

**CIRCULAR DATED 5 NOVEMBER 2020**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**This Circular (as defined herein) is issued by Sim Leisure Group Ltd. (the “Company”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser(s) immediately.**

*Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled “DEFINITIONS”.*

This Circular, together with the Notice of EGM and the accompanying Proxy Form have been made available on SGXNet and the Company’s website at <https://simleisuregroup.com/announcements>. **A printed copy of this Circular, together with the Notice of EGM and the accompanying Proxy Form will NOT be despatched to Shareholders.**

If you have sold or transferred all your Shares, you should immediately inform the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular, together with the Notice of EGM and the accompanying Proxy Form, may be accessed via SGXNet and the Company’s website at <https://simleisuregroup.com/announcements>.

*This Circular has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rule 226(2)(b) of the Catalist Rules.*

*This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes not responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made, or reports contained in this Circular.*

*The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #9-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*



**SIM LEISURE GROUP LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200800853Z)

**CIRCULAR TO SHAREHOLDERS**

**in relation to**

- (1) THE PROPOSED COOPERATION AGREEMENT BETWEEN SIM LEISURE CREATIVE PTE. LTD. AND SIM LEISURE GULF CONTRACTING L.L.C. AS AN INTERESTED PERSON TRANSACTION; AND**
- (2) THE PROPOSED CHANGE OF AUDITORS FROM MESSRS BDO LLP TO MESSRS UHY LEE SENG CHAN & CO**

Independent Financial Adviser in relation to the Proposed Cooperation Agreement



**PROVENANCE CAPITAL PTE. LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200309056E)

## **IMPORTANT DATES AND TIMES**

Last date and time to register online to attend the Extraordinary General Meeting	:	17 November 2020 at 11 a.m.
Last date and time for lodgement of Proxy Form	:	17 November 2020 at 11 a.m.
Date and time of Extraordinary General Meeting	:	20 November 2020 at 11 a.m.
Place of Extraordinary General Meeting	:	The EGM will be held by way of electronic means. Please refer to the Company's announcement dated 5 November 2020 for further information.

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## DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

- “ACRA”** : Accounting and Corporate Regulatory Authority of Singapore
- “AGM”** : Annual General Meeting
- “Associate”** : (a) In relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (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% or more;
- (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% or more
- “Auditors”** : The auditors of the Company for the time being
- “Audit Committee”** : The audit committee of the Company for the time being
- “Authorised Products”** : Means the product information, roadmaps, technical information, practices, services and support procedures, plans, documents, drawings, designs, layouts, know-how, references, method statements, manuals, user guides owned by SL Creative or of which SL Creative has authority to use and grant rights of use pertaining to design and theming
- “Board”** : The board of directors of the Company for the time being
- “BDO LLP”** : Messrs BDO LLP, the existing Auditors
- “Brand Name”** : Has the meaning ascribed to it in Section 2.1 of this Circular
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “CEO”** : Chief Executive Officer
- “Circular”** : This circular to Shareholders dated 5 November 2020

<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
<b>“Company”</b>	:	Sim Leisure Group Ltd.
<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of all voting shares in the Company (subject to the SGX-ST determining that such a person is not a Controlling Shareholder); or</li> <li>(b) in fact exercises control over the Company</li> </ul>
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held by way of electronic means on Friday, 20 November 2020 at 11 a.m., notice of which is set out on pages N-1 to N-3 of this Circular
<b>“FY”</b>	:	Financial year of the Company ended or ending 31 December, as the case may be
<b>“Group”</b>	:	The Company and its subsidiaries as at the date of this Circular
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the date of issue of this Circular, being 2 November 2020
<b>“Notice of EGM”</b>	:	The notice of EGM as set out on pages N-1 to N-3 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“Ordinary Resolutions”</b>	:	The ordinary resolutions as set out in the Notice of EGM on pages N-1 to N-3 of this Circular
<b>“Proposed Change of Auditors”</b>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<b>“Proposed Cooperation Agreement”</b>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<b>“Proposed New Auditors”</b>	:	Messrs UHY Lee Seng Chan & Co
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as set out in this Circular
<b>“RM”</b>	:	Malaysian ringgit, being the lawful currency for the time being of Malaysia
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register

<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SL Creative”</b>	:	Sim Leisure Creative Pte. Ltd., a company incorporated under the laws of the Republic of Singapore, which is a 60%-owned subsidiary of the Company
<b>“SL Gulf”</b>	:	Sim Leisure Gulf Contracting L.L.C., a company incorporated under the laws of Dubai
<b>“Sponsor”</b>	:	ZICO Capital Pte. Ltd.
<b>“Substantial Shareholder”</b>	:	A Shareholder who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
<b>“Territory”</b>	:	Has the meaning ascribed to it in Section 2.1 of this Circular
<b>“S\$”, “\$”, “SGD” and “cents”</b>	:	Singapore dollars and cents, respectively, being the lawful currency for the time being of the Republic of Singapore
<b>“%” or “per cent”</b>	:	Per centum or percentage

The terms **“Depositor”**, **“Depository”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The term **“subsidiary”** and **“treasury shares”** shall have the meanings ascribed to them respectively in the Companies Act.

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

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the SFA, Companies Act, the Catalyst Rules or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the SFA, Companies Act, the Catalyst Rules or any such statutory modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day or date in this Circular is made by reference to Singapore time or date unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

For the purposes of this Circular, Chancery Law Corporation has been appointed as the legal counsel to the Company in relation to the drafting of this Circular and Cheng, Lee & Goh Advocates & Solicitors has been appointed as the legal counsel to the Company in relation to the drafting of the Proposed Cooperation Agreement.

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## LETTER TO SHAREHOLDERS

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### SIM LEISURE GROUP LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200800853Z)

#### Directors:

Sim Choo Kheng	Executive Director and CEO
Silviya Georgieva Georgieva	Executive Director
Tay Eng Kiat Jackson	Chairman and Independent Director
Yong Oi Ling	Independent Director
Chung Yew Pong	Independent Director
Tan Boon Seng	Non-Independent Non-Executive Director

#### Registered Office:

138 Robinson Road  
#26-03, Oxley Tower  
Singapore 068906

Date: 5 November 2020

To: **The Shareholders of Sim Leisure Group Ltd.**

Dear Sir/Madam

- (1) **THE PROPOSED COOPERATION AGREEMENT BETWEEN SIM LEISURE CREATIVE PTE. LTD. AND SIM LEISURE GULF CONTRACTING L.L.C. AS AN INTERESTED PERSON TRANSACTION; AND**
- (2) **THE PROPOSED CHANGE OF AUDITORS FROM MESSRS BDO LLP TO MESSRS UHY LEE SENG CHAN & CO**

### 1. INTRODUCTION

#### 1.1. EGM

The Directors are convening an EGM to seek Shareholders' approval for:

- (a) the cooperation agreement proposed to be entered into between SL Creative, a 60%-owned subsidiary of the Company, and SL Gulf, an Associate of Mr Sim Choo Kheng ("**Mr Sim**") (Executive Director, CEO and Controlling Shareholder of the Company) ("**Proposed Cooperation Agreement**") as an interested person transaction; and
- (b) the proposed change of Auditors from Messrs BDO LLP to the Proposed New Auditors, Messrs UHY Lee Seng Chan & Co ("**Proposed Change of Auditors**").

#### 1.2. Circular

The purpose of this Circular is to provide Shareholders with relevant information, the rationale for, and to seek Shareholders' approval for (a) the Proposed Cooperation Agreement as an interested person transaction; and (b) the Proposed Change of Auditors, at the EGM. The Notice of EGM is set out on pages N-1 to N-3 of this Circular.

### 2. THE PROPOSED COOPERATION AGREEMENT

#### 2.1. Background

With over 30 years of experience in the theme park industry, Mr Sim (Executive Director and CEO of the Company) has established the "Sim Leisure" corporate name through his involvement in more than 100 major projects worldwide building and managing theme parks. As at the Latest Practicable Date,

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## LETTER TO SHAREHOLDERS

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the following “SIM LEISURE” brand name (“**Brand Name**”) is in the process of being registered as a trademark by the Group in the name of SL Creative with the Intellectual Property Office of Singapore under Class 37<sup>1</sup> and Class 42<sup>2</sup>:



The Group intends to capitalise on its “SIM LEISURE” brand recognition in the leisure industry and its established track record of designing and building theme parks globally. In line with this plan, SL Creative was incorporated in March 2020 to carry out the business of leasing or licensing of the Group’s non-financial intangible assets – primarily patents, trademarks and brand names – and the provision of management consultancy services. To this end, the Group, through SL Creative, had on 13 April 2020 entered into an agreement with third-party China-based Guangzhou Daxin Water Park Equipment Co., Ltd (“**Guangzhou Daxin**”) pursuant to which SL Creative will license the Brand Name and the Authorised Products to Guangzhou Daxin for theme park designing and building within China and South East Asia. Guangzhou Daxin is one of the biggest waterpark designers, equipment suppliers and contractors in China.

Moving forward and in furtherance of the aforesaid plan, the Group is desirous of leveraging on the capabilities of SL Gulf in the design and construction of theme attractions and theme features. Accordingly, the Group proposes to enter into the Proposed Cooperation Agreement, through SL Creative, to license the Brand Name and the Authorised Products to SL Gulf for the purpose of its business of design, sales and construction of decorative structures and architectural theme parks (“**Business**”) in the United Arab Emirates and countries of the Gulf Cooperation Council<sup>3</sup> (collectively, the “**Territory**”).

Please refer to Section 2.4 of this Circular for more details on the rationale for and benefits of the Proposed Cooperation Agreement.

### 2.2. Parties to the Proposed Cooperation Agreement

#### 2.2.1. SL Creative

SL Creative was incorporated on 25 March 2020 in Singapore. Its principal activity is to carry out the business of leasing or licensing of the Group’s non-financial intangible assets (such as patents, trademarks, brand names, etc.) and the provision of management consultancy services.

SL Creative is a 60%-owned subsidiary of the Company. The remaining 40% shareholding interest in SL Creative is held by two (2) third parties (“**Minority Shareholders**”) who are not related to any of the Directors, Substantial Shareholders or their respective Associates. One

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<sup>1</sup> Class 37: Construction services; installation and repair services; mining extraction; oil and gas drilling. Source: [https://www.wipo.int/classifications/nice/nclpub/en/fr/?basic\\_numbers=show&class\\_number=37&explanatory\\_notes=show&lang=en&menulang=en&mode=flat&notion=&pagination=no&version=20200101](https://www.wipo.int/classifications/nice/nclpub/en/fr/?basic_numbers=show&class_number=37&explanatory_notes=show&lang=en&menulang=en&mode=flat&notion=&pagination=no&version=20200101) (last accessed on 5 November 2020).

