simleisure

Sim Leisure Group Ltd.
Annual Report 2021

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This annual report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange"), and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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Corporate Profile

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

CEO's Message

Dear Shareholders,

It's no secret the COVID-19 pandemic has placed immense hardship on most businesses, and none more so than those in the tourism and leisure sector. We were also badly affected with our parks having to close for 15 months in total since the start of the outbreak in March 2020.

However, with every challenge comes opportunity and like the saying goes "when life gives you lemons make lemonade". This pandemic has brought about a much-needed reality check for many tourism industry players. It has in a way pressed a 'RESET' button levelling out the competitive playing field, weakening and weeding out many industry players with outdated business and operating models and those who have been mismanaging their businesses all the while.

Interestingly, I predicted this outcome in an interview for SGX Research's column Kopi-C at the start of the Covid-19 pandemic back in May 2020. Whilst I foresaw the negative impact of this pandemic to our business, I also expected it to be a 'blessing in disguise' for us. As a smaller, entrepreneurial-driven company, we have had to work smarter and more relentlessly to compete against projects leveraging real estate profits and big budget theme parks with no profit objective, often funded with taxpayers money.

With the gradual reopening of the leisure and tourism sector (and although we're not entirely out of the woods), we are seeing positive signs starting to emerge for our business and are now realising the future trends I had foreseen earlier at the start of the pandemic.

Our low tech and high fun approach to attractions which requires much lower capital and operating expenditure than traditional attraction businesses, and our asset light investment model has perfectly positioned us for growth to capitalise on the changes brought about by the pandemic.

Now with weakened competition, closed theme parks and many struggling attractions burdened with crippling overheads and with little possibility of sustaining their businesses, we will soon emerge the winner. Whilst we made losses in 2021, it is worth noting that we had record attendance for November and December 2021, even better than the pre-COVID levels. This is despite not having any international tourists and corporate and school groups, relying exclusively on local visitors.

The theme park industry is not likely to see any newcomers for quite some time, as theme parks and the industry will struggle to maintain credit ratings and secure finance from banks, further weakening competition and creating greater barriers to entry.

The wake of the pandemic has drastically accelerated the transition of the retail landscape to online shopping, and malls have been forced to evolve into lifestyle centres and adapt to changing consumer behaviour, as shoppers seek experiences above purchasing consumer goods. As a result, many mall owners and developers have turned their attention to finding ways to differentiate themselves in an ever increasing competitive retail environment.

This is why ESCAPE Challenge has gained significant traction since its opening at Paradigm Mall, Petaling Jaya in August 2020, and we are now presented with a golden opportunity to expand our business model to offer affordable fun for the masses through partnering with shopping malls across Malaysia and internationally.

At the same time, as the pandemic has taken its course, the masses have become increasingly health-conscious and have found renewed interest in outdoor recreational activities and reconnecting with nature. We have witnessed an unprecedented demand in consumers seeking out healthy, physical pursuits outdoors, especially as lockdowns eased in Q4 2021.

The winds of change accelerated by the COVID pandemic have reset the playing field and now present us with an unprecedented opportunity to grow our business and become the regional market leader as we prepare to further our expansion.

Throughout the course of the pandemic we have been working hard on our business development, and I am proud to have closed two major deals in Malaysia, with the development of ESCAPE Cameron Highlands and ESCAPE Ipoh in the past year. ESCAPE Ipoh will be a 120-acre site showcasing Malaysian heritage and will bring to life the original childhood games that many Malaysians grew up with. This will be a must-visit destination for domestic and foreign tourists alike to experience the nostalgic past of Malaysia. More than a theme park, this will be a leisure-centric destination where visitors will need to spend a minimum of 2 days to enjoy all the park has to offer. Internationally we have signed MOUs in Qatar, Oman and Saudi Arabia, furthering the global expansion of the ESCAPE brand and genre. We are also about to start construction on the ESCAPE Sri Lanka project which was delayed due to COVID. This will see us as the first Asian attraction brand in history to be exported internationally.

We continue to work on securing deals with more shopping malls both domestically and internationally, and we are planning to launch our latest variant of the ESCAPE brand opening up a new opportunity to expand into housing developments across Malaysia.

I firmly believe our passion and determination and leaner and smarter approach to business will help us realise our bold vision to be the world's most successful leisure company as we replicate our proven business and operating model and bring the serious business of fun across Malaysia and around the world.

Yours in fun

Sim Choo Kheng
Founder, Executive Director and CEO

Board of Directors

Sim Choo Kheng
Founder, Executive Director and CEO

Mr Sim Choo Kheng (Mr Sim) is our Executive Director and Chief Executive Officer, and was appointed to our Board on 8 March 2018. Mr Sim has devoted 32 years of his career to the Leisure Industry. He is a visionary and a true entrepreneur who has persevered in creating a new theme park / family entertainment genre with his revolutionary thinking. Through sheer hard work, Mr Sim has built the Group from scratch to become a leading developer and operator of theme parks.

Mr Sim began his career in 1990 as a theme park employee before he took the big step to set up his own business in 1993 first by providing theme park management services, then theme park design and contracting, a business journey that took him on across the globe for the next 25 years. Mr Sim and his team have worked on more than 100 major theme park projects before he took Sim Leisure's ESCAPE theme park division for listing on the Singapore Exchange.

He was involved in numerous projects such as Ski Egypt, Universal Studios Singapore, Legoland in Denmark, Yas Island in Abu Dhabi, as well as La Mer Water Park, Motiongate and Bollywood Dubai. Having also operated and managed theme parks in Bulgaria, Armenia, Malaysia and Vietnam, Mr Sim has developed an in-depth knowledge of the theme park industry.

With his cross-cultural experience in the industry over the decades, Mr Sim opened his very own theme park, ESCAPE, which is based on reintroducing the outdoor fun of Mr Sim's childhood through active self-directed play, providing healthy family fun to the masses. This theme park's cost-competitive business model sets itself apart from other brands, showing financial success over the years since its opening.

Backed by his cross-cultural international experience in doing business across multiple continents and deep understanding of theme parks, Mr Sim developed ESCAPE, a disruptive and cost-competitive theme park business model catered to markets seeking affordable and healthy family entertainment. The ESCAPE brand of theme parks differentiates itself with its unique approach to design while providing affordable quality fun where everyone plays the games of yesteryear recreated for today.

Silviya Georgieva
Executive Director

Ms Silviya Georgieva Georgieva (Ms Georgieva) is our Executive Director and was appointed to our Board on 24 December 2018. She has been with the Group since 2006 and is instrumental in successfully implementing strategy for Quality Control and Human Resource management. She is responsible for ensuring that the Group's management systems and processes meet international standards, including achieving the ISO 9001 and ISO 45001 certifications for the Group. Mr Georgieva leads the organization's planning, implementation, and control of quality assurance programs while reducing overall operating costs.

She has also been actively involved in recruitment and human capital initiatives to drive efficiency across the Group's theme park operations. Her keen attention to detail and hands-on approach to park operations have also led to improved productivity and the effective utilisation of manpower.

Ms Georgieva graduated from the Varna Free University in 2002 with a Bachelor's Degree in Business Administration before obtaining a Master's Degree specializing in Economics and Marketing in 2005.

Yong Oi Ling
Executive Director

Former Independent Non-Executive Director, Ms Yong Oi Ling (Ms Yong) has been re-designated as Executive Director in June 2021 and oversees the group's Corporate Services division. She has been on our Board since her first appointment on 24 December 2018. She was previously the Chief Trainer of Liam Consultants Pte. Ltd. where she is among several recognized trainers who lecture with the SGX Academy and conduct courses for professionals in the financial services industry. She has over 33 years of experience in the finance and stockbroking industries leading teams in various investment banks in sales and research. She holds a CSQS from the Institute of Chartered Secretaries and Administrators London.

Ms Yong started her career as a corporate journalist with Business Times Malaysia in 1983 before joining the equities market as an analyst and worked her way to becoming Associate Director of Research at UBS Research. Thereafter, she joined CLSA in institutional sales in January 1996 before being promoted to Head of Institutional Sales (Malaysia). In November 2004, she was hired by the securities arm of Australian-based investment bank Macquarie Group as its Head of Institutional Sales (Malaysia). Her next appointment was as Head of Institutional Sales (Asia) in UOB Kay Hian Holdings where she worked from August 2008 till November 2011. Between October 2013 and March 2017, she was the Regional Head of Institutional Equities in RHB Investment Bank where she provided strategy and direction for the institutional business. She oversaw over 200 personnel in five countries including Singapore, Malaysia, Thailand, Indonesia and Hong Kong.

Tay Eng Kiat Jackson
Chairman and Independent Director

Mr Tay Eng Kiat Jackson (Mr Tay) is our Chairman and Independent Non-Executive Director, and was appointed to our Board on 30 October 2018.

Mr Tay has more than 19 years of experience in accounts and finance functions of various entities in the public and private sectors. He is currently the Chief Operating Officer and Company Secretary of Hafary Holdings Limited ("Hafary") where he oversees Hafary's operational and corporate secretarial functions, which includes business development and investor relations. He also spearheads Hafary's overall corporate and strategic development in Singapore and overseas. Prior to this, Mr Tay was responsible for the preparation of financial results and the implementing and maintaining of Hafary's financial and management reporting system, leading to Hafary's transfer to the Mainboard of the Singapore Exchange Securities Trading Limited in 2013.

Mr Tay is also an Independent Director of OUE Lippo Healthcare Limited and Sapphire Corporation Limited.

Mr Tay holds a Bachelor of Accountancy (Minor in Marketing) degree from Nanyang Technological University, Singapore and is a member of the Institute of Singapore Chartered Accountants.

Chung Yew Pong
Independent Director

Mr Chung Yew Pong (Mr Chung) is our Independent Non-Executive Director and was appointed to our Board on 24 December 2018. He is currently the Director of Incitable Digital Asia Sdn Bhd and True Vine Capital Partners Pte Ltd since May 2017 and July 2021 respectively. Incitable Digital Asia Sdn Bhd specialises in investment and consulting while True Vine Capital Partners Pte Ltd is in the business of venture capital fund management.

Mr Chung has more than 22 years of experience in various industries including audit, corporate banking, fund management, private equity and venture capital. In addition, he was also part of an equity crowdfunding platform and sat on the board of an e-wallet company in Malaysia.

He obtained a Bachelor of Commerce degree and Bachelor of Business (Hons) degree at Monash University in 1995 and 1996, respectively. He is currently a member of the Malaysian Institute of Accountants and the ASEAN Chartered Professional Accountants, a Council member and Fellow at CPA Australia and a Fellow at Chartered Institute of Management Accountants (United Kingdom).

Tan Boon Seng

Non-independent Non-executive Director

Mr Tan Boon Seng (Mr Tan) is our Non-Independent Non-Executive Director and was appointed to our Board on 8 June 2020.

Mr Tan presently serves as the Chairman of Dragon-I Restaurant Sdn. Bhd. and Canton-I Sdn. Bhd., one of the largest Chinese restaurant chains in Malaysia with 32 outlets. There are three other brands within the chain, namely Hominsan, Ren and Yayoi.

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

Mr Tan holds a Bachelor of Science in Finance from the University of Southern California. Mr Tan joined AmInvestment Bank Berhad as an Analyst in Investment Banking from 2006 to 2007. In 2007, he joined Maybank Investment Bank Berhad as a Senior Analyst in Corporate and Investment Banking until 2009. He joined Malayan Banking Berhad and was appointed as an Assistant Vice President in Corporate Banking until 2010.

