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Sim Leisure reports 14.9% increase in core net profit* to RM1.9 million for 1H2019

- Revenue remained relatively stable at RM8.5 million despite a challenging environment during the first half of the year
- The Group's ESCAPE theme park in Penang is expected to see rising numbers of visitors with the upcoming opening of its Guinness World Record longest tube slide, in conjunction with the upcoming launch of ESCAPE Gravityplay, the third of the ESCAPE series of theme parks
- Inks agreement to build and operate ESCAPE Challenge, its first indoor sports recreational centre located at the iconic Paradigm Mall in Petaling Jaya, Malaysia
- Future plans to expand the Group's theme park operations to new geographical locations such as China and other ASEAN cities remain on track

Singapore – 14 August 2019, Sim Leisure Group Ltd. (“**Sim Leisure**” or the “**Company**”, together with its subsidiaries, the “**Group**”), a theme park developer and operator based in Penang, Malaysia, today announced its unaudited financial results for the six months ended 30 June 2019 (“**1H2019**”).

Financial Highlights (RM '000)	1H2019	1H2018	Change (%)
Revenue	8,527	8,448	1
Gross Profit	4,449	4,632	(4)
Gross Profit Margin (%)	52.2	54.8	(2.6) pts
Loss/(Profit) After Tax	(2,791)	2,048	n.m.
Core Net Profit*	1,930**	1,680***	15

n.m. – not meaningful

*A derived profit after tax figure, which is generated purely from the Group's operations of theme parks

**Excluding one-off IPO related expenses of RM3.99 million and expenses incurred by the ultimate holding company to maintain listing status on SGX (comprising directors' fees, audit fees, sponsorship and other compliance fees) of RM0.73 million

***Excluding one-off other income from write off of aging suppliers of RM0.37 million

Amid challenging market conditions, the Group reported a marginal increase in revenue to RM8.5 million for 1H2019 from RM8.4 million for 1H2018. As the Group embarked on the expansion of its latest theme park in Penang, ESCAPE Gravityplay, the Group's cost of sales increased in tandem with the increase in staff costs. Consequently, the Group's gross profit registered a slight dip while gross profit margin declined to 52.2% for 1H2019 (from 54.8% for 1H2018).

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Finance costs declined significantly from RM0.8 million for 1H2018 to RM0.1 million for 1H2019. The decrease was attributed mainly to the effective interest payable on the redeemable convertible preference shares (“**RCPS**”). The RCPS were fully redeemed in March 2019 and the over-provision of RM0.2 million of effective interest payable on RCPS was written back in 1H2019.

Excluding the one-off IPO related expenses from the Group’s successful listing on the Singapore Exchange on 1 March 2019 and expenses incurred by the ultimate holding company to maintain listing status on SGX (comprising directors’ fees, audit fees, sponsorship and other compliance fees) in 1H2019, as well as the one-off write off of aging suppliers in 1H2018, the Group’s core net profit (generated purely from its operations of theme parks) increased 14.9%, period-on-period to RM1.9 million for 1H2019.

ESCAPE Challenge will mark the Group’s foray into the rising trend of lifestyle malls

In addition to its 1H2019 financial results, the Group wishes to announce the signing of an agreement with Jelas Puri Sdn Bhd (“**Jelas Puri**”), a subsidiary of WCT Holdings Bhd (listed on Bursa Malaysia), to build and operate its first indoor sports recreational centre (“**Sports Centre**”) located at Paradigm Mall in Petaling Jaya, Malaysia.

Pursuant to the agreement, Sim Leisure has begun construction of the Sports Centre, which spans close to an acre of floor space. The Group will build and operate the Sports Centre, paying a percentage of its gross revenue from ticket sales to Jelas Puri instead of rental expenses. Under the agreement, the tenancy for the Sports Centre is for a period of up to 12 years. Barring unforeseen circumstances, the Group expects completion and official launch of the Sports Centre by end November 2019, in time for the year-end school holiday season.

Paradigm Mall Petaling Jaya has become a rising icon in the heart of Petaling Jaya, next to one of the busiest highways in Klang Valley, the Lebuhraya Damansara-Puchong. The mall spans six floors with 700,000 square feet of retail space and houses more than 300 outlets.

Leveraging on the success of the Group’s ESCAPE theme parks in Penang, the Group will officially launch ESCAPE Challenge, an indoor version of ESCAPE which targets the youth in urban populations. Furthermore, with ESCAPE Challenge, the Group aims to capture the rising trend of lifestyle malls where shoppers frequent shopping centres to fulfil their recreational needs.