<sup>2</sup> Class 42: Scientific and technological services and research and design relating thereto; industrial analysis; industrial research and industrial design services; quality control and authentication services; design and development of computer hardware and software. Source: [https://www.wipo.int/classifications/nice/nclpub/en/fr/?basic\\_numbers=show&class\\_number=42&explanatory\\_notes=show&lang=en&menulang=en&mode=flat&notion=&pagination=no&version=20200101](https://www.wipo.int/classifications/nice/nclpub/en/fr/?basic_numbers=show&class_number=42&explanatory_notes=show&lang=en&menulang=en&mode=flat&notion=&pagination=no&version=20200101) (last accessed on 5 November 2020).

<sup>3</sup> The Gulf Cooperation Council is a regional inter-governmental political and economic union consisting of 6 Arab states of the Persian Gulf namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.



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## LETTER TO SHAREHOLDERS

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of the Minority Shareholders is Mr Wesley James Rae (with 30% interest in SL Creative), who was a former Director of the Company (resigned on 25 February 2020); and the other Minority Shareholder is Ms Josie Booth (with 10% interest in SL Creative), who was a former senior manager with the Group. Both Mr Wesley James Rae and Ms Josie Booth are currently employees of SL Gulf.

The directors of SL Creative are Mr Sim, Ms Silviya Georgieva Georgieva (Executive Director of the Company), Mr Wesley James Rae and Ms Lim Yi Wen (a Singapore resident director who is not related to any of the Directors, Substantial Shareholders or their respective Associates).

### 2.2.2. SL Gulf

SL Gulf was incorporated on 15 May 2013 in Dubai. Its principal activity is in the business of design and construction of theme attractions in theme parks as well as theme features mainly for restaurants and hotels. Some of the projects which SL Gulf was involved in include the Laguna Waterpark, Green Planet, Ski Dubai and the Jumeirah Beach Hotel, all of which are located in Dubai.

Mr Sim has a 49% direct shareholding interest in SL Gulf and holds the balance 51% shareholding interest through a nominee arrangement. Accordingly, SL Gulf is an Associate of Mr Sim by virtue of his 49% direct shareholding interest in SL Gulf and the balance 51% shareholding interest through a nominee arrangement.

Mr Sim has granted the Group a five (5)-year call option, commencing immediately after the listing of the Company on the Catalist board of the SGX-ST on 1 March 2019, to acquire all his shareholding interests in SL Gulf (whether held directly or through nominee arrangement), subject to existing rights of pre-emption and the prevailing United Arab Emirates laws and regulations. As at the Latest Practicable Date, the Group has not exercised the aforesaid call option. Mr Sim is the sole director 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 Mr Wesley James Rae and Ms Josie Booth. Mr Wesley James Rae is currently the director of operations of SL Gulf and is responsible for managing the material aspects of the design, building and theming of leisure attractions undertaken by SL Gulf. He is assisted by Ms Josie Booth, who is the general manager of operations of SL Gulf.

## 2.3. **Principal Terms of the Proposed Cooperation Agreement**

### 2.3.1. Grant of License to SL Gulf

Subject to the terms and conditions of the Proposed Cooperation Agreement, and in consideration of the Cooperation Fee (as defined in Section 2.3.3 below), SL Creative shall grant to SL Gulf an exclusive, non-transferable and non-assignable right to use the Brand Name and the Authorised Products for SL Gulf's Business within the Territory.

### 2.3.2. Services and Support by SL Creative to SL Gulf

SL Creative shall, for the Term (as defined in Section 2.3.5 below) of the Proposed Cooperation Agreement, provide the following support and services to SL Gulf:

- (a) provide recommendations on technical aspects and issues that SL Gulf encounters in its projects with its clients;
- (b) provide relevant marketing information, trends or economic outlook affecting the

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## LETTER TO SHAREHOLDERS

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Business; and

- (c) provide a senior representative of SL Creative to attend meetings to provide advice or conduct presentations to clients of SL Gulf on a monthly basis.

In addition to the above, SL Creative shall also provide training on, *amongst others*, the Authorised Products to the staff of SL Gulf.

### 2.3.3. Cooperation Fee

In consideration for the grant of rights as set out in Section 2.3.1 above, SL Creative shall charge SL Gulf a cooperation fee ("**Cooperation Fee**") on a quarterly basis, calculated based on 10% of the total gross revenue recorded by SL Gulf in each calendar quarter. The first payment shall be based on the gross revenue recorded by SL Gulf from the effective date of the Proposed Cooperation Agreement to the last day of the calendar quarter immediately following the effective date.

SL Creative will invoice SL Gulf for the amount of the Cooperation Fee in SGD by the 15<sup>th</sup> day of the following quarter, and such fee will be payable within 60 days from the date of said invoice. Late payment charges shall accrue at a rate of 0.5% per month calculated from the due date of payment to the date of actual payment.

The Cooperation Fee was arrived at based on arm's length negotiations between SL Creative and SL Gulf, on a willing-buyer and willing-seller basis, after taking into consideration, *inter alia*, the key terms and conditions of the agreement between SL Creative and Guangzhou Daxin (which is similar in nature to the Proposed Cooperation Agreement), the services and support to be provided to SL Gulf under the Proposed Cooperation Agreement, as well as the expected involvement of Mr Sim's personal time and attention in projects handled by SL Gulf.

### 2.3.4. Obligations and Covenants of SL Gulf

SL Gulf agrees and undertakes, *inter alia*, as follows:

- (a) to operate the Business using its best efforts and to maintain the goodwill attached to the Brand Name;
- (b) to adhere to SL Creative's standards and procedures on the use of the Brand Name;
- (c) to be responsible for obtaining all relevant licenses and permits, etc., from any governmental, statutory, regulatory or administrative body or agency for its Business, and to comply with the applicable laws of Singapore;
- (d) at all times during the Term, to not use any trademark, service mark, trade name or copyrights, other than the Brand Name in connection with its Business as may be approved by SL Creative from time to time;
- (e) at all times during the Term, that it and/or its directors or shareholders will not be directly or indirectly engaged, involved, concerned or interested in other businesses or undertakings that compete with the Business;
- (f) at all times during the Term, that it shall be responsible for all legal matters relating to its Business (other than in respect of a breach of intellectual property rights concerning the Brand Name). SL Gulf shall indemnify SL Creative (i) from any damages or third party claims relating to the Business ("**Third Party Claims**") and (ii) for any costs, claims, damages and expenses incurred due to SL Gulf's breach of the

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## LETTER TO SHAREHOLDERS

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Proposed Cooperation Agreement;

- (g) to furnish to SL Creative such information, dates and reports reflecting the aggregate revenue of the Business in accordance with the Proposed Cooperation Agreement, including without limitation to (i) a monthly revenue report for each calendar month, (ii) complete monthly management financial statements, (iii) yearly audited financial statements and a certificate of compliance by SL Gulf with the terms of the Proposed Cooperation Agreement during that fiscal year, and (iv) tax returns and reports to be submitted to the relevant government authorities;
- (h) to not sell, assign, transfer, charge, mortgage or otherwise deal in or encumber with the Business, the Brand Name and/or the Authorised Products, without the consent of SL Creative save in accordance with the Proposed Cooperation Agreement;
- (i) to not use the Brand Name and/or the Authorised Products on behalf of any third party or make available the same to any third party; and
- (j) to not permit the use of the Brand Name and/or the Authorised Products by any third party.

### 2.3.5. Term

Subject to the relevant approvals (including but without limitation to the approval of Shareholders at the EGM) having been obtained, the term of the Proposed Cooperation Agreement ("**Term**") shall commence on the date of the Proposed Cooperation Agreement and shall remain in force until it is terminated in accordance with the Proposed Cooperation Agreement.

### 2.3.6. Default and Termination

Each of SL Gulf and SL Creative shall be entitled, but not obliged, to terminate the Proposed Cooperation Agreement with immediate notice upon the occurrence of an event of default by the other party ("**Defaulting Party**").

The events of default are, *inter alia*:

- (a) if the Defaulting Party is convicted of a crime or offence that is likely to adversely affect the Business, the Brand Name, the goodwill associated therewith, or SL Creative's interest therein;
- (b) if the Defaulting Party becomes bankrupt or insolvent or makes a composition with creditors or any winding up order of any kind is made, or a receiver or manager or judicial manager is appointed with respect to the undertaking or assets;
- (c) if the Defaulting Party ceases business or otherwise voluntarily abandons the Business, or takes any action to liquidate its assets, or stops paying creditors in the usual course of business;
- (d) if the Defaulting Party repeatedly fails to comply with terms of the Proposed Cooperation Agreement; and
- (e) save as provided in (a) to (d) of this Section above, if the Defaulting Party has been notified in writing of its non-compliance with the terms of the Proposed Cooperation Agreement and fails to remedy such non-compliance within 14 days of such notice.

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## LETTER TO SHAREHOLDERS

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Except in the case of fraud or wilful default, or death or injury for which SL Creative is liable for negligence, SL Creative shall not be liable to SL Gulf for any loss of profit or business or other economic or financial loss arising in connection with the Proposed Cooperation Agreement.

Upon termination of the Proposed Cooperation Agreement, SL Gulf undertakes to immediately pay all amounts due but unpaid under the Proposed Cooperation Agreement. Any fee or payment made by SL Gulf to SL Creative pursuant to the Proposed Cooperation Agreement shall not be returned to SL Gulf upon termination of the Proposed Cooperation Agreement.

If the Proposed Cooperation Agreement is terminated due to an event of default by SL Gulf, SL Gulf shall be liable to pay a sum equivalent to the total sum of Cooperation Fee paid by it to SL Creative for the preceding three (3) years prior to such termination as liquidated damages.

### 2.3.7. Non-Competition Clause

During the Term, SL Gulf shall not engage in any business activity which competes with SL Creative or cooperate with any company which competes with SL Creative outside the Territory. Further, SL Gulf shall not divert or seek to divert any client of SL Creative.