Tan Hui Tsu

Independent Director

Ms Tan Hui Tsu (Ms Tan) was appointed as our Independent Non-Executive Director on 1 July 2021. Ms Tan is currently the Senior Vice President and Team Lead for the Regional Loan Product with DBS Bank Ltd. Prior to this new role which she took on in 2021, she was a Team Head leading a team of Relationship Managers for more than 15 years. Ms Tan started her banking career in 1993 as an Assistant Administrative Manager with DBS Bank Limited. In 1996, she joined Hong Leong Finance Limited as a Credit Analyst before being promoted to become an Account Manager. In 2000, she moved to Overseas Union Bank/United Overseas Bank as an Assistant Manager before rejoining DBS Bank Limited in 2003, as an Assistant Vice President of Enterprise Banking. During her banking career. Ms Tan accumulated more than 28 years' of working experience in SME banking. Ms Tan obtained a Master of Business Administration from RMIT University, Australia in 2003, and a Bachelor of Business (Banking and Finance) from Monash University, Australia in 1995.

Key Management

Milan Vanek
Director of Safety

Mr Milan Vanek (Mr Vanek) is our Director of Safety since November 2019. He oversees the installation process of rope courses and attractions, establishes safety operations procedures and performs safety audits on our attractions and equipment. He has over 15 years of experience in installation of high-ropes courses / adventure parks and auditing roles across Europe and Asia. Milan ensures all project designs, installation and operating procedures are in compliance with the benchmark of international standards.

Mr Vanek was appointed as a project manager at UK-based Adventure Ropes from August 2010 to August 2012 where he was responsible for installing rope courses in the UK and Malaysia. He joined the Group in June 2013 as a safety manager, overseeing the maintenance of ESCAPE Penang's attractions and equipment, and establishing proper safety protocols until February 2018. Mr Vanek was also the Park Manager of ESCAPE Penang from December 2015 to June 2017. From March 2018 until October 2019, he started Adventure Park Builders, providing safety audits and inspections as an Association for Challenge Course Technology (ACCT) Level 2 Inspector and Supervisor.

Mr Vanek holds Level 3 Inspections and Maintenance Standards and Level 2 Safety Inspector certificates under the Association for Challenge Course Technology.

Philip Whittaker
Commercial Director

Mr Philip Whittaker (Mr Whittaker) is our Commercial Director since January 2022 and had previously worked as a Strategic Advisor to the group since December 2020. In this role, Mr Whittaker oversees all sales, marketing, business development and commercial matters for the group. He was previously the CEO of Attractions and Chief Commercial Officer of Themed Attractions Resorts & Hotels Sdn Bhd, a subsidiary of Khazanah Nasional Berhad, where he served for nine years overseeing a portfolio of attractions including KidZania Kuala Lumpur and Singapore, Legoland Malaysia Resort, Adventure Waterpark, The Els Club Golf Courses and the destination marketing for leading integrated resort Desaru Coast.

Prior to that he has over 20 years' experience in a range of senior marketing, operations and management roles working with leading global brands including Warner Village Theme Parks, Goodwill Games and Warner Bros. Entertainment. He has also successfully founded and managed leading marketing agencies in Australia.

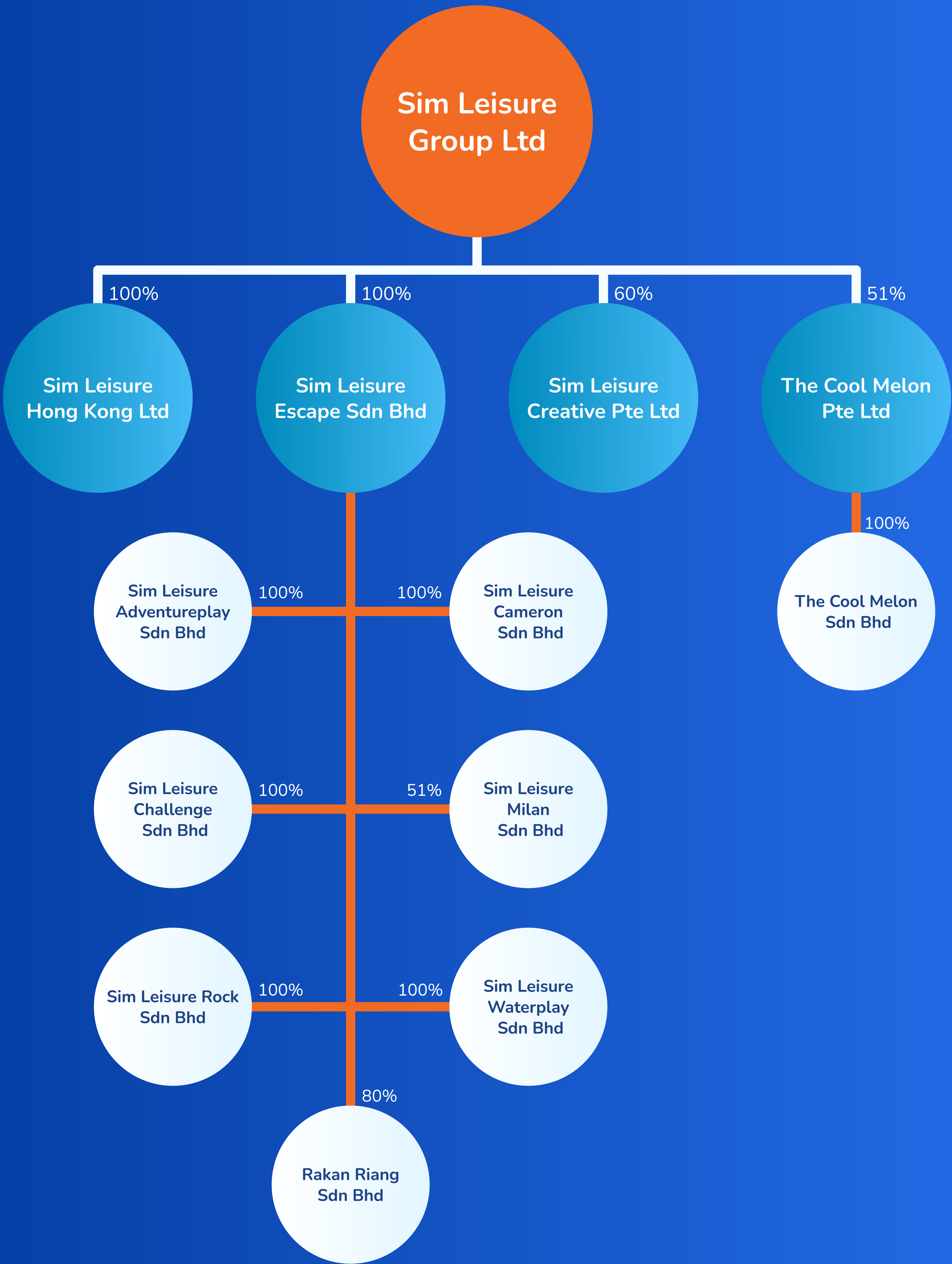
Mr Whittaker holds a Bachelor of Hotel Management, Master of Business and a Graduate Diploma in Digital Business. He is a Fellow of the Australian Marketing Institute and a Certified Practicing Marketer. In 2011, he was inducted into the Sponsorship Australasia Awards Hall of Fame for services to industry and in 2016 was awarded Asia's Best Marketer, CMO Asia 7th Edition.

Johann Lim Noordin
Operations Manager

Mr Johann Lim Noordin (Mr Johann) is our Operations Manager responsible for ESCAPE Theme Park's day-to-day administrative operations. He is one of our longest-serving employees having joined the Group in June 2009 as IT and Research Executive. He has also served other roles in the Group over the years such as Executive Assistant to Managing Director, IT Manager, Assistant Operations Manager and Site Manager, and later Operations Manager where he oversaw the construction of ESCAPE Waterplay in Penang from April 2016 to September 2017.

Mr Johann holds a Diploma in Computer Science from University Science Malaysia (USM) in Computer Science. Before joining the Group, he was an IT Supervisor at Lam Tatt Group of Companies from 2008 to 2009, overseeing its IT operations.

Group Structure



Financial Review

Review of the Group's Performance

Group revenue increased by 85% or RM8.12 million, from RM9.57 million in the financial year ended 31 December 2020 ("FY2020") to RM17.69 million in the financial year ended 31 December 2021 ("FY2021"). The increase was mainly contributed by: (i) the cooperation fee received from Sim Leisure Gulf Contracting L.L.C. ("**SL Gulf**") pursuant to the cooperation agreement entered into between the Company's 60%-owned subsidiary, Sim Leisure Creative Pte. Ltd., and SL Gulf on 9 December 2020 ("**Cooperation Agreement**"); and (ii) the increase in admission fee to theme parks, sale of food, beverages and merchandise as well as services rendered in respect of the Group's theme parks as these theme parks resumed its operations since 20 October 2021 as the Malaysian government eases restrictions and measures imposed in response to the COVID-19 pandemic. The decrease in revenue from sponsorship income for FY2021, as compared to FY2020 was mainly due to agreements with existing industrial partners to defer the contract periods under existing sponsorship agreements as Kidzania's theme park was closed for most of the months in FY2021 since January 2021 until October 2021 due to the Movement Control Order ("**MCO**") imposed by the Malaysian Government in response to the COVID-19 pandemic. Sponsorship income of RM16,000 recorded in FY2021 related to sponsorship fees receivable from new industrial partners when Kidzania's theme park reopened in October 2021.

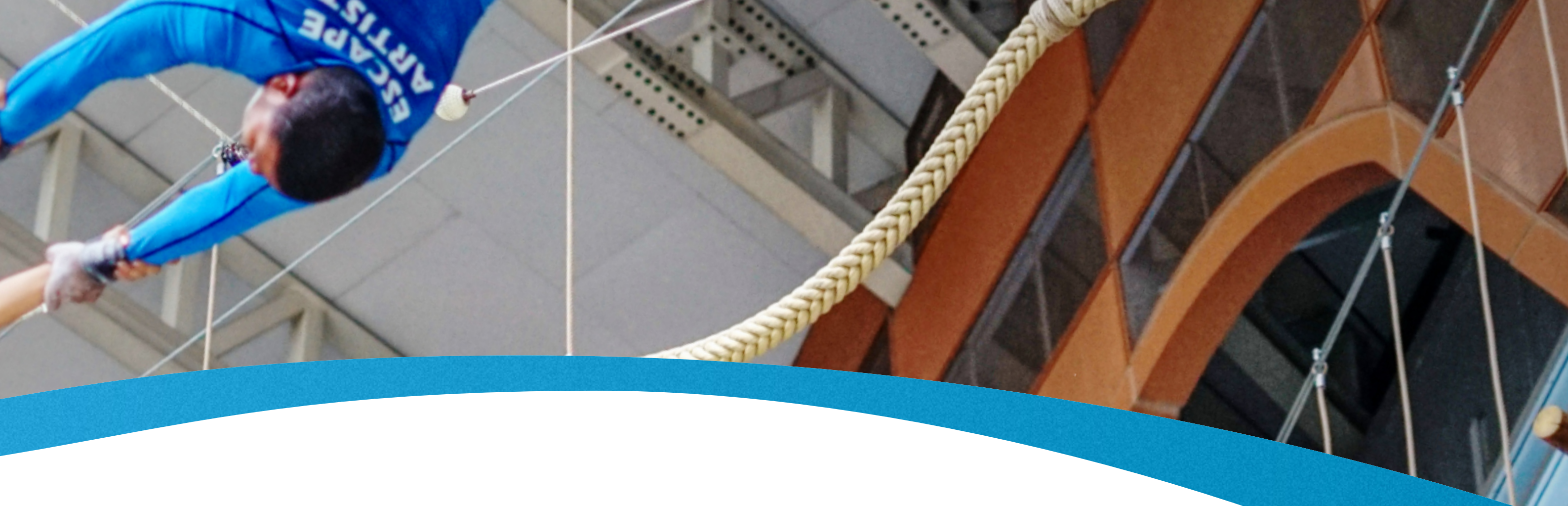
Cost of sales increased by RM2.48 million, or 27.9%, from RM8.87 million in FY2020 to RM11.35 million in FY2021. The increase was mainly due to the increase in revenue in FY2021 and higher staff cost, and other operational expenses which were incurred following the completion of the acquisition of a subsidiary Rakan Riang Sdn Bhd ("RRSB") in December 2020.