Mr Sim Choo Kheng, CEO of Sim Leisure, said, *“For years, we have been approached by developers and mall operators to develop an indoor version of ESCAPE as traditional shopping centres are evolving into lifestyle malls where urban populations fulfil their recreational needs in a familiar setting. ESCAPE Challenge has developed faster than expected and has always been a part of our growth plans. It will be*

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our showcase indoor recreational centre which we will use to present to future customers in China, Singapore and the ASEAN region.

We expect to see our indoor version of ESCAPE growing exponentially in the years to come as the retail shopping business continues to undergo a transformation. Moreover, I believe ESCAPE Challenge is on its way to replace the conventional family entertainment centre, where arcade games are replaced with mechanical rides.”

ESCAPE Gravityplay and Guinness World Record longest tube slide expected to drive rising numbers of visitors

The Group is in the midst of constructing the world’s longest tube slide which spans 1,140 metres¹. Upon its expected completion and official launch by end September 2019, this new attraction will officially set a Guinness World Record for the world’s longest tube slide, overtaking the current record of 602 metres held by Action Park in New Jersey. Concurrently, the third of the Group’s series of theme parks in Penang, ESCAPE Gravityplay is slated to launch at the same time, by end September 2019. This third theme park will feature a chairlift and two first-of-its-kind downhill karting tracks, Hill Rider and Tubby Racer. First of its kind in the region, the Hill Rider spans across two tracks measuring 580 metres and 700 metres respectively while the track at Tubby Racer measures 450 metres.

Commenting on the Group’s latest developments, **Mr Sim Choo Kheng, CEO of Sim Leisure**, said, *“The publicity surrounding the world’s longest tube slide is bringing unprecedented attention and interest to ESCAPE. This new level of attention is what we have always hoped to achieve. After the official launch by end September 2019, we expect a massive increase in attendance that will come with the worldwide attention.*

While we achieve earth-shattering feats, this is just the beginning for ESCAPE. We have a pipeline of initiatives that will further increase attendance at theme parks.

Beyond Penang, our global aspirations remain on track. We will continue to scale our proven and successful business model into new markets across the region that are awaiting a new genre of affordable and healthy family entertainment.

While we were impacted temporarily by one-off listing expenses, we expect financial performance to improve over time as we remain in growth mode. Our disruptive, innovative and cost-competitive business model will continue to deliver strong results.”

¹ For more information, refer to the Group’s announcement via SGXNet dated 24 June 2019: [Sim Leisure Group closes in on a new Guinness World Record as it passes the halfway point in constructing the world’s longest water slide measuring 1,140 metres](#)

– The End –

About Sim Leisure Group Ltd.

The Group is a well-established developer and operator of theme parks based in Penang, Malaysia. The Group's founder, Sim Choo Kheng, has more than 28 years of experience in the theming industry. The Group presently operates ESCAPE theme parks (<http://www.escape.my/>), in Penang, Malaysia and caters to both local and foreign visitors. ESCAPE Adventureplay is an outdoor adventure theme park which contains eco-friendly features and design elements reminiscent of traditional villages and pastimes in Malaysia. ESCAPE Waterplay is the first water park in Penang and also features the same eco-friendly and traditional design elements as ESCAPE Adventureplay. ESCAPE Gravityplay, which will feature a chairlift and two downhill karting tracks, is the third in the ESCAPE series of theme parks and is targeted to be launched in the first half of 2019. The ESCAPE theme parks welcomed approximately 112,000 visitors in 2017 and approximately 185,000 visitors in 2018.



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

The Group's business model disrupts the typical mainstream business model from the West which pays hefty royalties and requires costly investments in themed structures and mechanical rides. More importantly, ESCAPE theme parks address the original pursuit of fun which comes from childhood, mischievous play with friends, and not strap-on mechanical rides.

ESCAPE theme parks re-introduce the forgotten childhood play of yesteryear to today's generation, showing that fun can be affordable. ESCAPE re-connects visitors with the nature we once lived in, co-existed with, and depended on by embracing green ideas. Currently, the ESCAPE theme parks in Penang featuring various play-centric attractions which include climbing zones, obstacle courses, vertical leap, zip lines, high dive platform and waterslides have guests re-discover their innate balance, agility, physical strength, courage, and play instincts. These are part of Sim Choo Kheng's vision of fun, environmentally-friendly, and economically viable theme parks. These also explain ESCAPE theme parks' success with corporate team building programmes and school field trips.

For more information, please visit <https://www.escape.my/>

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*This press release has been prepared by Sim Leisure Group Ltd. (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 press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release including the correctness of any of the statements or opinions made or reports contained in this press release.

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