For a period of three (3) years immediately following the termination of the Proposed Cooperation Agreement, SL Gulf shall not (i) whether on its own or on behalf of any company, engage in similar business activity which competes with SL Creative; and (ii) employ or seek to employ any person who is at that time or has at any time in the previous three (3) years been employed by SL Creative, SL Gulf or in any business carried out under the Brand Name, or otherwise directly or indirectly induce or seek to induce any such person to leave his or her employment.

### 2.4. **Rationale for and Benefits of the Proposed Cooperation Agreement**

With over 30 years of experience in the theme park industry, Mr Sim (Executive Director and CEO of the Company) has established the "SIM LEISURE" corporate name through his involvement in more than 100 major projects worldwide building and managing theme parks. The Group intends to capitalise on the "SIM LEISURE" brand recognition in the leisure industry to collaborate with SL Gulf to secure design and building works for theme park attractions in the Middle East by leveraging on SL Gulf's capabilities and marketing network.

The Proposed Cooperation Agreement will allow the Group to apply its capabilities and know-how in the leisure industry, and in the process generate additional revenue for the Group and contribute positively to the Group's financial results. The Group will benefit from having an additional source of revenue, that is, the Cooperation Fee, generated from the Proposed Cooperation Agreement.

Further, the successful completion of the projects involving the design and building of theme attractions by SL Gulf using the Brand Name will serve to raise the profile of the Brand Name in the leisure industry, which will improve the Group's credentials to secure future projects in the Middle East and, more specifically, the United Arab Emirates and the countries of the Gulf Cooperation Council. This serves as a springboard to future collaboration opportunities and is in line with the Group's strategy to explore new partnerships and venture into various markets.

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## LETTER TO SHAREHOLDERS

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### 3. CHAPTER 9 OF THE CATALIST RULES

#### 3.1. Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as the “**entity at risk**”) enters into or proposes to enter into with a party who is an interested person of the listed company. Under Chapter 9 of the Catalist Rules, an immediate announcement and subsequent Shareholders’ approval is required in respect of a transaction between an entity at risk and its interested persons if the value of that transaction is equal to or exceeds 5% of the value of the Group’s latest audited NTA.

The following definitions are contained under Chapter 9 of the Catalist Rules:

3.1.1. the term “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules.

3.1.2. the term “**entity at risk**” means:

- (a) the issuer;
- (b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the issuer and its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company.

3.1.3. the term “**interested person**” means:

- (a) a director, CEO, or controlling shareholder of the issuer; or
- (b) an Associate of any such director, CEO, or controlling shareholder.

3.1.4. the term “**interested person transaction**” means a transaction between an entity at risk and an interested person.

#### 3.2. The Proposed Cooperation Agreement as an Interested Person Transaction

As at the Latest Practicable Date,

3.2.1. SL Creative is a 60%-owned subsidiary of the Company, which is not listed on the SGX-ST or an approved exchange; and

3.2.2. SL Gulf is an Associate of the Company’s Executive Director, CEO and Controlling Shareholder, Mr Sim, by virtue of his 49% direct shareholding interest in SL Gulf and the balance 51% shareholding interest through a nominee arrangement.

Accordingly, SL Creative is an “entity at risk” and SL Gulf, being an Associate of a Director, CEO and Controlling Shareholder of the Company, is an “interested person”, for the purposes of Chapter 9 of the Catalist Rules. Consequently, the entry into the Proposed Cooperation Agreement between SL Gulf as an “interested person” and SL Creative as an “entity at risk”, constitutes an “interested person transaction”.

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## LETTER TO SHAREHOLDERS

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### 3.3. **Materiality Thresholds under Chapter 9 of the Catalist Rules**

#### 3.3.1. Rule 906(1)(a) – Interested Person Transaction

In accordance with Rules 906(1)(a) and 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5% of the latest audited NTA of the Group (“**Group NTA**”), the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

As at 31 December 2019, the Group NTA is approximately RM51.2 million (or approximately S\$16.8 million, based on the currency exchange of S\$1 : RM3.0415 as at 2 November 2020), and 5% of the Group NTA is approximately RM2.56 million (or approximately S\$0.8 million, based on the currency exchange of S\$1 : RM3.0415 as at 2 November 2020).

In determining the value of the interested person transaction, Rule 909(1) of the Catalist Rules states that in the case of a partly-owned subsidiary or associated company, the value of the transaction is the issuer’s effective interest in that transaction. Accordingly, the value of the interested person transaction is calculated based on 60% of the Cooperation Fee. However, as the Cooperation Fee is calculated based on an agreed percentage of future revenue recorded by SL Gulf, the exact amount of the Cooperation Fee and, in turn, the value of the interested person transaction cannot be determined presently.

Nevertheless, it is envisaged that the value of the transaction in any financial year in respect of the Proposed Cooperation Agreement, based on a single project or on an aggregation of projects, may potentially be equal to or exceed 5% of the Group NTA for the purpose of Chapter 9 of the Catalist Rules. Therefore, the Company proposes the entry into the Proposed Cooperation Agreement be subject to the specific approval of Shareholders at the forthcoming EGM.

#### 3.3.2. Rule 906(1)(b) – Same Interested Person Transactions

For the current financial year commencing 1 January 2020 up to the Latest Practicable Date, the aggregate value of all transactions entered into by the Group with Mr Sim and his Associates (excluding transactions which are less than S\$100,000 and the Proposed Cooperation Agreement) is approximately S\$242,000, representing approximately 1.43% of the Group NTA, and does not exceed 5% of the Group NTA.

However, the Company is seeking the specific approval of Shareholders at the forthcoming EGM as the value of the transaction in respect of the Proposed Cooperation Agreement may be equal to or exceed 5% of the Group NTA based on a single project or an aggregation of projects in any financial year for the purposes of Chapter 9 of the Catalist Rules.

### 3.4. **Total Value of Interested Person Transactions**

The aggregate value of all interested person transactions entered into by the Group for the current financial year commencing on 1 January 2020 up to the Latest Practicable Date (excluding transactions which are less than S\$100,000 and the Proposed Cooperation Agreement) is approximately S\$242,000, representing approximately 1.43% of the Group NTA.



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## LETTER TO SHAREHOLDERS

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### 4. INFORMATION ON THE PROPOSED CHANGE OF AUDITORS

#### 4.1. Background of and Rationale for the Proposed Change of Auditors

The Company's current Auditors, BDO LLP, have been Auditors of the Company since October 2018, for the financial year ended 31 December 2018. BDO LLP was last re-appointed as Auditors of the Company at the AGM of the Company held on 11 May 2020 to hold office until the conclusion of the next AGM of the Company.

As part of the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be an opportune time to review the appointment of the auditors as the review would provide the Group with an opportunity to benchmark its audit fees and realise costs efficiencies.

Prior to the Board's decision to propose the Proposed New Auditors as the Auditors of the Company, the Board and the Audit Committee had sourced for and considered fee proposals from various audit firms and other factors, including the adequacy of the resources and experience of the audit firm to be selected and the audit engagement partner to be assigned to the audit, other audit engagements of the audit firm, the Group's audit requirements (taking into consideration the size and complexity of the Group's business and operations) and the number and experience of supervisory and professional staff to be assigned to the audit. The Audit Committee also took into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of the different audit firms.

After taking into consideration, *inter alia*, the above factors, the Board and the Audit Committee are of the view that (i) the Proposed New Auditors is a cost effective and appropriate candidate for the position of Auditors of the Company as their proposed professional fees are reasonable and competitive; and (ii) the Proposed New Auditors and the audit engagement partner to be appointed, Mr Lee Sen Choon, are well suited to meet the existing needs and audit requirements of the Group. As such, the Board has recommended the appointment of the Proposed New Auditors as Auditors of the Company in place of BDO LLP in respect of FY2020.

The Proposed Change of Auditors is neither due to the dismissal of BDO LLP nor BDO LLP declining to stand for election. The Company expects the Proposed Change of Auditors to result in cost savings of approximately S\$17,000 in audit fees as compared to the audit fees proposed by BDO LLP in respect of FY2020. The Company does not expect the reduction in cost to affect the quality of the audit to be undertaken and there will be no change in the scope of audit to be undertaken with the Proposed Change of Auditors.

#### **Requirements under Rule 715 of the Catalist Rules**

Subject to the approval of Shareholders at the EGM for the Proposed Change of Auditors, the Company will appoint the Proposed New Auditors as Auditors of the Company and its Singapore-incorporated subsidiary, SL Creative.

The Company intends to appoint UHY Chartered Accountants to audit the accounts of its Malaysia-incorporated subsidiaries as follows:

- (a) Sim Leisure Escape Sdn. Bhd.;
- (b) Sim Leisure Adventureplay Sdn. Bhd.;
- (c) Sim Leisure Waterplay Sdn. Bhd.;
- (d) Sim Leisure Challenge Sdn. Bhd.;

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## LETTER TO SHAREHOLDERS

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(e) Sim Leisure Rock Sdn. Bhd.; and

(f) Sim Leisure Milan Sdn. Bhd..

UHY Chartered Accountants is a full member of Urbach Hacker Young International Limited. Both UHY Chartered Accountants and the Proposed New Auditors are part of UHY, an international network of independent accounting and consultancy firms. Please refer to Section 4.2 of this Circular for more details on UHY Chartered Accountants.

The Company's Hong Kong-incorporated subsidiary, Sim Leisure Hong Kong Ltd., will not be audited as it is currently dormant. For the avoidance of doubt, the Company does not have any associated companies for the current financial year commencing 1 January 2020 up to the Latest Practicable Date.

The Board and the Audit Committee, having discussed with the Proposed New Auditors and considered factors such as the adequacy of resources and experience of UHY Chartered Accountants and the engagement partner to be assigned to the audit, the size and complexity of the business and operations of the aforesaid subsidiaries and the number and experience of supervisory and professional staff to be assigned to the audit, are satisfied that the appointment of different audit firms will not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Board confirms that Rule 715 of the Catalist Rules will be complied with.

The appointment of the Proposed New Auditors as Auditors of the Company will be effective from the date of approval by Shareholders at the EGM. Upon appointment, the Proposed New Auditors will hold office until the conclusion of the next AGM of the Company.