Gross profit increased by RM5.64 million or 807%, to RM6.34 million in FY2021 from RM0.70 million in FY2020. Gross profit margin increased by 28.3 percentage points, from 7.3% in FY2020 to 35.8% in FY2021. The increases in gross profit and gross profit margin were in line with the increase in the Group's revenue, mainly contributed by the cooperation fees from SL Gulf, which have higher gross margins, and the resumption of operations of the Group's theme parks.

Other income decreased by RM16.9 million or 97.5%, to RM0.44 million in FY2021 from RM17.35 million in FY2020. This was mainly due to (i) the absence in FY2021 of a one-off gain on bargain purchase for the acquisition of RRSB of RM16.69 million and one-off gain on disposal of business operation of a subsidiary to its minority shareholders of RM0.12 million; and (ii) the decrease in other miscellaneous income of RM0.1 million or 17.8% from RM0.54 million to RM0.44 million mainly due to discounts obtained from lessor of the Group's leasehold property in FY2020 representing a one-off discount in FY2020 due to the COVID-19 pandemic, which was absent in FY2021.

Administrative expenses comprise mainly administrative staff costs, advertisement and promotion expenses, travelling expenses, legal and professional fees, depreciation of plant and equipment, repair and maintenance expenses as well as lease expenses. Administrative expenses decreased by RM0.18 million, or 2.1%, from RM8.37 million in FY2020 to RM8.19 million in FY2021. Due to the numerous phases of MCO imposed by the Malaysian government during FY2021, the management has implemented cost management strategies to combat the impact of the COVID-19 pandemic, especially towards the second half of FY2021 when the number of COVID-19 cases in Malaysia peaked. Administrative expenses in second half of FY2021 remained low despite the Group resuming its businesses towards the end of October 2021. As such, it resulted in an overall drop in administrative expenses, despite the increase in costs (such as depreciation of plant and equipment, and right-of-use assets, as well as amortisation of intangible assets) of operating the business of RRSB subsequent to the completion of acquisition of RRSB in December 2020.

Impairment on trade receivables was higher by RM0.70 million or an increase of more than 100%, from RM0.02 million in FY2020 to RM0.71 million in FY2021. This was mainly due to (i) impairment loss of RM0.49 million provided for in the accounts of RRSB for overdue



debts as collectability is in doubt; and (ii) general provision against receivable balance as an expected credit loss of RM0.22 million.

Finance costs increased by RM1.14 million or 81.5%, to RM2.55 million in FY2021 from RM1.40 million in FY2020. The increase was mainly due to (i) interest incurred for loan drawdown for working capital purpose of the Group and funding obtained from a director of the Company; and (ii) full year financing cost incurred by RRSB in FY2021 following the completion of the acquisition of RRSB in December 2020 of RM0.84 million, which was absent in FY2020. Financing cost incurred by RRSB was mainly derived from interest expenses incurred for lease liabilities.

Income tax expense of RM5.69 million was incurred in FY2021, as compared to income tax credit of RM0.21 million recorded in FY2020. This was due to (i) income tax expense incurred for FY2021 of RM0.89 million; (ii) under provision of income tax in prior years amounting to RM4.39 million; and (iii) additional deferred tax liabilities which were underprovided in prior years of RM0.43 million, partially offset by deferred income tax for FY2021 of RM0.015 million. Please refer to the review of the current liabilities under the section entitled “Review of the Group’s Financial Position” below, for more information on point (ii) above.

Profit for the Year

The Group recorded a loss after tax of RM10.37 million in FY2021, as compared to a profit after tax of RM8.46 million in FY2020. Excluding one-off income tax payable of RM3.86 million payable by one of the Company’s indirect wholly owned subsidiary, Sim Leisure Adventureplay Sdn Bhd (“SLA”), the Group would have made a loss after tax of RM6.51 million in FY2021.

Comparing the operational performance of the theme parks for FY2021 and FY2020, excluding the one-off bargain purchase of RM Nil (FY2020 : RM16.69 million) from an acquisition of a subsidiary, government wage subsidy of RM0.35 million (FY2020 : RM0.18 million), discounts obtained from Group’s leasehold property of RM Nil (FY2020 : RM0.15 million) and gain on disposal of RM Nil (FY2020 : RM0.12 million) arising from the disposal of business operation of a subsidiary, expenses incurred by the ultimate holding company to maintain listing status on SGX (comprising Directors’ fees, audit fees, sponsorship and other compliance fees) of RM0.87 million (FY2020 : RM1.58 million) and royalty income generated by one of the Company’s 60% owned subsidiary of RM5.5million (FY2020 : RM Nil), the Group would have recorded a loss after tax generated purely from its operations of the theme parks of RM5.99 million in FY2021, as compared to loss after tax of RM7.10 million in FY2020.

Financial Review

Review of the Group's Financial Position

Non-current assets

The Group's non-current assets, which comprised property, plant and equipment, right-of-use ("ROU") assets and intangible assets, decreased by RM6.54 million or 6.0%, from RM114.85 million as at 31 December 2020 to RM108.31 million as at 31 December 2021. The decrease in property, plant and equipment and right-of-use assets was due to the depreciation and amortisation of RM7.45 million being recognised for FY2021, partially offset by (i) the additions of property, plant and equipment amounting to RM0.62 million; and (ii) the additions of right-of-use assets of RM0.29 million, in FY2021.

Current assets

The Group's current assets increased by RM13.84 million or more than 100%, from RM12.05 million as at 31 December 2020 to RM25.89 million as at 31 December 2021. The increase was mainly due to increase in (i) cash and bank balances of RM10.58 million from the completion of a private placement of new ordinary shares in the capital of the Company in October 2021; and (ii) trade and other receivables of RM3.75 million which mainly arose from the cooperation fees from SL Gulf.

The increase in current assets was partially offset by the decreases in inventories, prepayments and income tax recoverable. Inventories decreased by RM0.20 million mainly due to provision for slow moving inventory of RM0.15 million. Prepayments decreased by RM0.05 million mainly due to charge out of prepaid expenses. Income tax recoverable was absent as at 31 December 2021 due to tax credit utilised against balance tax payment for FY2021.

Equity

The Group's equity increased by RM1.91 million, or 2.95%, from RM64.71 million as at 31 December 2020 to RM66.62 million as at 31 December 2021. The increase was due to the completion of a private placement of new ordinary shares in the capital of the Company in October 2021 of RM11.21 million and an increase in share of non-controlling interests of RM3.74 million, partially offset by the loss recorded for FY2021 of RM11.80 million and the decrease in capital reserve of RM1.25 million.

Non-current liabilities

The Group's non-current liabilities decreased by RM35 million, or 3.04%, from RM44.36 million as at 31 December 2020 to RM43.01 million as at 31 December 2021. The decrease was mainly due to the decrease in (i) lease liabilities of RM21 million as a result of reclassification from non-current liabilities to current liabilities; (ii) borrowings of RM1.31 million due to both repayment of borrowings and reclassification from non-current to current liabilities; and (iii) contract liabilities (being deferred revenue of admission fees to theme parks) of RM0.08 million due to utilisation by the customers. This was partially offset by the increase in (i) amount due to a Director of the Company of RM1.24 million as a result of additional loan drawdown and the increase in interest payable; (ii) provisions of RM0.60 million due to increase in provision for restoration cost in Escape Penang and Escape Challenge at Paradigm Mall; and (iii) additional provision of deferred tax liabilities during the year for the Group of RM0.41 million.

Current liabilities

The Group's current liabilities increased by RM6.73 million, or 37.75%, from RM17.83 million as at 31 December 2020 to RM24.57 million as at 31 December 2021. The increase was mainly due to the increase in:

i. lease liabilities of RM1.40 million in relation to right-of-use assets as a result of reclassification from non-current liabilities to current liabilities;

ii. contract liabilities (being deferred revenue of admission fees to theme park) of RM1.47 million in line with the increase in the Group's revenue;

iii. borrowings of RM1.07 million due to reclassification from non-current liabilities to current-liabilities; and

iv. income tax liabilities of RM4.63 million as at 31 December 2021 (31 December 2020: RM Nil) as a result of:

   a. a one-off income tax payable for the years 2013 to 2017 which amounted to an aggregate sum of RM3.86 million payable by the Company's indirect wholly-owned subsidiary, SLA in 34 instalments over a period of 34 months. The aforesaid income tax was assessed by Inland Revenue of Malaysia ("**IRB**") to be payable by SLA in view of SLA being not able to meet the criteria for being a pioneer status company. SLA has since filed an appeal against the aforesaid tax assessments and the Company will update shareholders on any material developments on this matter. SLA was earlier granted the pioneer status by the Malaysian Investment Development Authority ("**MIDA**") in May 2014 for 5 years from November 2012 to November 2017, which was further extended for another 5 years, whereby 70% of the taxable income subject to pioneer status is exempted from corporate income tax. Pioneer status is an incentive in the form of tax exemption granted to SLA as a theme park operator for its tourism project "Escape Adventureplay" from MIDA; and

   b. balance of RM0.77 million representing the tax expenses of the Group for FY2021.

The increase was partially offset by the decrease in (i) trade and other payables of RM0.92 million due to faster repayment by the Group; and (ii) amount due to a director of the Company of RM0.98 million as a result of repayment of debt.

Working capital position

The Group recorded a positive working capital position of RM1.32 million as at 31 December 2021, as compared to a negative working capital position of RM5.78 million as at 31 December 2020.

Review of the Group's Cash Flow

Operating activities: The Group's net cash generated from operating activities amounted to RM2.29 million for FY2021, which comprised operating cash inflow before changes in working capital of approximately RM6.66 million, net working capital outflow of RM3.45 million which was mainly due to increase in trade and other receivables, and income tax payment of RM0.40 million.

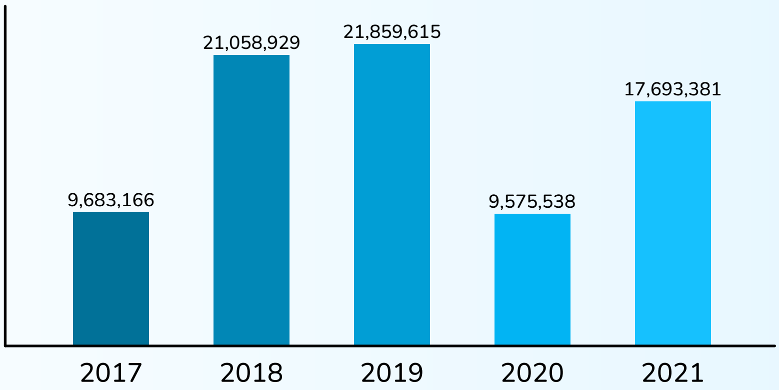
Investing activities: The Group's net cash used in investing activities for FY2021 amounted to RM0.59 million. This was due to the additional development cost capitalised for the continuous development of the Group's theme parks.

Financing activities: The Group's net cash generated from financing activities for FY2021 amounted to RM8.86 million. This was mainly due to proceeds from the aforementioned private placement of RM11.21 million and proceeds from loan from a director of RM1.0 million, partially offset by repayment of finance lease obligations of RM2.24 million, repayment of loans and borrowings of RM0.43 million as well as interest paid of RM0.67 million.

