by the Company and three of them shall be nominated by Elpitiya.

### 2.5 Aggregate value of the consideration

Pursuant to the SHA, the estimated aggregate project cost for ESCAPE Sri Lanka is approximately US\$4.0 million, of which 40% (amounting to US\$1.6 million) will be funded by equity by the Company and Elpitiya proportionate to their respective shareholding interests in Venture Valley upon Subscription ("**Equity Portion**"), while the balance 60% (amounting to US\$2.4 million) is expected to be funded by bank loans, which would be secured by corporate guarantees by the Company and Elpitiya proportionate to their respective shareholding interests in Venture Valley upon Subscription ("**Corporate Guarantee Portion**"). For the avoidance of doubt, no interest will be chargeable by the Company and Elpitiya for the provision of the aforementioned corporate guarantees.

In accordance with paragraph 3.2(b)(ii) of Practice Note 10A of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), which states that *"any additional amounts related to the transaction, including loans or guarantees extended by the purchaser or the provision of other forms of security, shall be included in the aggregated value of consideration"*, the Company's estimated aggregate value of the consideration, as at the date of this announcement, for ESCAPE Sri Lanka amounts to approximately US\$2.0 million ("**Consideration**"), comprising the following:

	<b>Computation</b>	<b>Amount</b>
Equity Portion	US\$1.6 million x 51%	US\$816,000
Corporate Guarantee Portion	US\$2.4 million x 51%	US\$1,224,000
<b>Aggregate value of the Consideration</b>	<b>US\$4.0 million x 51%</b>	<b>US\$2,040,000</b>

The Company intends to finance the Equity Portion attributable to the Company amounting to US\$816,000 by internal funds.

### 3. RATIONALE FOR THE JOINT VENTURE

The Board is of the view that the Joint Venture is in line with the Company's plans to expand into new geographical locations through joint ventures and/or strategic alliances (as disclosed in the Company's offer document dated 22 February 2019 in respect of its initial public offering on the SGX-ST).

### 4. RELATIVE FIGURES FOR THE JOINT VENTURE COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures for the Joint Venture computed on the bases set out in Rule 1006 of the Catalist Rules and the Group's latest audited consolidated financial statements for FY2019 are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	1.2 <sup>(2)</sup>
(c)	The aggregate value of the consideration given for the Joint Venture, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	9.9 <sup>(3)</sup>
(d)	The number of equity securities to be issued by the Company as consideration for the Joint Venture, compared with the number of equity securities of the Company previously in issue	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable <sup>(5)</sup>

#### Notes:

(1) Rule 1006(a) of the Catalist Rules is not applicable as there is no disposal of asset.

(2) "Net profits" means loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

The relative figure for Rule 1006(b) of the Catalist Rules has been computed based on (i) the unaudited net loss of Venture Valley for FY2019, attributable to 51% shareholding interest to be held by the Company in Venture Valley, of approximately Rs. 1.1 million (equivalent to approximately RM25,000 based on an exchange rate of Rs. 1:RM0.0227); and (b) the Group's audited consolidated net profits for FY2019 of approximately RM2.1 million.

(3) The relative figure for Rule 1006(c) of the Catalist Rules has been computed based on the Consideration of US\$2,040,000 (equivalent to S\$2,917,200 based on an exchange rate of US\$1:S\$1.43) and the Company's market capitalization of S\$29,529,500, computed based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings)

("Shares") of 134,225,000 Shares and the weighted average price of S\$0.22 per Share on 7 April 2020, being the last traded market day preceding the date of the SHA.

- (4) Rule 1006(d) of the Catalist Rules is not applicable as there is no equity securities to be issued.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure set out in Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Joint Venture constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules. Accordingly, approval of the shareholders of the Company is not required for the Joint Venture.

## 5. FINANCIAL EFFECTS OF THE JOINT VENTURE

- 5.1. The *pro forma* financial effects of the Joint Venture on the Group as set out below are presented strictly for illustrative purposes and may not necessarily indicate or reflect the actual future financial position and results of the Group after the completion of the Joint Venture.
- 5.2. The *pro forma* financial effects of the Joint Venture have been computed based on the audited consolidated financial statements of the Group for FY2019, and based on the following assumptions:
  - (a) the financial effect on the consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Joint Venture was completed on 31 December 2019;
  - (b) the financial effect on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Joint Venture was completed on 1 January 2019;
  - (c) the Company's cash investment in the Joint Venture is only the Equity Portion, which amounts to US\$816,000;
  - (d) the exchange rate of US\$1.00 : RM4.30 was used for the foreign exchange translation; and
  - (e) the expenses to be incurred in respect of the Joint Venture are disregarded for the purposes of calculating the financial effects.

### 5.3. NTA per Share

As at 31 December 2019	Before the Joint Venture	After the Joint Venture
NTA attributable to Shareholders (RM)	51,196,308	51,188,008
Total number of Shares	134,225,000	134,225,000
NTA per Share (RM cents)	38.14	38.14

### 5.4. EPS

<b>FY2019</b>	<b>Before the Joint Venture</b>	<b>After the Joint Venture</b>
Profit attributable to owners of the parent (RM)	234,891	226,591
Weighted average number of Shares	134,225,000	134,225,000
EPS (RM cents)	0.17	0.17

#### **6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

#### **7. DOCUMENTS FOR INSPECTION**

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

#### **8. SERVICE CONTRACTS**

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

#### **9. FURTHER ANNOUNCEMENTS**

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

#### **10. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Joint Venture, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By order of the Board

Sim Choo Kheng  
Executive Director and Chief Executive Officer  
17 April 2020

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*