#### 4.2. Information on the Proposed New Auditors and the Audit Engagement Partner

##### The Proposed New Auditors

UHY Lee Seng Chan & Co, the Proposed New Auditors, was established in 1967 and is a firm of Chartered Accountants in Singapore registered with ACRA. It is one of the top 20 audit firms in Singapore and has over 150 strong partners and professional staff who are skilled and experienced. UHY Lee Seng Chan & Co has grown over the past four (4) decades to become a leading CA (Chartered Accountants) firm offering diversified business advisory services in the region. To meet the client's increasing needs in advisory services in the region, UHY Lee Seng Chan & Co have extended their reach beyond Singapore, Johor Bahru and Kuala Lumpur. To date, UHY Lee Seng Chan & Co has about 600 Singapore clients in various industries including companies with similar business activities as the Company. Out of these 600 clients, two (2) of them are listed in Bursa Malaysia and one (1) on the Singapore Stock Exchange. UHY Lee Seng Chan & Co is also currently preparing a client to be listed in NASDAQ.

As an independent member firm of Urbach Hacker Young, an international network of accounting and consulting firms, UHY Lee Seng Chan & Co is well connected to over 325 major business centres in more than 90 countries worldwide to provide a range of commercially focused services and professional advices for clients with international business interests.

For the audit of the Group, the audit engagement team in Singapore will comprise the following professionals: two (2) audit seniors/associates, one (1) audit manager, one (1) engagement quality control partner and one (1) audit engagement partner.

For more information about UHY Lee Seng Chan & Co, please visit its website at <http://www.uhylsc.com.sg/>.



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### UHY Chartered Accountants

UHY Chartered Accountants is a full member of Urbach Hacker Young International Limited. It currently has four (4) offices throughout Malaysia and is supported by partners and more than 100 professional staff.

For more information about UHY Chartered Accountants, please visit its website at <https://www.uhy.com.my/index.php>.

### Audit Engagement Partner

Mr Lee Sen Choon is the designated audit engagement partner who will be assigned to the audit of the Company and SL Creative. He has more than 30 years of experience in the audit profession, with extensive experience in the audit engagements of companies including Trading and Retail, Manufacturing, Shipping and Logistics, Construction and Real Estate, Oil and Gas, Energy and Mining, Information Technology, Communications and Entertainment, and Hospitality and Services. Mr Lee Sen Choon also has experience auditing companies with similar business activities as the Company. His clients include numerous public listed companies and multinational corporations with operations in the South East Asia region, as well as Australia, China, United Kingdom, Taiwan and the United States of America.

Mr Lee Sen Choon also has vast experience conducting internal audit assignments and has been involved in a number of special assignments including due diligence, special reviews, valuations, and initial public offerings/reverse takeovers.

Mr Lee Sen Choon is currently the Managing Partner of UHY Lee Seng Chan & Co and Director of LSC Management Consultants Pte Ltd. He is a graduate of the Chartered Institute of Management Accountants, UK and holds a Post Graduate Diploma in Management Studies, UK. He is a practicing member of the Institute of Singapore Chartered Accountants (ISCA), a Public Accountant registered with ACRA and a Fellow Member with the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Internal Auditors (IIA).

For the past 12 months, Mr Lee Sen Choon has not been subject to a Practice Monitoring Programme Review (“**PMP Review**”) carried out by ACRA and, accordingly, has had no feedback from ACRA. In 2012 and 2015, ACRA had carried out PMP Reviews on him and he had passed the PMP Reviews and no restriction has been placed on him to continue to audit the financial statements of public listed entities.

### 4.3. **Confirmation of the Company**

4.3.1. In accordance with the requirements of Rule 712(3) of the Catalist Rules:

- (a) BDO LLP, the outgoing Auditors, have confirmed, by way of their letter to the Proposed New Auditors dated 25 August 2020, that they are not aware of any professional reasons why the Proposed New Auditors should not accept the appointment as new Auditors of the Company;
- (b) the Board confirms that there were no disagreements with the outgoing Auditors, BDO LLP, on accounting treatments within the last 12 months up to the date of their resignation on 6 October 2020;
- (c) the Board confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which have not been disclosed in the announcement in respect of the Proposed Change of Auditors dated 7 October 2020 and/or this Circular;

## LETTER TO SHAREHOLDERS

- (d) the specific reasons for the Proposed Change of Auditors are set out in Section 4.1 of this Circular above. The Proposed Change of Auditors is neither due to the dismissal of BDO LLP, or due to BDO LLP declining to stand for election; and
- (e) the Company confirms that it is in compliance with Rule 712 and Rule 715 of the Catalist Rules in relation to the appointment of Proposed New Auditors as new Auditors of the Company.

4.3.2. On 28 August 2020, BDO LLP had applied to ACRA to seek its consent to resign as Auditors of the Company. On 6 October 2020, BDO LLP received notification from ACRA consenting to the resignation of BDO LLP as Auditors of the Company.

4.3.3. On 26 August 2020, the Proposed New Auditors had given its written consent to act as new Auditors of the Company, subject to the approval of Shareholders at an EGM to be convened for the Proposed Change of Auditors.

4.3.4. On 6 October 2020, (i) ACRA consented to the resignation of BDO LLP as Auditors of the Company and fixed BDO LLP's resignation date on the same day; and (ii) the Company received a notice of resignation from BDO LLP citing the reasons for its resignation as Auditors of the Company. Pursuant to Section 205AB(5) of the Companies Act, the resignation of BDO LLP will take effect on the latest of these dates, (i) on the day on which ACRA notifies BDO LLP and the Company of ACRA's consent to the resignation, (ii) on the day fixed by ACRA, or (iii) on the day specified by BDO LLP in the notice of resignation. Accordingly, BDO LLP's resignation took effect on 6 October 2020.

### 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' interests, Substantial Shareholders' interests and the public shareholdings in the Company as at the Latest Practicable Date are set out as follows:

<b>Directors</b>	<b>Direct Interest</b>		<b>Deemed Interest</b>		<b>Total Interest</b>	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Sim Choo Kheng	91,183,730	61.76	-	-	91,183,730	61.76
Silviya Georgieva Georgieva	665,395	0.45	-	-	665,395	0.45
Tay Eng Kiat Jackson	-	-	-	-	-	-
Yong Oi Ling	-	-	-	-	-	-
Chung Yew Pong	32,000	0.02	-	-	32,000	0.02
Tan Boon Seng <sup>(2)</sup>	1,000,000	0.67	25,845,000	17.50	26,845,000	18.18
<b>Substantial Shareholder(s) (other than Directors)</b>						
Tropika Kiara Sdn Bhd <sup>(2)</sup>	25,845,000	17.50	-	-	25,845,000	17.50

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## LETTER TO SHAREHOLDERS

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### Notes:

- (1) Based on 147,647,500 Shares in issue as at the Latest Practicable Date.
- (2) The entire issued and paid-up share capital of Tropika Kiara Sdn. Bhd. (“TKSB”) is held by RHB Trustees Berhad as bare trustee for the SWY Trust. The SWY Trust is a family trust and the named beneficiaries are Mr Tan Boon Seng, Mr Tan Boon Yao and Mr Tan Boon Wy (“Named Beneficiaries”). The Named Beneficiaries are also settlors of the SWY Trust. Mr Tan Boon Seng is also in charge of operating the assets within the SWY Trust. Mr Tan Boon Seng is also a Director of TKS B. By virtue of Section 4 of the SFA, Mr Tan Boon Seng is deemed to have an interest in the Shares in the Company held by TKS B.

Save as disclosed in the Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Cooperation Agreement and the Proposed Change of Auditors.

### 6. INDEPENDENT FINANCIAL ADVISER’S OPINION

Chapter 9 of the Catalist Rules provides that, where Shareholders’ approval is required for an interested person transaction, the Circular must include an opinion from an independent financial adviser (“IFA”) as to whether such transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) is on normal commercial terms and if it is prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, Provenance Capital Pte Ltd has been appointed as the IFA in relation to the Proposed Cooperation Agreement, to provide an opinion on whether the Proposed Cooperation Agreement, as an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the letter dated 5 November 2020 from the IFA (“IFA Letter”), containing its opinion in full, is set out in the Appendix to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety before deciding whether to approve the Proposed Cooperation Agreement.

The following is an extract from Section 8 of the IFA Letter and Shareholders should read such extract in conjunction with, and in full context of, the full text of the IFA Letter. All terms and expressions used in the extract shall have the same meanings as those defined in the IFA Letter unless otherwise stated:

#### **“8. OUR OPINION**

*In arriving at our opinion on the Proposed Cooperation Agreement as an Interested Person Transaction, we have reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment:*

- (a) *rationale for the Proposed Cooperation Agreement;*
- (b) *assessment of the Proposed Cooperation Agreement; and*
- (c) *other relevant considerations.*

***Overall, based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Cooperation Agreement as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of Company and its Minority Shareholders.”***

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## LETTER TO SHAREHOLDERS

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### 7. AUDIT COMMITTEE'S STATEMENT

#### 7.1. Proposed Cooperation Agreement

The Audit Committee has reviewed the terms, rationale for and benefits of the Proposed Cooperation Agreement, as well as the opinion of the IFA on the Proposed Cooperation Agreement. The Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Cooperation Agreement as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

#### 7.2. Proposed Change of Auditors

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the Proposed Change of Auditors from BDO LLP to the Proposed New Auditors, after taking into account, *amongst others*, the suitability of the Proposed New Auditors, the Group's audit requirements and the requirements of the Catalist Rules.

### 8. DIRECTORS' RECOMMENDATION

#### 8.1. Proposed Cooperation Agreement

Mr Sim, the Executive Director, CEO and Controlling Shareholder of the Company, is currently the sole director of SL Gulf and holds 49% direct shareholding interest in SL Gulf and the balance 51% shareholding interest through a nominee arrangement, and is therefore not considered independent for the purposes of making recommendations on the Proposed Cooperation Agreement.

Ms Silviya Georgieva Georgieva, the Executive Director of the Company, is the spouse of Mr Sim, and is therefore not considered independent for the purposes of making recommendations on the Proposed Cooperation Agreement.

Having considered, *amongst others*, the terms, rationale for and benefit of the Proposed Cooperation Agreement, the advice of the IFA and the views of the Audit Committee, the Directors (other than Mr Sim and Ms Silviya Georgieva Georgieva who have abstained in making recommendations) are of the opinion that the Proposed Cooperation Agreement is in the best interests of the Company and the Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Cooperation Agreement to be proposed at the EGM.

#### 8.2. Proposed Change of Auditors

Having considered, *amongst others*, the terms, and the rationale for and benefits of the Proposed Change of Auditors and the Audit Committee's statement, the Directors are of the view that the appointment of the Proposed New Auditors as new Auditors of the Company is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Change of Auditors to be proposed at the EGM.