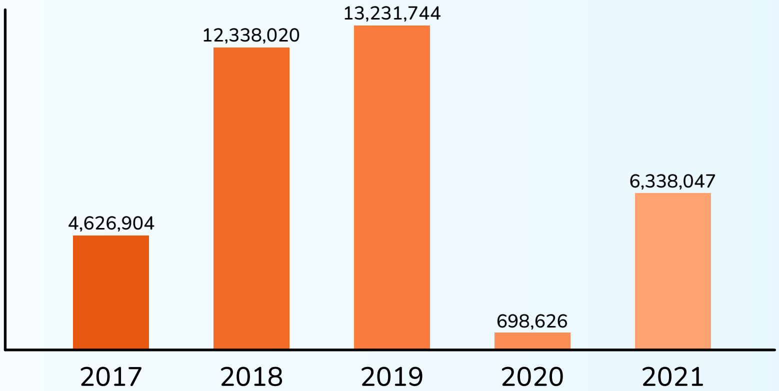
As a result of the above and taking into account the effect of changes in rate differences, the Group's cash and bank balances increased by RM10.56 million, from RM7.03 million as at 1 January 2021 to RM17.59 million as at 31 December 2021.

Financial Highlights

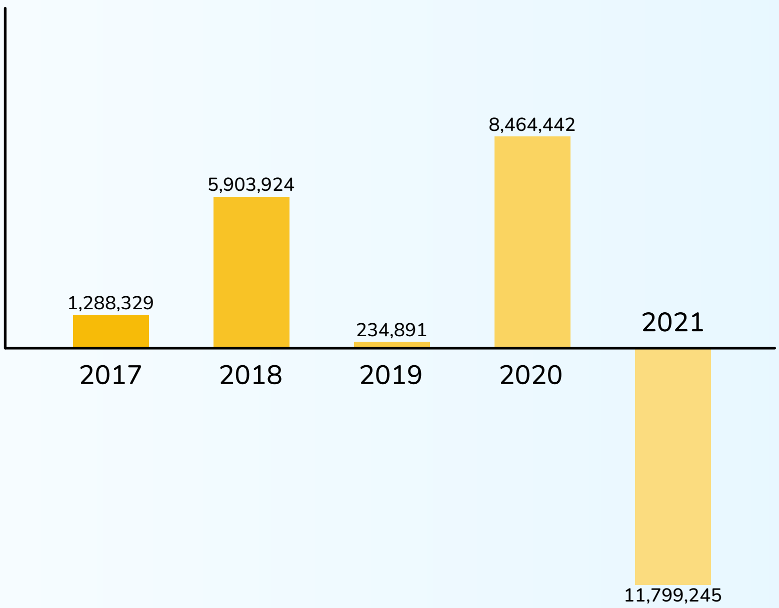
Revenue (RM)



Gross Profit (RM)



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



Corporate Information

Company Registration Number

201808096D

Board of Directors

Sim Choo Kheng
Executive Director and CEO

Silviya Georgieva Georgieva
Executive Director

Yong Oi Ling
Executive Director

Tay Eng Kiat Jackson
Chairman and Independent Director

Chung Yew Pong
Independent Director

Tan Hui Tsu
Independent Director

Tan Boon Seng
Non-Independent Non-Executive Director

Company Secretary

Chua Kern (LLB (Hons))

Registered Office

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Tel: (65) 6236 9353
Email: info@simleisuregroup.com

Share Registrar

B.A.C.S. Private Limited
77 Robinson Road
#06-03, 77 Robinson Road
Singapore 068896

Independent Auditors

UHY Lee Seng Chan & Co
Public Accountants and Chartered Accountants
6001 Beach Road
#14-01 Golden Mile Tower
Singapore 199589

Partner-in-charge: Mr Lee Sen Choon
(Appointed with effect from the financial year ended 31 December 2020)

Principal Bankers

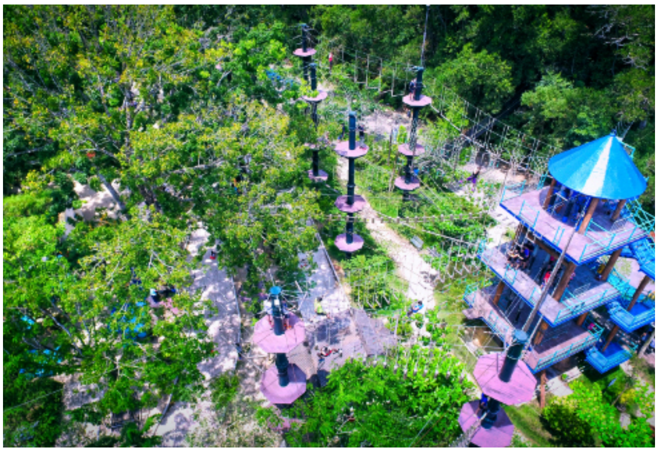
Public Bank Berhad & RHB Bank Berhad

Sponsor

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

Sustainability Statement

Sim Leisure Group is committed to managing relevant ESG risks and opportunities across our different assets, while contributing positively to the environment and society. We are dedicated to reviewing material ESG topics regularly to ensure they are relevant and address our shareholders' concerns. We aim to build the business responsibly to develop economically and socially for society, generate economic value, champion ethical business conduct, engage positively with the local community, promote equal opportunity in employment and talent development, lead the industry in environmental sustainability through initiatives, reduce energy consumption through creative solutions, rehabilitate and preserve the natural habitat, and advocate eco-literacy among the masses.



Economic & Social

We always strive to bring a positive impact to the local communities we engage with and has factored in the consideration of ethics, social responsibility, and reducing dependency on external resources. Our main theme park in Penang aspires to be transparent and committed to its local community by supporting local businesses and employing local staff. The park is currently the community's largest employer with the majority of our workforce comprising those from the Teluk Bahang community. We intend to replicate the communal impact in other regions of expansion domestically and internationally, as this approach can yield a greater return beyond commercial gain, making communities more economically equitable and resilient.

Environment

We depart from the approach of sophisticated high-tech rides, and adopt a low-tech, high-fun approach in designing our rides and attractions, placing an emphasis on self-powered and self-directed play to re-introduce the outdoor play of yesteryear to today's generation. We hold to the belief that fun comes from play and all it needs is imagination and creativity, which are key in developing and operating attractions with a minimal carbon footprint. Our indoor theme park situates itself at outdoor, sheltered areas of the malls which allows us to save the need for cooling, bringing electricity costs for air-conditioning to zero. Furthermore, trees are planted in the indoor theme park vicinities to provide additional cooling and natural shade.

A separate sustainability report for FY2021, guided by the GRI Standards and which will capture our economic, environment, social and governance performance, will be issued by 31 May 2022.

Corporate Governance Report

Board Matters

The board of directors (the **"Board"** or the **"Directors"**) and the management (**"Management"**) of Sim Leisure Group Ltd. (the **"Company"**, together with its subsidiaries, the **"Group"**) are committed to maintaining a high standard of corporate governance within the Company and the Group by complying with the principles and provisions as set out in the Code of Corporate Governance 2018 (the **"Code"**). This report outlines the Group's corporate governance framework and practices adopted by the Company during the financial year ended 31 December 2021 (**"FY2021")**, with specific reference made to the principles and provisions of the Code, which forms part of the continuing obligations pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) Listing Manual Section B: Rules of Catalist (the **"Catalist Rules"**).

The Board is pleased to report that, for FY2021, the Company has complied with the principles of the Code, and the provisions of the Code (except where otherwise explained). In areas where the Company's practices vary from any provisions of the Code, the Company has stated herein the provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1

The Company is headed by an effective Board to lead and control its operations and affairs. The principal function of the Board is the overall management and corporate governance of the Group including establishing strategic objectives and providing entrepreneurial leadership. The Board's key responsibilities include charting and reviewing the Group's overall business strategy, supervising the Management as well as reviewing the Group's financial performance and managerial performance while considering sustainability issues as part of its strategic formulation.

In addition, the Board has an obligation to the shareholders of the Company (the "**Shareholders**") and other stakeholders of the Company to safeguard their interests and the Company's assets by establishing a framework of prudent and effective controls which enables risk to be assessed and managed, setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and being met, as well as identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation.

All Directors, expected to exercise due diligence and independent judgment, are obliged to act in good faith and objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Provision 1.2

During FY2021, the Management has kept the Board up-to-date on all pertinent developments in the business of the Group during Board and/or Board Committee meetings to facilitate the discharge of duties by the Directors. All Directors are also provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Group and/or Directors are circulated to the Board.

To ensure Directors can fulfill their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo regular training and participate in conferences, seminars or any training programme in connection with their duties.

In FY2021, one of our Independent Non-Executive Directors, Mr Chung Yew Pong, attended the following courses:

- The Climate-related Financial Disclosure 101 by the SGX;
- Climate Governance Singapore Launch organised by SMU;
- Accelerating Your Digital Transformation organised by SID, and
- The SGX Regulatory Symposium organised by the SGX.

Ms Tan Hui Tsu (Ms Tan), Independent Non-Executive Director, was appointed to the Board on 1 July 2021 (the "Appointment") and has no prior experience as a director of public-listed companies in Singapore. As of the date of this report, Ms Tan has attended and completed the entire training syllabus entitled "Listed Entity Director Programme" organised by SID as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules within the first year of the Appointment.

As a newly appointed Director in FY2021, Ms Tan was briefed on and provided with background information about the Group's history, strategic direction, industry-specific knowledge and the Group's governance practices. The Company has also provided Ms Tan with a formal letter of appointment setting out her duties and obligations as a Director of the Company.

Provision 1.3

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters that require the approval of the Board include, but are not limited to, the following:

(a) matters that involve a conflict of interest of a controlling Shareholder or a Director or persons connected to such Shareholder or Director;
(b) approval of announcements to be released via the Singapore Exchange Network ("**SGXNet**"), including half yearly and full year financial results announcements;
(c) approval of operating budgets, annual and interim reports, financial statements, Directors' statements and annual reports;
(d) share issuance, interim dividends and other returns to Shareholders;
(e) authorisation of banking facilities and corporate guarantees;
(f) approval of change in corporate business strategy and direction;
(g) appointment/cessation, and remuneration packages of the Directors and key management executives;
(h) any matters relating to the Company's general meetings, Board and Board Committees (as defined below); and
(i) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

Provision 1.4

The Board has, without abdicating its responsibilities, delegated certain matters to three (3) main sub-committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), which operate under clearly defined written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The Board Committees play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance. The respective Chairmen of the Board Committees report the outcome of the Board Committee meetings to the Board. The composition, description (including the terms of reference) and activities of each Board Committee are set out in this report.

Provision 1.5

The schedule of all the Board and Board Committee meetings as well as the annual general meeting of the Company ("**AGM**") for the next calendar year is planned well in advance. The Board will meet at least twice yearly and whenever warranted by particular circumstances. Ad-hoc, non-scheduled Board meetings may be convened to deliberate on urgent substantial matters. In addition to these meetings, corporate events and actions requiring the Board's approval may be discussed over the telephone or video-conference, followed by Directors' resolutions in writing being passed. Regulation 101(A) of the Company's Constitution (the "**Constitution**") allows a Board meeting to be conducted by way of tele-conference and video conference.

Two (2) Board meetings were held in FY2021 to review and discuss, amongst others, the financial performance of the Group in FY2021 and the unaudited half yearly and full year financial results announcements of the Group for FY2021. Directors attend and actively participate in Board and Board Committee meetings. The attendance of the Directors at the meetings of the Board and the Board Committees during FY2021 is as follows:

	AGM	Board	Board Committees		
			Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held during the year	1	2	2	1	1
Number of meetings attended					
Sim Choo Kheng	1	2	2[(1)]	1[(1)]	1[(1)]
Silviya Georgieva Georgieva	1	2	2[(1)]	1[(1)]	1[(1)]
Yong Oi Ling[(2)]	1	2	2[(1)]	1	1
Tay Eng Kiat Jackson	1	2	2	1	1
Chung Yew Pong	1	2	2	1	1
Tan Hui Tsu[(3)]	-	1	1	-	-
Tan Boon Seng	-	2[(1)]	2[(1)]	1[(1)]	1[(1)]

Notes:

(1) Attendances at meetings were "By Invitation".

(2) Ms Yong Oi Ling was re-designated from Independent Non-Executive Director to Executive Director on 14 June 2021.

(3) Ms Tan Hui Tsu was appointed as Independent Non-Executive Director with effect from 1 July 2021.

Provision 1.6

Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Detailed Board and Board Committee papers are prepared and circulated to the Directors before each Board and Board Committee meeting. The Board and Board Committee papers include sufficient information on financial, budgets, business and corporate issues (where applicable) to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committee meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Key personnel who can provide additional insight into the matters at hand would be present at the relevant time during the Board and Board Committee meetings.

The Board receives half year and full year financial performance results, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

All Directors have unrestricted access to the Company's records and information. The Directors may also liaise with the Management as and when required to seek additional information.

Provision 1.7

All Directors have separate and independent access to the Management and the Company Secretary through electronic mail, telephone, videoconference as well as face-to-face meetings where appropriate. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or his representatives attend all the Board and Board Committees meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Should the Directors, whether as a group or individually, need independent professional advice, the Company will appoint such professional adviser to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

In respect of FY2021 and as at the date of this report, the Board comprises seven (7) members, four (4) of whom are Non-Executive Directors including three (3) Independent Directors, details (including the Board Committee membership) are as follows:

Name of Director	Designation	Board Committee Membership		
		AC	RC	NC
Sim Choo Kheng	Executive Director and Chief Executive Officer	-	-	-
Silviya Georgieva Georgieva	Executive Director	-	-	-
Yong Oi Ling	Executive Director	-	-	-
Tay Eng Kiat Jackson	Chairman and Independent Director	Chairman	Member	Member
Chung Yew Pong	Independent Director	Member	Chairman	Member
Tan Hui Tsu(1)	Independent Director	Member	Member	Chairman
Tan Boon Seng	Non-Executive Non-Independent Director	-	-	-

Note:

(1) Ms Tan Hui Tsu was appointed as Independent Non-Executive Director with effect from 1 July 2021.

Provision 2.1

The independence of each Director is reviewed by the NC, based on the guidelines as provided in the Code as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. The independence of each Director is assessed and will be reviewed at least annually by the NC. In its deliberation as to the independence of a Director, the NC takes into account examples of relationships as set out in the Code. There is no policy to prohibit or require Independent Directors to hold shares in the Company. As at the date of this report, Mr Chung Yew Pong holds 32,000 shares in the Company amounting to 0.02% of the total issued shares in the Company of 165,365,200. The NC and the Board are of the view that the holding of shares by Independent Directors of less than 5.0% of the total issued shares in the Company encourages the alignment of their interests with the interests of Shareholders without compromising their independence. The NC has reviewed, determined and confirmed the independence of each Director for FY2021.

For FY2021, save as disclosed above, the Independent Directors (namely Mr Tay Eng Kiat Jackson, Mr Chung Yew Pong and Ms Tan Hui Tsu) have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors were not in foreseeable situations that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent for FY2021.

As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years from the date of his or her first appointment.

Provisions 2.2 & 2.3

The Chairman of the Board is an Independent Director. The seven (7)-member Board comprises a majority of four (4) Directors who are Non-Executive Directors (including three (3) Independent Directors).

Provision 2.4

The key information of the Directors (as at the date of this report), including their academic and professional qualifications, shareholding interests in the Group, Board Committees served on, first appointment dates, last re-appointment dates, present directorships in other listed companies, and their other principal commitments, are set out in this report, as well as in the sections entitled "Board of Directors" and "Directors' Statement" of this Annual Report. None of the Directors is related to one another, with the exception of Mr Sim Choo Kheng and Ms Silviya Georgieva Georgieva, who are spouses. The Board members collectively possess the necessary core competencies such as accounting, finance, investment, business and management experience, corporate governance, industry knowledge and strategic planning experience for the effective functioning of the Board and an informed decision-making process. In respect of FY2021, with 43% of the Board being independent and the Chairman of the Board being an Independent Director, the Board is of the view that there is a strong independent element on the Board. This is to ensure that there is effective representation for Shareholders and issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of Shareholders, employees, customers, suppliers, other stakeholders and the industry in which the Group conducts its business.

Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and rigorously examined and take into account the long-term interests of not only the Shareholders, but also of the employees and reviewing the performance of the Management in achieving agreed goals and objectives. The NC considers the Independent Directors to be of sufficient calibre and number and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

To maintain or enhance the balance and diversity of the Board, the NC will review the size and composition of the Board and the Board Committees annually to ensure that the Board and the Board Committees are of an appropriate size, and comprise persons who as a group provides the appropriate balance and mix of skills, knowledge, expertise and experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate and to enable the Management to benefit from a diverse perspective of issues that are brought before the Board and the Board Committees. The Company does not have a Board Diversity Policy but it consists of professionals from various disciplines. The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance the balance and diversity within the Board.

The Board has reviewed and believes that its composition achieves diversity of skills, knowledge and experience as further described as follows:

Core Competencies	No. of Directors	Proportion of Board (as at the date of this report)
Accounting/Finance/Legal/Corporate governance	4	57%
Industry/Customer based-knowledge or experience	3	43%
Strategic planning experience	7	100%

The NC is of the view that the current Board and the Board Committees comprise persons who as a group provides an appropriate balance and mix of skills, experience, expertise and knowledge to the Company, as well as provides a diversity of gender with three (3) female Directors, two (2) of whom are Executive Directors and one (1) of whom is an Independent Director. The NC has reviewed the size and composition of the Board and the Board Committees, and together with the Board, taking into account the scope and nature of the operations of the Group, is of the view that the current size and the composition of the Board and the Board Committees are appropriate to meet the Company's objectives and facilitates effective decision-making.

With the introduction of Rule 710(A) of the Catalist Rules effective from 1 January 2022, the Board will maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe such policy in its Annual Report for the financial year ending 31 December 2022.

There is no alternate Director on the Board.

Provision 2.5

The Non-Executive Directors (including Independent Directors) have the necessary experience and expertise to assist the Board in decision-making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. The Company will coordinate informal meeting sessions to be led by the Independent Chairman or such other Independent Director as appropriate, for the Non-Executive Directors to meet regularly without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. In FY2021, the Non-Executive Directors had one (1) meeting without the presence of the Management.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1 and 3.3

The Chairman of the Board and the Chief Executive Officer ("**CEO**") are separate persons in order to provide an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The Company did not appoint a lead independent Director in FY2021 as the Chairman, Mr Tay Eng Kiat Jackson, an Independent and Non-Executive Director, and the Executive Director and CEO, Mr Sim Choo Kheng, are not related to each other and do not have any business relationship between them. In respect of Provision 3.3 of the Code, the Chairman and Independent Director functions as a lead independent Director in that he is available to Shareholders where they have concerns and for which contracts through the normal channels of communication with the CEO or Management are inappropriate or inadequate. There was no query or request on any matter which requires the Chairman and Independent Director's attention received in FY2021.

Provision 3.2

There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the Chairman of the Board and CEO.

The Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and the Management and effective communication with Shareholders and other stakeholders. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with the Management, as well as facilitates effective contribution from Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:

(a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary) and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
(b) ensuring that all agenda items are adequately and openly debated at the Board meetings;
(c) ensuring that all Directors receive complete, adequate and timely information; and
(d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

The CEO has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Chairman and the AC. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package is reviewed annually by the RC. As each of the AC, NC and RC consist of all Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.2

In respect of FY2021 and as at the date of this report, the NC comprises three (3) Independent Directors, namely, Ms Tan Hui Tsu (Chairman of the NC), Mr Chung Yew Pong and Mr Tay Eng Kiat Jackson. The Chairman of the Board and Independent Director, Mr Tay Eng Kiat Jackson, who functions as a lead independent Director, is a member of the NC.

Provision 4.1

The terms of reference of the NC sets out its duties and responsibilities. Amongst others, the NC is responsible for:

(a) recommending to the Board on relevant matters relating to (i) the review of Board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel; (ii) the process and criteria for evaluation of the performance of the Board, the Board Committees and the Directors; (iii) the review of training and professional development programs for the Board; and (iv) the appointment and reappointment of the Directors (including alternate Directors, if applicable);
(b) reviewing and determining annually, and as when circumstances require, if a Director is independent, in accordance with the Code, and any other salient factors;
(c) reviewing and approving any new employment of persons related to the Directors, the CEO or substantial Shareholders and the proposed terms of their employment;
(d) reviewing the size and composition of the Board and Board Committees annually to ensure that the Board and the Board Committees comply with the Code and the Catalist Rules;
(e) implementing a process to assess the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution by each individual Director and the Chairman to the effectiveness of the Board. The Chairman will act on the results of the performance evaluation of the Board and the Board Committees as well as each individual Director, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors; and

(f) where a Director has multiple board representations, to decide whether or not the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representation, the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments.

The NC is scheduled to meet at least once a year and at such other times as may be necessary. In respect of FY2021, one (1) NC meeting was held. The purpose of the NC meeting was primarily to review the performance of the Board and to confirm matters regarding the re-election of Directors at the forthcoming AGM as reported below.

Each member of the NC shall abstain from voting on any resolutions in respect to his or her re-nomination as a Director.

Provision 4.3

The Company has put into place a process for selecting, appointing new Directors and re-appointing Directors to the Board. Where there is a need to appoint a new Director, the NC will evaluate the balance and mix of skills, knowledge and experience on the Board and Board Committees in order to identify the essential and desirable competencies of the candidate. The NC has also encouraged the Board to go beyond their immediate circle of contacts, including using third party search firms and institutions, to identify a broader range of suitable candidates. The NC will then meet up with the candidates to assess his or her suitability based on certain objective criteria such as integrity, independent mindedness and the ability to commit time, before making its recommendation to the Board.

The NC is charged with the responsibility of re-nomination having regard to a Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. With effect from 1 January 2019, pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Company's Constitution and in particular to Regulation 102 therein, at least one-third of the Directors shall retire by rotation at every AGM and a retiring Director shall be eligible for re-election. In addition, Regulation 108 of the Company's Constitution requires any person so appointed by the Directors to hold office only until the next AGM and shall then be eligible for re-election.

In this regard, Ms Silviya Georgieva Georgieva retiring under Regulation 102 of the Company's Constitution at the forthcoming AGM, as well as Ms Tan Hui Tsu, retiring under Regulation 108 of the Company's Constitution at the forthcoming AGM (collectively, the "Retiring Directors"), have been nominated by the NC for re-appointment at the forthcoming AGM. In making the recommendation, the NC had considered, among others, the Retiring Directors' contribution and performance to the Board and the Group. Ms Tan Hui Tsu, being a member of the NC, had abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his/her own performance or re-election as a Director.

Ms Tan Hui Tsu will, upon re-election as a Director, remain as Independent Director of the Company, Chairman of the NC and a member of the AC and the RC of the Company. The Board considers Ms Tan Hui Tsu to be independent for the purpose of Rule 704(7) of the Catalist Rules. Ms Silviya Georgieva Georgieva will, upon re-election as a Director, remain as Executive Director of the Company.

Mr Tay Eng Kiat Jackson will also retire by rotation pursuant to Regulation 102 of the Company's Constitution at the forthcoming AGM of the Company and though eligible, have notified the Board that he will not be seeking re-election to facilitate Board renewal in line with good governance practice. Accordingly, Mr Tay Eng Kiat Jackson will be stepping down as Director of the Company at the conclusion of the forthcoming AGM.