### 9. ABSTENTION FROM VOTING

Mr Sim and Ms Silviya Georgieva Georgieva, and their respective Associates will abstain from the voting on the Ordinary Resolution approving the Proposed Cooperation Agreement at the EGM.

Mr Sim and Ms Silviya Georgieva Georgieva, and their respective Associates, will also decline to accept appointments as proxy from any Shareholders to vote on the Ordinary Resolution approving the Proposed Cooperation Agreement at the EGM.

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## LETTER TO SHAREHOLDERS

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### 10. EXTRAORDINARY GENERAL MEETING

An EGM will be held by way of electronic means on Friday, 20 November 2020 at 11 a.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the Ordinary Resolutions as set out in the Notice of EGM.

### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to vote on the Ordinary Resolutions at the EGM must appoint the Chairman as their proxy by completing the Proxy Form as attached to the Notice of EGM.

Please refer to the alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM as set out in the Company's announcement dated 5 November 2020, which has been uploaded together with this Circular on SGXNet and the Company's corporate website at <https://simleisuregroup.com/announcements> on the same day.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least seventy-two (72) hours before the time fixed for the holding of the EGM.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Cooperation Agreement, the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

### 13. CONSENTS

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion hereof, and all references to (i) its name and (ii) the IFA Letter in the form and context in which they are included and appear in this Circular, and to act in such capacity in relation to this Circular.

### 14. INSPECTION OF DOCUMENTS

A copy of each of the following documents may be inspected at the Company's registered office at 138 Robinson Road, #26-03 Oxley Tower, Singapore 068906 during normal business hours for a period of (3) months from the date of this Circular:

- (a) the final execution version of the Proposed Cooperation Agreement;
- (b) the IFA Letter;
- (c) the Annual Report for FY2020;

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## LETTER TO SHAREHOLDERS

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- (d) the letter from BDO LLP dated 25 August 2020 indicating that they are not aware of any professional reasons why the Proposed New Auditors should not accept the appointment as new Auditors of the Company;
- (e) the letter from the Proposed New Auditors dated 26 August 2020 in respect of its consent to act as new Auditors of the Company;
- (f) the letter from ACRA dated 6 October in respect of its consent to the resignation of BDO LLP;
- (g) the notice of resignation from BDO LLP dated 6 October 2020 in respect of its resignation as Auditors of the Company; and
- (h) the Constitution of the Company.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company's Investor Relations team at [investorrelations@simleisuregroup.com](mailto:investorrelations@simleisuregroup.com) prior to making any visits to arrange for a suitable time slot for the inspection.

Yours faithfully  
For and on behalf of the Board of Directors of  
**SIM LEISURE GROUP LTD.**

Sim Choo Kheng  
Executive Director and CEO

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## APPENDIX – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED COOPERATION AGREEMENT

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### PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)  
(Incorporated in the Republic of Singapore)  
96 Robinson Road #13-01 SIF Building  
Singapore 068899

5 November 2020

To: The Independent Directors of Sim Leisure Group Ltd.  
(deemed to be independent in respect of the Proposed Cooperation Agreement)

Mr Tay Eng Kiat Jackson	(Chairman and Independent Director)
Ms Yong Oi Ling	(Independent Director)
Mr Chung Yew Pong	(Independent Director)
Mr Tan Boon Seng	(Non-Independent Non-Executive Director)

Dear Sirs/Mdm,

#### THE PROPOSED COOPERATION AGREEMENT BETWEEN SIM LEISURE CREATIVE PTE. LTD. AND SIM LEISURE GULF CONTRACTING L.L.C. AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms used in this letter (“Letter”) have the same meanings as defined in the circular to the shareholders (“Shareholders”) of Sim Leisure Group Ltd. (“Company” and together with its subsidiaries, the “Group”) dated 5 November 2020 (“Circular”). For the purpose of our Letter, where applicable, we have used the foreign exchange rate of S\$1.00 : RM3.0415 on 2 November 2020, being the Latest Practicable Date. The above foreign exchange rate is extracted from published information by Bloomberg L.P. and is provided solely for information only.*

#### 1. INTRODUCTION

1.1 The Group is a developer and operator of theme parks based in Penang, Malaysia, in particular the establishment of its ESCAPE brand of theme parks in Malaysia. Mr Sim Choo Kheng (“Mr Sim”) is the Founder of the Group, the Executive Director and CEO of the Company, and owns approximately 61.8% shareholding interest in the Company as at the Latest Practicable Date. Mr Sim has more than 30 years of experience in the theme park industry, and have built and managed theme parks across the globe. Over the years, Mr Sim had established the “Sim Leisure” corporate name through his involvement in more than 100 major projects worldwide.

To formalise the proprietary ownership of the “Sim Leisure” name, the Company, through its 60%-owned subsidiary, Sim Leisure Creative Pte. Ltd. (“SL Creative”), is currently in the process of registering the “SIM LEISURE” brand name as a trademark with the Intellectual Property Office of Singapore (“IPOS”) as follows:



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## APPENDIX – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED COOPERATION AGREEMENT

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- 1.2 In April 2020, SL Creative entered into a cooperation agreement with China-based Guangzhou Daxin Water Park Equipment Co., Ltd (“**Guangzhou Daxin**”) in respect of the right to use the “SIM LEISURE” name in the designing and building of theme parks within China and South East Asia.

Subject to Shareholders’ approval at the forthcoming EGM, the Company is proposing for SL Creative to enter into a similar cooperation agreement (“**Proposed Cooperation Agreement**”) with Sim Leisure Gulf Contracting L.L.C. (“**SL Gulf**”) in respect of, *inter alia*, the right to use the “SIM LEISURE” name in its business of design, sales and construction of decorative structures and architectural theme parks in the United Arab Emirates (“**UAE**”) and countries of the Gulf Cooperation Council (collectively “**Territory**”).

SL Gulf is a private limited company incorporated in the Emirate of Dubai, UAE and is owned 49% directly by Mr Sim and 51% by an unrelated 3<sup>rd</sup> party individual through a nominee arrangement. SL Gulf is principally engaged in the business of designing and constructing theme attractions in theme parks as well as theme features mainly for restaurants and hotels.

- 1.3 In view of Mr Sim’s shareholding interest in the Company and in SL Gulf, SL Gulf is deemed as an interested person (“**Interested Person**”) and the Proposed Cooperation Agreement is deemed an interested person transaction (“**IPT**” or “**Interested Person Transaction**”) under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”).

The value of the Proposed Cooperation Agreement in a financial year is envisaged to exceed 5% of the Group’s relevant audited net tangible assets (“**NTA**”), and in particular, the latest audited NTA of the Group of RM51.2 million (S\$16.8 million) as at 31 December 2019. Hence, the entry into the Proposed Cooperation Agreement is subject to the approval of Shareholders at the forthcoming extraordinary general meeting (“**EGM**”) and the opinion of an independent financial adviser (“**IFA**”) pursuant to Rule 906 and Rule 921 of the Catalist Rules. Such approval from Shareholders shall exclude the Interested Persons and any of their associates, who will have to abstain from voting on the proposed resolution at the EGM (“**Minority Shareholders**”).

- 1.4 The directors of the Company (“**Directors**”) as at the Latest Practicable Date are as follows:

- (i) Mr Sim (Executive Director and CEO)
- (ii) Ms Silviya Georgieva Georgieva (“**Ms Georgieva**”) (Executive Director)
- (iii) Mr Tay Eng Kiat Jackson (Chairman and Independent Director)
- (iv) Ms Yong Oi Ling (Independent Director)
- (v) Mr Chung Yew Pong (Independent Director)
- (vi) Mr Tan Boon Seng (Non-Independent Non-Executive Director)

Mr Sim and his spouse, Ms Georgieva, are deemed Interested Persons and, as Directors, will abstain from making any recommendation to the Shareholders in relation to the Proposed Cooperation Agreement, and they and their associates will also abstain from voting on their shares in the Company (“**Shares**”) on the ordinary resolution relating to the Proposed Cooperation Agreement at the EGM.

The Company has confirmed that the remaining four Directors, Mr Tay Eng Kiat Jackson, Ms Yong Oi Ling, Mr Chung Yew Pong and Mr Tan Boon Seng are deemed as independent directors (“**Independent Directors**”) for the purpose of the Proposed Cooperation Agreement.



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## APPENDIX – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED COOPERATION AGREEMENT

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- 1.5 Provenance Capital Pte. Ltd. (“**Provenance Capital**”) has been appointed as the IFA to advise the Independent Directors on whether the Proposed Cooperation Agreement as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of Company and its Minority Shareholders.

This Letter is issued pursuant to Rule 921(4)(a) of the Catalist Rules as well as addressed to the Independent Directors. This Letter sets out, *inter alia*, our evaluation and opinion on the Proposed Cooperation Agreement and forms part of the Circular which provides, *inter alia*, the details of the Proposed Cooperation Agreement and the recommendation of the Independent Directors.

### 2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA pursuant to Rule 921(4)(a) of the Catalist Rules as well as to advise the Independent Directors in respect of the Proposed Cooperation Agreement as an Interested Person Transaction. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed Cooperation Agreement, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Cooperation Agreement or to obtain the approval of the Shareholders for the Proposed Cooperation Agreement, and we do not, by this Letter, warrant the merits of the Proposed Cooperation Agreement, other than to express an opinion on whether the Proposed Cooperation Agreement as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Cooperation Agreement or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors, the Management and/or their professional advisers (where applicable) and have examined and relied on publicly available information collated by us as well as information provided and representation made to us, both written or verbal, by the Directors, the Management and/or the professional advisers (where applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made such reasonable enquiries and exercised our judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

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## **APPENDIX – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED COOPERATION AGREEMENT**

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We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Proposed Cooperation Agreement have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised our judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Proposed Cooperation Agreement, the Company and the Group which we have relied upon in arriving at our opinion has been obtained from publicly available information and/or from the Directors and the Management and the professional advisers (where applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at the Latest Practicable Date. We have nevertheless made reasonable enquiries and exercised our judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Shareholders' approval has been obtained for the Proposed Cooperation Agreement. Such review or comments, if any, remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Catalist Rules and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group, and we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group.