The Board and the Nominating Committee are currently in the process of reviewing the Board composition to ensure compliance with the Catalist Rules and the Code, including but not limited to meeting (i) Rule 406(3)(c) of the Catalist Rules that independent directors must comprise at least one-third of the Board; (ii) Rule 704(7) of the Catalist Rules to fill the vacancy in the Audit Committee to meet the requirement of a minimum number of not less than three Audit Committee members within two months, but in any case not later than three months; (iii) the minimum requirement of Principle 2 (Guideline 2.2 & 2.3) of the Code which provides that independent and non-executive directors should make up a majority of the Board; and (iv) Principle 4 (Guideline 4.2) and Principle 6 (Guideline 6.2) of the Code which provides that the Nominating Committee and Remuneration Committee should each comprise at least three directors, majority of whom are independent.

Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections of the Retiring Directors, as well as detailed information on each Retiring Director as set out in the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report.

Provision 4.4

The NC determines the independence of Directors annually in accordance with the guidelines as set out in the Code as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. Save for Mr Chung Yew Pong, who holds 32,000 shares in the Company amounting to 0.02% of the total issued shares in the Company as at the date of this report, none of the Independent Directors or their immediate family members has any relationship with the Company, its related corporations, its substantial Shareholders or its officers, if any, that may affect their independence. The NC has reviewed and determined that the Independent Directors (namely Mr Tay Eng Kiat Jackson, Mr Chung Yew Pong and Ms Tan Hui Tsu) are independent for FY2021.

Provision 4.5

The NC ensures that new Directors are aware of their duties and obligations. The NC will further decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company, as well as sufficient time and attention have been given by the Director to the affairs of the Company. The NC considers that the multiple board representations held presently by the Directors and/or their other principal commitments do not impede their performance in carrying out their duties to the Company. The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold at any point in time is six (6) for Director(s) who does not hold any other full-time position, and four (4) for Director(s) who holds other full-time position in other corporations. The Board, based on the review conducted by the NC, has considered and is satisfied that each Director is able to and has adequately carried out his or her duties as a Director of the Company, as well as sufficient time and attention are given by each Director to the affairs of the Company, in FY2021. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. All Directors are required to declare their board representations at the Board meeting of the Company and to inform the Board as and when there are new board representations.

Other than the key information regarding the Directors (as at the date of this report) set out below, information pertaining to the Directors' interests in shares, options and other convertible securities are set out in the section entitled "Directors' Statement" of this Annual Report, and information in relation to the background and principal commitments of the Directors are set out in the section entitled "Board of Directors" of this Annual Report.

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Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
Sim Choo Kheng	Executive Director and Chief Executive Officer	8 March 2018	11 May 2020	Present Directorships Nil Other Principal Commitments • Sim Leisure Adventureplay Sdn Bhd • Sim Leisure Escape Sdn Bhd • Sim Leisure Waterplay Sdn Bhd • Sim Leisure Consultants Sdn Bhd • Sim Leisure Builders Sdn Bhd • Sim Leisure Design Sdn Bhd • Sim Leisure Milan Sdn Bhd • Sim Leisure Challenge Sdn Bhd • Sim Leisure Rock Sdn Bhd • Sim Leisure Creative Pte. Ltd. • Rakan Riang Sdn Bhd • Sim Leisure Cameron Sdn Bhd • The Cool Melon Pte Ltd • The Cool Melon Sdn Bhd
Silviya Georgieva Georgieva	Executive Director	24 December 2018	30 April 2019 (shall retire and be subject to re-election at the forthcoming AGM)	Present Directorships Nil Other Principal Commitments • Sim Leisure Adventureplay Sdn Bhd • Sim Leisure Escape Sdn Bhd • Sim Leisure Waterplay Sdn Bhd • Sim Leisure Consultants Sdn Bhd • Sim Leisure Builders Sdn Bhd • Sim Leisure Design Sdn Bhd • Sim Leisure Milan Sdn Bhd • Sim Leisure Challenge Sdn Bhd • Sim Leisure Rock Sdn Bhd • Sim Leisure Creative Pte. Ltd. • Rakan Riang Sdn Bhd • Sim Leisure Cameron Sdn Bhd
Yong Oi Ling	Executive Director	24 December 2018	31 May 2021	Present Directorships Nil Other Principal Commitments Nil

Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
Tay Eng Kiat Jackson	Chairman and Independent Director	30 October 2018	11 May 2020 (will not be seeking re-election)	Present Directorships • OUE Lippo Healthcare Limited • Sapphire Corporation Limited Other Principal Commitments • Hafary Holdings Ltd. • Hafary Pte. Ltd. • Wood Culture Pte. Ltd. • Hafary Centre Pte. Ltd. • Hafary Balestier Showroom Pte. Ltd. • Xquisit Pte. Ltd. • One Heart Investment Pte. Ltd. • Hafary W+S Pte. Ltd. • One Heart International Trading Private Ltd. • Hafary Trading Sdn. Bhd. • Hap Seng Investment Holdings Pte. Ltd. • Hap Seng Building Material Marketing Pte. Ltd. • HSC Melbourne Holding Pte. Ltd. • HSC Brisbane Holding Pte. Ltd. • HSC Manchester Holding Pte. Ltd. • HSC London Holding Pte. Ltd. • HSC Leeds Holding Pte. Ltd. • HSC Bristol Holding Pte. Ltd. • HSC Nottingham Holding Pte. Ltd. • MML Marketing Pte. Ltd. • Hafary Crescent Pte. Ltd.
Chung Yew Pong	Independent Director	24 December 2018	31 May 2021	Present Directorships Nil Other Principal Commitments • Incitable Digital Asia Sdn Bhd • True Vine Capital Partners Pte Ltd
Tan Hui Tsu	Independent Director	1 July 2021	Not Applicable (shall retire and be subject to re-election at the forthcoming AGM)	Present Directorships • LHN Logistics Pte Ltd Other Principal Commitments • DBS Bank Ltd

Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
Tan Boon Seng	Non-Executive Non-Independent Director	8 June 2020	31 May 2021	<u>Present Directorships</u> Nil <u>Other Principal Commitments</u> • Dragon-I Restaurant Sdn Bhd • Dragon-I Restaurant (1U) Sdn Bhd • Dragon-I Restaurant (BT) Sdn Bhd • Dragon-I Restaurant (CP) Sdn Bhd • Dragon-I Restaurant (GP) Sdn Bhd • Dragon-I Restaurant (PV) Sdn Bhd • Dragon-I Restaurant (QM) Sdn Bhd • Dragon-I Restaurant (SP) Sdn Bhd • Dragon-I Restaurant (TC) Sdn Bhd • Dragon-I Trading Sdn Bhd • Canton-I Sdn Bhd • CI Xpress (1U) Sdn Bhd • Canton-I (QM) Sdn Bhd • Canton-I Express (LY) Sdn Bhd • Divine Kitchen Sdn Bhd • Yayoi Malaysia Sdn Bhd • EOM Systems Sdn Bhd • EOM Sales Sdn Bhd • Jelang Utama Sdn Bhd • Desamal Capital Sdn Bhd • Diplomat Technology Sdn Bhd • Mobile Sentinel Sdn Bhd • Pronto Generasi Sdn Bhd • Citychemo Manufacturing Sdn Bhd • L & S Cosmetics and Toiletries (M) Sdn Bhd • Good Virtues (M) Sdn Bhd • B Fitness Asia Sdn Bhd • Macro System Consultancy Sdn Bhd • Alipt Sdn Bhd • Peh and Tan Construction Sdn Bhd • Bullish Aim Sdn Bhd • Bullish Aim Technologies Sdn Bhd • OEC Freight Sdn Bhd • Orient Containers Sdn Bhd • Sanbos (Malaysia) Sdn Bhd • Somnium Capital Sdn Bhd • Tan Teck Jooi & Sons Sdn Bhd • Cold Jumbo Logistics Sdn Bhd • Nanmu Capital Sdn Bhd • Rakan Riang Sdn Bhd

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that each of its board committees and individual directors.

Provisions 5.1 and 5.2

The NC has implemented a self-assessment process that requires each Director to assess the performance and effectiveness of the Board as a whole and the Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board, for each financial year. The self-assessment process takes into consideration, amongst others, board structure and composition, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with Shareholders and other stakeholders. The NC will continue to review the objective performance criteria, and where circumstances deem it necessary for any of the criteria to be changed. The performance criteria has been approved by the Board and is not subject to change unless otherwise necessary, in which case the onus will be on the Board to justify the change.

Although the Board's performance evaluation does not include a benchmark index of its industry peers, the Board assesses its effectiveness holistically through the completion of a questionnaire by each individual Director, which includes questions covering the above-mentioned areas of assessment. The questionnaire takes into consideration the guidelines contained in the Code. The questionnaire has to be completed individually by each Director. The NC will collate and review the responses and results of the questionnaire and discuss collectively with other Board members to address or recommend any areas for improvement and follow-up actions.

The review of the effectiveness of the Board as a whole, its Board Committees and the contribution of the Chairman and each individual Director has been undertaken collectively by the Board for FY2021 without the engagement of an external facilitator.

For FY2021, the Board is satisfied that the Chairman and each individual Director has allocated sufficient time and attention to the affairs of the Company, and is of the view that the effectiveness of the Board as a whole and of each of the Board Committees, as well as the contribution of each Director to the effectiveness of the Board and Board Committees has been satisfactory.

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.2

In respect of FY2021 and as at the date of this report, the RC comprises three (3) Independent Directors, namely, Mr Chung Yew Pong (Chairman of the RC), Mr Tay Eng Kiat Jackson and Ms Tan Hui Tsu.

Provision 6.1

The terms of reference of the RC sets out its duties and responsibilities. Amongst others, the RC is responsible for:

(a) reviewing and recommending to the Board, in consultation with the Chairman, for endorsements, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and key management personnel;

(b) reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the Directors and key management personnel;

(c) reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans;

(d) reviewing the remuneration of employees related to Directors and/or substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(e) in the case of service contracts, reviewing the Group's obligations in the event of termination of the Executive Directors' or key management personnel contracts of service, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and

(f) approving the performance targets for assessing the performance of each of the key management personnel and recommending the performance targets as well as employee specific remuneration packages for each of such key management personnel, for the endorsement of the Board.

Provision 6.3

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Director/CEO and the key management personnel based on the performance of the Group, the individual Director and the key management personnel. No Director individually decides or is involved in the determination of his or her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the service agreement entered into with the Executive Directors and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

An annual review of the compensation will be carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

In respect of FY2021, the RC met on 26 February 2021 to discuss, amongst others, the framework of remuneration for the Directors and key management personnel and Directors' fees. During the meeting, the RC had reviewed the Directors' fees for the Independent Directors for FY2021 and determined that there was no change to the Directors' fees for the Independent Directors. The Directors' fees for the Independent Directors for FY2021 were tabled by the RC to the Board for endorsement and recommendation to Shareholders for approval at the AGM held in May 2021. The RC had also reviewed and determined that there was no change to the remuneration of the key management personnel for FY2021.

Provision 6.4

The RC has access to advice from the internal human resource department and, if necessary, may seek external expert advice of which the expenses will be borne by the Company. No external expert was engaged by the RC in FY2021.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1, 7.2 and 7.3

The Group's remuneration policy is to provide compensation packages based on market rates which reward successful performance and to attract, retain and motivate Directors and key management personnel. The remuneration packages take into account the performance of the Group, the individual Directors and individual key management personnel.

The Company has adopted an employee share option scheme known as the "Sim Leisure Employment Share Option Scheme" ("**ESOS**") and a performance share plan known as the "Sim Leisure Performance Share Plan" ("**PSP**") in conjunction with the Company's Listing. Executive and non-executive Directors and key management personnel are eligible to participate in the ESOS and the PSP in accordance with the respective rules. The ESOS and the PSP comply with the relevant rules as set out in Chapter 8 of the Catalist Rules. The ESOS and the PSP will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the ESOS and the PSP are administered by the RC. Details of the ESOS and the PSP were set out in the Company's Offer Document dated 22 February 2019 in connection with the Listing ("**Offer Document**"). Since the commencement of the ESOS and the PSP to the end of FY2021, no options and/or awards were granted and no shares were issued under the ESOS and the PSP respectively.