In addition, we are not expressing any view as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the Shareholders' approval has been obtained for the Proposed Cooperation Agreement or if the Proposed Cooperation Agreement has not been approved by Shareholders at the EGM.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information and representations provided to us as at the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors, we have taken into account certain factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement

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relevant to the Proposed Cooperation Agreement which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder may have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been advised by their own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Circular (other than this Letter and the extract of our opinion in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any Shareholders may reproduce, disseminate or quote this Letter (or any part thereof) for any purpose, other than for the purpose of the EGM and for the purpose of the Proposed Cooperation Agreement, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter pursuant to Rule 921(4)(a) of the Catalist Rules as well as for the use of the Independent Directors in connection with their advice to the Shareholders in relation to the Proposed Cooperation Agreement as an Interested Person Transaction. The recommendation made to the Shareholders in relation to the Proposed Cooperation Agreement remains the responsibility of the Independent Directors.

**Our opinion in relation to the Proposed Cooperation Agreement should be considered in the context of the entirety of this Letter and the Circular.**

*Responsibility Statement by the Directors*

The Directors have confirmed that, having made all reasonable enquiries and to the best of their respective knowledge and belief, information and representations provided to us by the Company are accurate. They have also confirmed that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the Proposed Cooperation Agreement, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Proposed Cooperation Agreement, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

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## APPENDIX – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED COOPERATION AGREEMENT

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### 3. INFORMATION ON THE GROUP

#### 3.1 Brief overview of the Group

The Company was incorporated in Singapore on 8 March 2018 and listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 1 March 2019. As at the Latest Practicable Date, it has a market capitalisation of approximately S\$33.2 million.

The Group presently operates 3 theme parks, namely ESCAPE Adventureplay, ESCAPE Waterplay and ESCAPE Gravityplay, which are located adjacent to each other in Penang, Malaysia. ESCAPE Gravityplay achieved the Guinness World Record on 9 November 2019 for the longest inner tube water slide measuring 1,111 metres.

In August 2020, ESCAPE Challenge, the Group’s new signature indoor theme park, was officially opened. ESCAPE Challenge is an indoor theme park built inside the Paradigm Mall in Petaling Jaya, Malaysia.

In April 2020, the Company announced its joint venture with Elpitiya Plantations PLC (“**Elpitiya**”) to develop and operate theme parks under the “ESCAPE” brand in Sri Lanka (“**ESCAPE Sri Lanka**”). Elpitiya is listed on the Colombo Stock Exchange, Sri Lanka and is an associated company of another Sri Lankan conglomerate, Aitken Spence PLC, also listed on the Colombo Stock Exchange.

In March 2020, SL Creative was formed to capitalise on the “SIM LEISURE” name by providing management consultancy services under this brand name. In April 2020, the Group, through SL Creative, entered into a cooperation agreement with China-based Guangzhou Daxin in respect of the right to use the “SIM LEISURE” name in the designing and building of theme parks within China and South East Asia. Guangzhou Daxin is one of the biggest waterpark designers, equipment suppliers and contractors in China.

#### 3.2 Capitalising on the “SIM LEISURE” brand name and SL Creative

The Company intends to capitalise on the “SIM LEISURE” brand recognition in the leisure industry as a long term strategy.

Mr Sim, who is the Founder and Controlling Shareholder of the Company, has more than 30 years of experience in the theme park industry, having built and managed or involved in more than 100 theme parks across the globe including Middle East, Europe and Asia. Some of Mr Sim’s notable theme park projects include:

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

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The “SIM LEISURE” name has enabled the Group to establish the ESCAPE brand of theme parks. Mr Sim is assisted by 2 key management in this respect, Mr Wesley James Rae (“**Mr Rae**”) and Ms Josie Booth (“**Ms Booth**”). Mr Rae and Ms Booth are long-time employees of Mr Sim and have worked with Mr Sim since 2009 and 2013 respectively. They are currently the key management of SL Gulf, as described further below in Section 4 of this Letter.

Hence, SL Creative was set up as a private limited company incorporated in Singapore with a paid-up capital of S\$10,000 and is owned 60% by the Company, 30% by Mr Rae and the remaining 10% by Ms Booth, in recognition of the respective contribution by Mr Rae and Ms Booth. Both Mr Rae and Ms Booth are remunerated at SL Gulf as key management and are not remunerated at SL Creative. The directors of SL Creative are Mr Sim, Ms Georgieva, Mr Rae and Ms Lim Yi Wen (who is an unrelated Singapore resident director). Mr Rae was a former Director of the Company until his resignation on 25 February 2020.

SL Creative’s principal activity is to carry out the business of leasing or licensing of the Group’s non-financial intangible assets (such as trademarks and brand names) and provision of management consultancy services. To formalise the proprietary ownership of the “SIM LEISURE” name, SL Creative is currently in the process of registering the “SIM LEISURE” brand name as a trademark with IPOS as follows:



Soon after the incorporation of SL Creative in March 2020, the Group entered into the cooperation agreement with Guangzhou Daxin in April 2020 to capitalise on the “SIM LEISURE” brand name to design and build theme parks within China and South East Asia, as described in Section 3.1 above.

Subject to Shareholders’ approval at the forthcoming EGM, the Company is proposing for SL Creative to enter into a similar cooperation agreement, namely the Proposed Cooperation Agreement with SL Gulf in respect of, *inter alia*, the right to use the “SIM LEISURE” name in the designing and building of theme attractions and theme features in the Territory.

The Territory is defined in the Proposed Cooperation Agreement to be UAE and countries of the Gulf Cooperation Council. The Gulf Cooperation Council is a regional inter-governmental political and economic union consisting of the 6 Arab states of the Persian Gulf comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.

The detailed terms of the Proposed Cooperation Agreement are set out in Section 2.3 of the Circular and the key terms are summarised in Section 5 of this Letter.

#### 4. SL Gulf

SL Gulf is a private limited company incorporated on 15 May 2013 in the Emirate of Dubai, UAE. SL Gulf is principally engaged in the business of designing and constructing theme attractions in theme parks as well as theme features mainly for restaurants and hotels. Some of the iconic projects which SL Gulf was involved in include the Laguna Waterpark, Green Planet, Ski Dubai and the Jumeirah Beach Hotel in Dubai.

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SL Gulf is owned 49% directly by Mr Sim and 51% by an unrelated 3<sup>rd</sup> party, who is a local resident in Dubai, through a nominee arrangement. Mr Sim is the sole director of SL Gulf, and has full commercial rights to SL Gulf under the nominee arrangement.

The creative ideas of the theme parks/features come from Mr Sim and Mr Sim also contributes to some of the design work handled by SL Gulf, although he is not involved in the day-to-day operations of SL Gulf as he has delegated the running of SL Gulf to the key management of SL Gulf, namely Mr Rae, as Director of Operations, and Ms Booth, as General Manager of Operations.

Separately, the Company had disclosed in its offer document dated 22 February 2019 in connection with its listing on the Catalist board under the heading caption “Potential Conflicts of Interests” that, *inter alia*, Mr Sim has granted a call option to the Company pursuant to which the Company has the option, over a 5-year period immediately after its listing, to acquire all the shares in the paid-up capital of SL Gulf held by Mr Sim 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 UAE laws and regulations.

At present, the Company has not exercised the above call option but instead proposes to enter into the Proposed Cooperation Agreement with SL Gulf which the Board believes is in the interests of the Company and its Minority Shareholders.

### 5. RATIONALE FOR THE PROPOSED COOPERATION AGREEMENT

The Company has stated its rationale for the Proposed Cooperation Agreement in Section 2.4 of the Circular.

We note the following salient points which are beneficial to the Group:

- (1) Through SL Creative, the Group can formerly market and promote the “SIM LEISURE” brand name and recognition in the leisure industry internationally. In this regard, the Company is in the process of registering the “SIM LEISURE” brand name as a trademark with IPOS;
- (2) The Group will be able to leverage on the capabilities and marketing network of SL Gulf to secure design and build projects in the Middle East; and
- (3) The Group will benefit from having an additional source of revenue and income, that is, management consultancy service, generated from such cooperation agreements.

At present, the Group’s only cooperation agreement is with Guangzhou Daxin in respect of the right to use the “SIM LEISURE” brand name in the designing and building of theme parks within China and South East Asia. If approved at the EGM, the Proposed Cooperation Agreement will be the Group’s 2<sup>nd</sup> of such cooperation agreement.

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### 6. THE PROPOSED COOPERATION AGREEMENT AS AN INTERESTED PERSON TRANSACTION

#### 6.1 Principal Terms of the Proposed Cooperation Agreement

The Proposed Cooperation Agreement is intended to be signed and become effective upon the approval of the Minority Shareholders at the EGM. The details of the principal terms of the Proposed Cooperation Agreement to be entered into between SL Creative and SL Gulf are set out in Section 2.3 of the Circular. The key terms of the Proposed Cooperation Agreement are summarised below.

SL Creative is in the business of providing consultation on the design, construction and building of decoration structures and architectural theme parks and is in the process of registering the “SIM LEISURE” brand name (“**Brand Name**”) as a trademark.

SL Gulf is in the business of design, sales and construction of decoration structures and architectural theme parks in the Territory (“**Business**”).

(i) Grant of License to SL Gulf

SL Creative shall grant to SL Gulf an exclusive, non-transferable and non-assignable right to use the Brand Name and the Authorised Products for the Business in the Territory.

“Authorised Products” means the product information, roadmaps, technical information, practices, services and support procedures, plans, documents, drawings, designs, layouts, know-how, references, method statements, manuals, user guides owned by SL Creative or of which SL Creative has authority to use and grant rights of use pertaining to design and theming.

Both parties agree and acknowledge that the Authorised Products are intended to be used solely for the purpose of reference and guidance by SL Gulf. SL Creative shall not be responsible and liable to SL Gulf in connection with any representations, licenses, statements or undertakings contained in the Authorised Products and will not be liable for any direct, indirect, special or consequential damages or for any loss of revenue, profits, business arising out of or in connection with the Authorised Products.

(ii) Term

The Proposed Cooperation Agreement shall remain in force until it is terminated by the parties in accordance to the termination clause.

(iii) Services and Support by SL Creative to SL Gulf

SL Creative shall provide the following support and services to SL Gulf:

- (a) recommendations on technical aspects and issues that SL Gulf encounters in its projects with clients;
- (b) relevant marketing information, trends and economic outlook affecting the Business;

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## APPENDIX – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED COOPERATION AGREEMENT

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- (c) a senior representative of SL Creative shall on a monthly basis meet up with SL Gulf's clients to provide advice or conduct project presentations; and
- (d) training to staff of SL Gulf on the Authorised Products and such other topics relevant for the Business.