A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performances. Performance-related remuneration is aligned with the interests of Shareholders and other stakeholders and promotes the long-term success of the Company. The Executive Directors and Non-Executive Non-Independent Directors do not receive any Directors' fees.

The Independent Directors receive Directors' fees in accordance with their contributions. Directors' fees for the Independent Directors are proposed by the Executive Director/CEO and reviewed and recommended by the RC, based on the effort, time spent and the responsibilities of the individual Independent Directors. No Director is involved in deciding his or her own remuneration. The Independent Directors have not been over-compensated to the extent that their independence is compromised. The total remuneration of the Independent Directors is recommended for Shareholders' approval at each AGM. Save for the ESOS and the PSP, there are no other share-based compensation schemes in place for Independent Directors.

The RC is of the view that there is presently no urgent need to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group. The Executive Directors owe a fiduciary duty to the Company. The Company would be able to avail itself of remedies against the Executive Directors in the event of such breach of fiduciary duties.

The RC is of the view that the current remuneration structure for the Executive Directors, Independent Directors and key management personnel are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

The compensation packages for employees including the Executive Directors and key management personnel comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors and CEO of the Company (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, as well as the need for the compensation to be symmetric with the risk outcomes.

Mr Sim Choo Kheng, the Executive Director and CEO of the Company, has entered into a service agreement with the Company for an initial period of three (3) years with effect from 1 March 2019. Mr. Sim's service agreement has since been renewed for a period of three (3) years with effect from 1 March 2022. Ms Silviya Georgieva Georgieva, the Executive Director of the Company, has entered into a service agreement with the Company for an initial period of three (3) years with effect from 2 January 2020.

Aggregate Directors' fees for the Independent Directors of S$130,000 for the financial year ending 31 December 2022 ("**FY2022**") (with payment to be made in arrears) have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2021 is as follows:

Name of Director	Salary (%)	Bonus and/or profit sharing (%)	Director's fee (%)	Allowances and other benefits (%)	Total (%)
Below S$250,000					
Sim Choo Kheng	100	-	-	-	100
Silviya Georgieva Georgieva	100	-	-	-	100
Yong Oi Ling[(1)]	82	-	18	-	100
Tay Eng Kiat Jackson	-	-	100	-	100
Chung Yew Pong	-	-	100	-	100
Tan Hui Tsu[(2)]	-	-	100	-	100
Tan Boon Seng[(3)]	-	-	-	-	-

Notes:

[(1)] Ms Yong Oi Ling was redesignated as Executive Director (from Independent Director) with effect from 14 June 2021.

[(2)] Ms Tan Hui Tsu was appointed as Independent Director with effect from 1 July 2021.

[(3)] In view of the impact of COVID-19 pandemic on the tourism and leisure section, Mr Tan has agreed to forgo his Director's fee for FY2021.

The Company is of the view that in a small and medium size enterprise environment, disclosure of the Directors' remuneration in bands of S$250,000 should be sufficient to provide an insight into the link between compensation and performance of the Directors and further details are deemed to be not in the interest of the Company due to the sensitivities and confidentiality of remuneration.

A breakdown, showing the level and mix of the top key management personnel (who are not Directors or the CEO) for FY2021, is as follows:

Name of Key Management Personnel [1]	Salary (%)	Bonus and/or profit sharing (%)	Director's fee (%)	Allowances and other benefits (%)	Total (%)
Below S$250,000					
Ng Jia Wei[2]	100	-	-	-	100
Milan Vanek	100	-	-	-	100
Johann Lim Noordin	100	-	-	-	100

Notes:

[1] There were only three (3) key management personnel of the Group in FY2021.

[2] Ng Jia Wei resigned as the Financial Controller of the Group with effect from 12 December 2021.

The Code recommends that:

(a) the company should fully disclose the amounts and breakdown of remuneration of each individual director and the CEO on a named basis; and

(b) the company should disclose in aggregate the total remuneration paid to the top five (5) key management personnel (who are not directors or the CEO).

The Board has decided not to disclose the aforementioned details as recommended by the Code, given the competitive business environment and possible negative impact on the Group's business interests and ability to retain and nurture the Group's talent pool. After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

All Directors and key management personnel are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2021.

The Board has not included a separate annual remuneration report to Shareholders in this Annual Report on the remuneration of the Directors and the key management personnel (who are not Directors or the CEO) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Annual Report and in the financial statements of the Company.

Provision 8.2

Save for Mr Sim Choo Kheng and Ms Silviya Georgieva Georgieva, who are spouses, there is no employee of the Group who is a substantial Shareholder, or is an immediate family member of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S$100,000 during FY2021.

Provision 8.3

Please refer to Principle 7 of this report for information on the ESOS and PSP adopted by the Company. As at the date of this report, no options have been granted under the ESOS and no awards have been granted under the PSP by the Company.

Accountability and Audit

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.

Provision 9.1

The Board determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives and value creation.

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the adequacy and effectiveness of the Company's overall internal control framework. The Board also recognises that an adequate and effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

As the Group does not have a risk management committee, the AC assumes the responsibility of the risk management function. The AC has reviewed, with the assistance of the internal auditors, and the external auditors, the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

The Company has put in place risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the AC, internal auditors and external auditors.

The Group has an Enterprise Risk Management Framework in place to manage its exposure to risks that are associated with the conduct of its business. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal control and risk management systems.

Provision 9.2

Since the departure of Mr Ng Jia Wei, the former Financial Controller of the Company on 11 December 2021, the Company has engaged an outsourced qualified accountant ("**Outsourced Accountant**") to handle the Group's financial requirements which includes, inter alia, the financial accounts and reporting of the Group as well as the handling of the daily finance function. In addition to the Outsourced Accountant, the Company also currently has a senior finance person with audit and experience as a chief financial officer of public listed companies, to oversee the Group's finance function ("**Senior Finance Person**"), whilst the Company finalises the appointment of the person who will be heading the finance function of the Company.

For FY2021, the Board has received assurance from:

(a) the CEO and the Senior Finance Person (with the assistance of the Outsourced Accountant), who are overseeing the finance function in the interim, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the CEO and the other key management personnel that the Group's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

Based on the work performed by the internal auditors and external auditors, the review undertaken by the Management, the existing management internal controls in place and the assurance from the CEO, the Senior Finance Person and other key management personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2021.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.2 and 10.3

In respect of FY2021 and as at the date of this report, the AC comprises three (3) Independent Directors, namely, Mr Tay Eng Kiat Jackson (Chairman of the AC), Mr Chung Yew Pong and Ms Tan Hui Tsu.

The AC is established to assist the Board with discharging its responsibility of safeguarding the Group's assets, maintaining adequate accounting records, and developing and maintaining effective systems of risk management and internal controls. The Board is of the opinion that at least two (2) members of the AC, including the Chairman of the AC, possess recent and relevant accounting or related financial management qualifications, expertise and experience in discharging their duties.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years from the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Provision 10.1

The terms of reference of the AC sets out its duties and responsibilities. Amongst others, the AC is responsible for:

(a) assisting the Board in the discharge of its statutory responsibilities on financing and accounting matters;
(b) reviewing significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
(c) reviewing the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
(d) reviewing the adequacy, effectiveness, scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
(e) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, their management letter and the Management's response;
(f) reviewing and discussing with auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
(g) reviewing the policy and providing oversight and monitoring arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised by whistleblowers, ensuring all whistleblowing reports are independently investigated and appropriately followed up on;
(h) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
(i) reviewing at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems, and discussing issues and concerns, if any, arising from the internal auditors;
(j) reviewing the assurance from the CEO and Senior Finance Person on the financial records and financial statements;
(k) reviewing the scope and results of the internal audit procedures, and at least annually, the independence, adequacy and effectiveness of the Group's internal audit function, and whether the Group's internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;
(l) reviewing and approving transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
(m) reviewing any interested person transactions and monitor the procedures established to regulate interested person transactions, and any deviations from the procedures will be subject to the AC's review and approval;
(n) making recommendations to the Board on: (i) the proposals to Shareholders on the appointment, reappointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of external auditors; and
(o) undertaking generally such other functions and duties as may be required by law or the Catalist Rules.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or key management personnel to attend the meetings and has reasonable resources to enable it to discharge its functions. The external auditors have unrestricted access to the AC. The AC is kept updated on new changes to the accounting and financial reporting standards by the external auditors during the year.

External Audit

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services. The AC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to Shareholders' approval at the AGM.

The Company's external auditor is UHY Lee Seng Chan & Co which was appointed in November 2020.

The aggregate amount of audit fees paid/payable to the current external auditors of the Company, UHY Lee Seng Chan & Co, and its network firms for FY2021 was RM 265,515. There were no non-audit fees paid/payable to UHY Lee Seng Chan & Co for FY2021.

In reviewing the nomination of UHY Lee Seng Chan & Co for re-appointment as external auditors of the Company for FY2021, the AC has considered the adequacy of the resources and experience of the external auditors' firm and the audit partner-in-charge assigned to the audit, the external auditors' firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, and the Audit Quality Indicators Disclosure Framework published by ACRA. The AC also noted that UHY Lee Seng Chan & Co has confirmed its independence and that it is approved under the Accountants Act (Chapter 2 of Singapore). The audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act (Chapter 2 of Singapore). Taking into consideration the above, the AC has recommended to the Board and the Board has approved the nomination and appointment of UHY Lee Seng Chan & Co as the external auditors for the Company's audit obligations for FY2022 at the forthcoming AGM. The Company has complied with Rules 712 and 715 of the Catalist Rules in the appointment of its external auditors.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the Management and the external auditors, and were reviewed by the AC.

Matter Considered	How the Audit Committee reviewed this matter and what decisions were made
Revenue Recognition	The AC considered the external auditor's evaluation of the application of SFRS(I) 15 for each revenue stream and evaluated the appropriateness of the Group's revenue recognition policies; obtaining an understanding of and performing test of controls surrounding the capturing and recording of revenue transactions; performing a review on the operating effectiveness of information technology general controls surrounding the point of sale ("**POS**") system; testing revenue recorded by matching revenue from POS reports to accounting systems, including the review of reconciliations with relevant supporting documents such as third party merchant statements and bank statements; and testing the reports generated from the POS system to ensure unutilised tickets are captured by Management as deferred revenue, to ensure revenue is recorded in the appropriate accounting period. Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for the purpose of the Board's approval of the financial statements for FY2021.