(iv) Cooperation Fee

SL Creative shall charge SL Gulf a cooperation fee ("**Cooperation Fee**") on a quarterly basis, calculated based on 10% of total gross revenue recorded by SL Gulf in each calendar quarter. The first payment shall be based on the gross revenue recorded by SL Gulf from the effective date of the Cooperation Agreement to the last day of the calendar quarter immediately following the effective date.

SL Creative will invoice SL Gulf the Cooperation Fee by the 15<sup>th</sup> day of the following quarter in Singapore dollars ("**SGD**"), and such fee will be payable within 60 days from the date of invoice ("**Due Date**").

All payment shall be made without deduction of any present and future taxes, levies, deductions, charges or withholding taxes.

Late payment charges shall accrue at a rate of 0.5% per month from the Due Date until the actual date of payment based on the number of days elapsed.

As an illustration, for the first billing by SL Creative when the Cooperation Agreement becomes effective on e.g. 20 November 2020, the Cooperation Fee will be based on 10% of the revenue recorded by SL Gulf from 20 November 2020 to 31 December 2020. Thereafter, SL Creative will commence charging based on a full quarterly basis from January to March 2021, etc.

(v) Default and Termination

Each of SL Gulf and SL Creative is entitled, but not obliged, to terminate the Proposed Cooperation Agreement with immediate notice upon the occurrence of an event of default by the other party ("**Defaulting Party**").

The events of default include, *inter alia*:

- (a) If the Defaulting Party is convicted of a crime or offence that is likely to adversely affect the Business, the Brand Name, the goodwill associated therewith or SL Creative's interest therein;
- (b) If the Defaulting Party becomes bankrupt or insolvent or makes a composition with creditors or any winding up order of any kind is made, or a receiver or manager or judicial manager is appointed with respect to the undertaking or assets;
- (c) If the Defaulting Party ceases business or otherwise voluntarily abandons the Business, or takes any action to liquidate its assets, or stops paying creditors in the usual course of business;



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- (d) If the Defaulting Party repeatedly fails to comply with the terms of the Proposed Cooperation Agreement; and
- (e) Save for (a) to (d) above, if the Defaulting Party has been notified in writing of its non-compliance with the terms of the Proposed Cooperation Agreement and fails to remedy such non-compliance within 14 days of such notice.

Except in the case of fraud or wilful default, or death or injury for which SL Creative is liable for negligence, SL Creative shall not be liable to SL Gulf for any loss of profit or business or other economic or financial loss arising in connection with the Proposed Cooperation Agreement.

Upon termination of the Proposed Cooperation Agreement, SL Gulf undertakes to immediately pay all outstanding amounts due to SL Creative. Any fee or payment made by SL Gulf to SL Creative pursuant to the Proposed Cooperation Agreement shall not be returned to SL Gulf upon termination of the Proposed Cooperation Agreement.

In addition, if the Proposed Cooperation Agreement is terminated due to an event of default by SL Gulf, SL Gulf shall be liable to pay a sum equivalent to the total sum of Cooperation Fee paid by it to SL Creative for the preceding three (3) years prior to such termination as liquidated damages.

(vi) **Non-Competition Clause**

SL Gulf will not engage in any business activity which competes with SL Creative or cooperate with any company which competes with SL Creative outside the Territory.

SL Gulf will not divert or seek to divert any client of SL Creative.

For a period of three (3) years immediately following the termination of the Proposed Cooperation Agreement, (a) SL Gulf will not, or on behalf of any company, engage in similar business activity which competes with SL Creative; and (b) SL Gulf will not employ or seek to employ any person who is at that time or has at any time in the previous three (3) years been employed by SL Creative, SL Gulf or in any business carried out under the Brand Name or otherwise directly or indirectly induce or seek to induce any such person to leave his or her employment.

(vii) **Governing Law**

The Proposed Cooperation Agreement is governed by the laws of Singapore and the parties irrevocably submit to the exclusive jurisdiction of the Singapore International Arbitration Centre.

### **6.2 Interested Person Transaction – specific approval from Shareholders**

Pursuant to Chapter 9 of the Catalist Rules, (i) SL Gulf is deemed an associate of Mr Sim and hence an Interested Person; and (ii) SL Creative, being an unlisted 60%-owned subsidiary of the Company, is deemed as an “entity at risk”. Accordingly, the entry into the Proposed Cooperation Agreement between SL Gulf and SL Creative constitutes an Interested Person Transaction.

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In determining the value of the IPT, Catalist Rule 909(1) states that in the case of a partly-owned subsidiary or associated company, the value of the transaction is the issuer's effective interest in that transaction. Accordingly, in the case of SL Creative which is a partly-owned subsidiary, the value of the IPT is 60% of the Proposed Cooperation Fee earned by SL Creative. However, as the Proposed Cooperation Fee is, in turn, based on an agreed percentage of future sales achieved by SL Gulf, the exact amount cannot be determined presently.

In addition, the Proposed Cooperation Agreement has no expiry date as it will remain in force until it is terminated in accordance with the Proposed Cooperation Agreement.

Nevertheless, it is envisaged that the aggregate value of the IPTs with SL Gulf in any financial year may potentially exceed 5% of the Group's relevant audited NTA ("**5% Threshold**"). In respect of the latest audited NTA of the Group of RM51.2 million (S\$16.8 million) as at 31 December 2019, the relevant 5% Threshold is RM2.56 million (or S\$0.8 million).

Accordingly, the Company proposes the entry into the Proposed Cooperation Agreement be subject to the specific approval of the Minority Shareholders at the forthcoming EGM and the opinion of an IFA pursuant to Rule 906 and Rule 921 of the Catalist Rules.

### **7. OUR EVALUATION OF THE PROPOSED COOPERATION AGREEMENT**

In our evaluation of the Proposed Cooperation Agreement as an Interested Person Transaction, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Proposed Cooperation Agreement;
- (b) assessment of the terms of the Proposed Cooperation Agreement; and
- (c) other relevant considerations.

#### **7.1 Rationale for the Proposed Cooperation Agreement**

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Cooperation Agreement or the future prospects of Company and/or the Group after the Proposed Cooperation Agreement. Nevertheless, we have reviewed the Company's rationale for the Proposed Cooperation Agreement as set out in Section 2.4 of the Circular.

In particular, we note that the salient points we have listed in Section 5 of this Letter are beneficial to the Group as the Group will be able to generate an additional source of income by capitalising on the "SIM LEISURE" brand name.

#### **7.2 Assessment of the terms of the Proposed Cooperation Agreement**

The Group had recently, through SL Creative, entered into a cooperation agreement with Guangzhou Daxin, an unrelated 3<sup>rd</sup> party. The terms of the Proposed Cooperation Agreement are similar to those in the cooperation agreement with Guangzhou Daxin and hence can be used as a direct comparison in assessing the terms of the Proposed Cooperation Agreement.

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Save for the above, in view of the unique nature of such cooperation agreement, namely, granting the use of the “SIM LEISURE” brand name in connection with the provision of management consultancy services in the leisure industry, there is no publicly available information of similar comparable arrangements that could be used as a meaningful comparison with the terms of the Proposed Cooperation Agreement.

The table below summarises the comparable key terms of the cooperation agreements between Guangzhou Daxin and SL Gulf:

Key Terms	Guangzhou Daxin	SL Gulf
(a) Authority to grant use of Brand Name and Business	Yes, within China and South East Asia	Yes, within the Territory (defined as UAE and countries of the Gulf Cooperation Council)
(b) Term – remain in force until terminated	Yes	Yes
(c) Services and support – SL Creative to provide	Yes	Yes, includes senior representative of SL Creative making monthly visits/meetings with clients
(d) Cooperation fee based on percentage of revenue achieved in a quarter, payable before 14 <sup>th</sup> day of the following quarter, and penalty for late payment at 0.5% per month	Yes, at 5% of total gross revenue, or 5% of minimum annual sales target, whichever is higher (unless otherwise agreed by SL Creative); minimum annual sales targets are set for the initial years, subject to review 5 years after 2024.  Payment in RMB before 14 <sup>th</sup> day of the following quarter.  Penalty for late payment of 0.5% per month.	Yes, at 10% of total gross revenue, with no minimum sales target; no provision for SL Creative to waive fees.  Invoice in SGD by 15 <sup>th</sup> day of the following quarter and payment within 60 days.  Penalty for late payment of 0.5% per month.
(e) Default and termination clauses, and liquidated damages	Yes	Yes
(f) Non-competition clauses	Yes	Yes
(g) Governing law	Laws of PRC and exclusive jurisdiction of the Singapore International Arbitration Centre	Laws of Singapore and exclusive jurisdiction of the Singapore International Arbitration Centre

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Following from the above, overall, the terms of the Proposed Cooperation Agreement are in the interest of SL Creative (and hence the Group) vis-a-vis the Interested Person as the Cooperation Fee of 10% is higher than those for Guangzhou Daxin. The Company had explained that the higher percentage of fees proposed for SL Gulf is in view of the expected heavier involvement of Mr Sim's personal time and attention in projects handled by SL Gulf compared to Guangzhou Daxin.

The Proposed Cooperation Agreement does not have provision for SL Creative to waive fees. This is in the interest of the Company as Mr Sim has significant interest in SL Creative through his shareholding interest in the Company and board representation on SL Creative.

The credit terms of 60 days on the invoices for SL Gulf to pay SL Creative are generally in line with the credit terms that SL Gulf gives to its customers. Hence, when SL Gulf receives payment from its customers, SL Gulf will then have the cashflow to pay SL Creative.

### **7.3 Other relevant considerations**

#### **(i) SL Gulf bearing the Sim Leisure name**

SL Gulf, which bears the Sim Leisure name, was formed in 2013 and has established its track record in the leisure industry several years before the formation and listing of the Group (which also bears the Sim Leisure name) on the SGX-ST in 2018.

SL Gulf's business is focused in the Middle East, while the Group's business, thus far, is focused outside of the Middle East. SL Gulf is involved in the business of designing and constructing theme parks, theme attractions and theme features. The Group is beginning to get involved in such business through SL Creative, and the Group's first such cooperation agreement is with Guangzhou Daxin.

As described in Section 4 of this Letter, the Company was granted the call option by Mr Sim to acquire all the shares in the paid-up capital of SL Gulf held by him and through his nominee arrangement. However, such exercise of the call option is subject to prevailing rules and regulations of the UAE.

The Proposed Cooperation Agreement will enable the Group to immediately monetize and capitalize on the "SIM LEISURE" brand name that is currently being used by SL Gulf (which also bears the Sim Leisure name). Hence, the Proposed Cooperation Agreement is not prejudicial to the interests of the Company and its Minority Shareholders.

#### **(ii) 60%-ownership in SL Creative**

While the Proposed Cooperation Agreement is beneficial to the Group, the Group's effective interest is not 100% but 60%, through the Company's 60% equity interest in SL Creative. This is in recognition of the contribution of Mr Rae and Ms Booth to the Group in assisting Mr Sim in building the Sim Leisure brand name.

Notwithstanding the above, the Company has a majority shareholding interest in SL Creative and majority representation on the board of SL Creative. Both Mr Sim and his spouse, Ms Georgieva, are directors of SL Creative.

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Both Mr Rae and Ms Booth are remunerated at SL Gulf as key management and are not remunerated at SL Creative other than their interests as shareholders of SL Creative.

(iii) **Company’s commentary on its business outlook**

On 14 August 2020, the Company made the following commentary in relation to its business outlook in its latest results announcement for the half year ended 30 June 2020:

*“The biggest challenge to the Group came in February 2020 after Chinese New Year due to the COVID-19 pandemic, which resulted in a down trend in attendance and subsequently a closure of the Group’s theme park since 18 March 2020 as part of the Movement Control Order imposed by the Malaysia Government. To date, the Group’s theme park is fully operational as the Waterplay section was only opened to visitors in the first week of July 2020. Barring unforeseen circumstances, the Group’s revenue should improve in the next six months due to the seasonal nature of our business which sees higher demand in the fourth quarter of the year due to the school holidays.*

*Barring unforeseen circumstances, our ESCAPE Challenge indoor recreation park in Paradigm Mall is expected to be operational before end August 2020. The Group also expects some additional revenue contribution from its newly incorporated 60%-owned subsidiary, Sim Leisure Creative, in the second half of the year. The Group continues with the execution of the joint venture project in Sri Lanka and will explore the expansion in China, amongst other business opportunities that arise.”*

### 8. OUR OPINION

In arriving at our opinion on the Proposed Cooperation Agreement as an Interested Person Transaction, we have reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment:

- (a) rationale for the Proposed Cooperation Agreement;
- (b) assessment of the Proposed Cooperation Agreement; and
- (c) other relevant considerations.

**Overall, based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Cooperation Agreement as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of Company and its Minority Shareholders.**

Our opinion, as disclosed in this Letter, is based on publicly available information and information provided by the Directors and Management and does not reflect any projections of future financial performance of the Company and/or the Group after obtaining Shareholders’ approval for the Proposed Cooperation Agreement. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Cooperation Agreement.

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**APPENDIX – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER  
IN RELATION TO THE PROPOSED COOPERATION AGREEMENT**

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Our opinion is issued pursuant to Rule 921(4)(a) of the Catalist Rules as well as addressed to the Independent Directors. The recommendation to be made by them to the Shareholders shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes, other than at the forthcoming EGM and for the purpose of the Proposed Cooperation Agreement as an Interested Person Transaction, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**PROVENANCE CAPITAL PTE. LTD.**

Wong Bee Eng  
Chief Executive Officer

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **SIM LEISURE GROUP LTD.**

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

*All capitalised terms in this Notice shall, unless otherwise defined in this Notice, bear the respective meanings ascribed thereto in the circular to shareholders dated 5 November 2020 issued by the Company.*

**NOTICE IS HEREBY GIVEN** that an **EXTRAORDINARY GENERAL MEETING** (“**EGM**”) of Sim Leisure Group Ltd. (“**Company**”) will be held by way of electronic means on Friday, 20 November 2020 at 11 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications the following Resolutions:-

#### **ORDINARY RESOLUTION 1:**

#### **THE PROPOSED COOPERATION AGREEMENT BETWEEN SIM LEISURE CREATIVE PTE. LTD. AND SIM LEISURE GULF CONTRACTING L.L.C. AS AN INTERESTED PERSON TRANSACTION**

That:-

- (i) approval be and is hereby given for SL Creative to enter into the Proposed Cooperation Agreement as an interested person transaction with SL Gulf to license the Company’s Brand Name, being its brand name of “SIM LEISURE”, and the Authorised Products to SL Gulf for the purpose of its business of designing and building leisure attractions in the United Arab Emirates and countries of the Gulf Cooperation Council;
- (ii) approval be and is hereby given for SL Creative to engage in the transactions contemplated in the Proposed Cooperation Agreement on the terms and subject to the conditions set out in the Proposed Cooperation Agreement; and
- (iii) the Directors of the Company and each of them be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to this Resolution.

#### **ORDINARY RESOLUTION 2:**

#### **THE PROPOSED CHANGE OF AUDITORS FROM MESSRS BDO LLP TO MESSRS UHY LEE SENG CHAN & CO**

That –

- (i) UHY Lee Seng Chan & Co be hereby appointed as the auditors of the Company in place of BDO LLP to hold office until the conclusion of the next AGM of the Company at a fee and on such terms to be agreed between the Directors and UHY Lee Seng Chan & Co; and
- (ii) the Directors of the Company and each of them be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to this Resolution.

BY ORDER OF THE BOARD  
**SIM LEISURE GROUP LTD.**

SIM CHOO KHENG  
Executive Director and CEO  
5 November 2020

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

- (1) Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM of the Company to be held on Friday, 20 November 2020 at 11 a.m. (the “**Meeting**”) are set out in the Company’s announcement dated 5 November 2020 (the “**Announcement**”), which has been uploaded together with this Notice of EGM on SGXNet on the same day. The Announcement may also be accessed at the URL: <https://simleisuregroup.com/announcements>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of EGM in respect of the Meeting.

In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to view the proceedings of the Meeting contemporaneously through a “live” audio-visual webcast (“**LIVE WEBCAST**”) via his/her/its mobile phones, tablets or computers or listen to these proceedings contemporaneously through a “live” audio-only feed (“**AUDIO ONLY MEANS**”) via telephone. In order to do so, a member of the Company who wishes to view the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must pre-register by 11 a.m. on 17 November 2020 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting), at the URL: <https://forms.gle/1reRvqaNAae641GS6>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the Meeting by 19 November 2020.

A member of the Company who pre-registers to view the LIVE WEBCAST or listen via the AUDIO ONLY MEANS may also submit questions related to the resolution to be tabled for approval at the Meeting. To do so, all questions must be submitted by 11 a.m. on 17 November 2020 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) by email to [investorrelations@simleisuregroup.com](mailto:investorrelations@simleisuregroup.com).

- (2) Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- (3) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (4) The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
- (a) if sent personally or by post, be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
  - (b) if submitted by email, be received by the Company’s Share Registrar, B.A.C.S. Private Limited at [investorrelations@simleisuregroup.com](mailto:investorrelations@simleisuregroup.com),

in either case, by 11 a.m. on 17 November 2020 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

- (5) The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
- (6) A corporation which is a member may authorise by resolution of its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the pre-registration to observe the proceedings of the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the Meeting in accordance with this Notice of EGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

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

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

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

*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.*

**PROXY FORM**

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

**PROXY FORM – EXTRAORDINARY  
 GENERAL MEETING**

*(Please see notes overleaf before completing this Form)*

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URL: <https://simleisuregroup.com/announcements>. A printed copy of this proxy form will NOT be despatched to members of the Company.

**IMPORTANT:**

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM (as defined herein) are set out in the Company's announcement dated 5 November 2020 (the "Announcement") which has been uploaded together with the Notice of EGM dated 5 November 2020 on SGXNet on the same day. The Announcement may also be accessed at the URL: <https://simleisuregroup.com/announcements>. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of EGM dated 5 November 2020 in respect of the EGM.
2. A member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. Please read the notes to this proxy form.

**PERSONAL DATA PRIVACY**

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 5 November 2020.

I/We,.....(Name).....(NRIC/Passport No./Company Registration No.) of.....(Address) being a member/members of **SIM LEISURE GROUP LTD.** (the "**Company**"), hereby appoints the Chairman of the extraordinary general meeting of the Company (the "**EGM**"), as \*my/our proxy to vote for \*me/us on \*my/our behalf at the EGM to be held by way of electronic means on Friday, 20 November 2020 at 11 a.m. and at any adjournment thereof. \*I/We direct the Chairman of the EGM to vote for or against, or abstain from voting on the Resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM as \*my/our proxy will be treated as invalid.

The Resolution put to the vote at the EGM shall be decided by way of poll.

***If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolution, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for the Resolution, you are directing your proxy, who is the Chairman of the EGM, not to vote on the Resolution.***

Ordinary Resolution	By way of poll		
	For	Against	Abstain
To approve the entry into the Proposed Cooperation Agreement by Sim Leisure Creative Pte. Ltd. with Sim Leisure Gulf Contracting L.L.C. as an interested person transaction			
To approve the Proposed Change of Auditors of the Company from BDO LLP to UHY Lee Seng Chan & Co			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Total Number of Shares Held in:	
(a) CDP Register	
(b) Register of Members	

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

*\* Delete as appropriate*

**IMPORTANT: PLEASE READ NOTES FOR PROXY FORM CAREFULLY BEFORE  
 COMPLETING THIS PROXY FORM**

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## PROXY FORM

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### NOTES TO PROXY FORM:

1. Please insert the total number of shares in the capital of the Company (“**Shares**”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the EGM as proxy shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This instrument appointing the Chairman of the EGM as proxy must:
  - a) if sent personally or by post, be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
  - b) if submitted by email, be received by the Company’s Share Registrar, B.A.C.S. Private Limited at [investorrelations@simleisuregroup.com](mailto:investorrelations@simleisuregroup.com),

in either case, by 11 a.m. on 17 November 2020 (being not less than seventy-two (72) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

4. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
  - a) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.
  - b) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
5. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Cap 50) of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. For investors who hold Shares under the Supplementary Retirement Scheme (“**SRS Investors**”), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors who wish to appoint the Chairman of the EGM to act as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the EGM.

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## PROXY FORM

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**General:**

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of EGM dated 5 November 2020.