Matter Considered	How the Audit Committee reviewed this matter and what decisions were made
Impairment assessment of non-current assets	The AC considered the external auditor's audit procedures to address this key audit matter reviewing the appropriateness of the cash-generating units ("**CGU**") as defined by management in accordance with SFRS(I) 1-36 Impairment of Assets; holding discussions with management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs; reviewing the recoverable amount assessed based on the fair value less costs of disposal and value-in-use ("**VIU**") computations and management's key assumptions which included cash flow projections, future revenues, operating costs, gross profit margins, discount rates, visitor attendance rates and growth rates; challenging management's assumptions, estimates and methodologies used in determining the recoverable amounts while critically assessing the reasonableness of the inputs in the forecasted future cash flows by comparison to historical performance, reasonableness of management's plans in the near future, trend analysis and market expectations as appropriate; assessing the annual growth rate and long-term growth rate applied by management, including comparison to economic and external sources where applicable; comparing the recoverable amount of the respective CGUs' against the carrying amounts of the Group's non-current assets to determine if an impairment loss is required; performing sensitivity analysis to determine whether any reasonably possible change in estimates would result in an impairment of the non-current assets; and assessing the adequacy and appropriateness of the disclosures made in the financial statements. Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for the purpose of the Board's approval of the financial statements for FY2021.
Impairment assessment of trade receivables	The AC considered the external auditor's audit procedures to address this key audit matter, including reviewing all receivable balances and discussing with management the expected credit loss for all receivables; reviewing the aging analysis of receivables and testing the reliability of the underlying accounting records; reviewing subsequent cash collections for major receivables and overdue amounts; making inquiries of management regarding the action plans to recover overdue amounts; examining other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc; and evaluating the reasonableness and adequacy of the allowance for impairment loss recognised. Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for the purpose of the Board's approval of the financial statements for FY2021.
Provision for litigations and contingent liabilities	The AC considered the external auditor's audit procedures to address this key audit matter, including reviewing all legal documents served to the subsidiaries; reviewing correspondence with legal counsels; inquiring and discussing with management whether there were any other on-going litigations apart from those represented by management; sending confirmation letters to legal counsels inquiring the status of the cases and the probable outcome, where applicable; reviewing and discussing with management on the recognition of the provision made in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets. Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for the purpose of the Board's approval of the financial statements for FY2021.

Whistleblowing Policy

The Company has in place a Whistleblowing Policy which sets out the procedures for a whistleblower to make a report to the issuer on misconduct or wrongdoing relating to the issuer and its officers.

The Company has publicly disclosed, and clearly communicate to employees, the existence of a whistleblowing policy and procedures for raising such concerns. The AC is responsible for oversight and monitoring of whistleblowing. The Company has designated an independent committee (comprising AC members) to investigate whistleblowing reports made in good faith ensuring that the identity of the whistleblower is kept confidential and that the whistleblower is ensured protection against detrimental or unfair treatment. There were no whistleblowing reports received by the AC in FY2021.

Provision 10.4

Internal Audit

The current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The internal audit function of the Group has been outsourced to RSM Corporate Consulting (Malaysia) Sdn Bhd, an independent accounting and auditing firm. The Board and the AC will ensure that the internal audit function is sufficiently resourced and internal audits are to be performed by competent professional staff with the relevant qualifications and experience. The primary reporting line of the internal audit function is to the AC.

The AC will review annually the independence, adequacy and effectiveness of the internal audit function, and ensure that it has appropriate standing within the Group. The AC will also approve the appointment, removal, evaluation and compensation of the internal audit function. The internal audit function has unfettered access to all of the Company's documents, records, properties and personnel, including the AC.

In respect of FY2021, the AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls and has evaluated their audit findings and Management's responses to those findings, the adequacy and effectiveness of material internal controls, (including financial, operational, compliance and information technology controls) and risk management systems of the Company and the Group. The AC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The Audit Committee is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to professional standards including those promulgated by The Institute of Internal Auditors.

Provision 10.5

To create an environment for open discussion on audit matters, the AC will meet with the external auditors and internal auditors, without the presence of the Management, at least once a year.

In respect of FY2021, the AC has met with the external auditors and the internal auditors once, without the presence of the Management.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

Shareholders are encouraged to attend all general meetings of the Company to ensure a high level of participation and accountability. The Company will inform Shareholders on the rules governing general meetings of Shareholders. The AGM is the principal forum for dialogue with Shareholders and the Company recognises the value of feedback from Shareholders.

Shareholders are informed of AGMs and/or Extraordinary General Meetings ("**EGM**") through notice contained in the Company's annual report or circulars sent to all Shareholders via SGXNet. These notices are also published on the Company's corporate website. In 2021, due to the COVID-19 pandemic, the Company's AGM (in respect of FY2020) held on 31 May 2021 and EGMs held on 4 March 2021, 14 June 2021 and 8 October 2021 (collectively, the "2021 General Meetings") were held by way of electronic means, through "live webcast" and "audio-only means". The Company also published a Letter to Shareholders, together with the Notice of each of the 2021 General Meetings, detailing the alternative arrangements for each of the 2021 General Meetings. Voting at the 2021 General Meetings were by proxy only, with Shareholders who wish to vote appointing the Chairman of each general meeting as their proxy. Shareholders participated in the 2021 General Meetings via electronic means, and their questions in relation to any resolution set out in the said Notices of the 2021 General Meetings were sent to the Company in advance of each general meeting. The Company provided their responses to the queries (if any) and relevant comments from the Shareholders via SGXNet and the Company's website, together with the minutes of the said general meetings.

All the Directors will endeavour to attend the AGMs and EGMs, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues in advance.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day on SGXNet.

In presenting the annual financial statements and half year and full year financial statements announcements to Shareholders, it is the aim of the Board to provide Shareholders with a balanced assessment of the Group's performance, position and prospects. Financial reports and other price-sensitive information are disseminated to Shareholders through announcements via SGXNet and releases via the press. The Management currently provides the Executive Director/ CEO with detailed management accounts of the Group's performance, position and prospects on a monthly basis. Non-Executive Independent Directors are also briefed on significant matters when required and receive management reports on a half-yearly basis.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In line with the Catalist Rules, the Board will provide Shareholders with a negative assurance statement in its half-yearly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

Provision 11.2

Matters which require Shareholders' approval are presented and proposed as each substantially separate resolution. The Company practises having separate resolutions at general meetings for each substantially separate issue unless such issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. For all the 2021 General Meetings held in FY2021, there were no "bundled" resolutions. In addition, each item of special business in the notice of general meeting will be accompanied by an explanatory note, where appropriate. Proxy form will also be sent with the notice of general meeting to all Shareholders.

Provision 11.3

At general meetings of the Company, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The Management, as well as the respective Chairmen of the Board, AC, RC and NC will be present and available to address all comments or queries raised by Shareholders at general meetings of the Company. The external auditors of the Company will also be present at the AGM to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report. Please refer to Provision 11.1 for more information of the proceedings of the 2021 General Meetings in view of the COVID-19 pandemic.

Save for Ms Tan Hui Tsu who was appointed as an Independent Non-Executive Director of the Company with effect from 1 July 2021, and hence she was not present at the Company's AGM (in respect of FY2020) and EGM on 4 March 2021 and 14 June 2021, all Directors were present virtually at the 2021 General Meetings. Save for the 2021 General Meetings, there were no other general meetings of the Company held during FY2021.

Provision 11.4

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until pertinent issues such as security and integrity are satisfactorily resolved.

Provision 11.5

The proceedings of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available for the inspection of Shareholders upon their request and such minutes of general meetings are also published on the Company's corporate website as soon as practicable. For the 2021 General Meetings, the Company had published the minutes of each of the general meetings on its corporate website and the SGXNet within one (1) month from the respective dates of each general meeting.

Provision 11.6

Dividend Policy

The Company currently does not have a fixed dividend policy. As disclosed in the Offer Document for the Listing, the Directors intend, subject to the factors stated in the section entitled "Dividend Policy" of the Offer Document and in the absence of any circumstances which might reduce the amount of revenue reserves available to pay dividends, whether by losses, capital reductions or otherwise, to recommend an annual dividend of a minimum of 30 percent of the Group's net profit attributable to owners of the parent in respect of FY2019 and FY2020. In respect of FY2021, the Board does not recommend any dividend payment for FY2021 as the Board deems it appropriate to conserve cash for the Group's business operations in view of the outbreak of the COVID-19 pandemic which had adversely affected the Group's business operations.

Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

(a) the level of the Group's cash and retained earnings;

(b) the Group's actual and projected financial performance;

(c) the Group's projected levels of capital expenditure and other investment plans;

(d) the dividend yield of similar-sized companies with similar growth listed on the Catalist board of the SGX-ST; and

(e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any).

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Companies Act 1967. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:

(a) annual reports or circulars to Shareholders (which include notices of general meetings) are prepared and issued to all Shareholders by post within the mandatory period;

(b) annual and half yearly financial statements announcements containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for general meetings;

(d) disclosures to the SGX-ST via SGXNet; and

(e) press releases.

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with Shareholders. The investor relations policy sets out the mechanism through which Shareholders may contact the Company with questions and through which the Company may respond to such questions. The public can provide feedback to the Company Secretary via the contact number (65) 6236 9346 or the Company's registered address at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906.

Outside of the financial announcement periods, when necessary and appropriate, the Non-Executive Chairman and/or the CEO will meet all stakeholders, Shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

Managing Stakeholders Relationships

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. The Group will also be undertaking a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders.

Detailed approach to the stakeholder engagement and materiality assessment was disclosed in the Group's first sustainability report for FY2020, which was published on 1 December 2021 (pursuant to paragraph 5.3 of Practice Note 7F Sustainability Reporting Guide of the Catalist Rules) to keep stakeholders informed on the Group's business and operations.

Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders. The Company's website can be accessed at https://www.simleisuregroup.com/.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person and has set out the procedures for review and approval of the Company's interested person transactions ("**IPT**").

All IPTs are properly documented and reported in a timely manner to the AC and are subject to the review and approval of the AC when a potential conflict of interest arises. The IPTs are carried out on normal commercial terms and on arm's length basis and are not prejudicial to the interests of the Group or the Company and its minority Shareholders. The Director(s) concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

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

The Company has obtained a general mandate from its shareholders for interested person transactions ("**IPT Mandate**") at the Company's extraordinary general meeting held on 14 June 2021. Please refer to the Company's circular to shareholders dated 28 May 2021 for more information. No transactions were conducted under the IPT Mandate in FY2021.

Details of the interested person transactions for the financial year are as follows:

Name of Interested Person / Description of Transactions	**Nature of Relationship**	**Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RM'000)**	**Aggregate value of all interested person transactions the financial period under review which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (RM'000)**
Tan Boon Seng / Acquisition of 20% equity interest in RRSB	Non-Independent Non-Executive Director of the Company	1,060	-
Tan Boon Seng / Interest charged on loan granted to a wholly-owned subsidiary of the Company [1]	Non-Independent Non-Executive Director of the Company	481	-
Sim Leisure Gulf Contracting L.L.C. / Cooperation Fee [2]	An associate of Mr Sim Choo Kheng (Executive Director and CEO, as well as a controlling shareholder of the Company) and Ms Silviya Georgieva Georgieva (Executive Director of the Company)	5,209	-
Total		6,750	-

Notes:

[1] Pursuant to the loan agreement entered into between Company's wholly-owned subsidiary, Sim Leisure Escape Sdn Bhd, and Mr Tan Boon Seng on 20 November 2020 (as supplemented from time to time), which has been announced by the Company on 24 November 2020. Please refer to the Company's announcements dated 24 November 2020, 30 November 2020, 17 February 2021 and 30 December 2021, for more information on the loan agreement.

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

Material Contracts

Save as disclosed above in the section entitled "Interested Person Transactions", the service agreements between the Company and the Executive Director and CEO, as well as the Executive Director, and the Directors' Statement and Financial Statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director, the CEO or controlling Shareholder which are either still subsisting as at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2020.

Dealings in Securities

The Company has adopted an internal securities code of compliance to provide guidance to the Directors, officers and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules, in relation to the best practices on dealings in the securities, as follows:

(a) the Company had devised and adopted its own internal compliance code to provide guidance to its Directors and officers with regards to dealings by the Company, its Directors and its officers in its securities, as well as to set out the implications on insider trading;

(b) Directors and officers of the Company are discouraged from dealing in the Company's securities on short-term considerations; and

(c) the Company, the Directors and its officers are prohibited from dealing in the Company's securities (i) during the periods commencing one month before the announcement of the Company's half year and full year financial statements, and ending on the date of the announcement of the relevant financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

Non-sponsorship Fees

No non-sponsorship fees were paid/payable to the Company's Sponsor, ZICO Capital Pte. Ltd. for FY2021. The Company has appointed PrimePartners Corporate Finance Pte. Ltd. to act as its new continuing sponsor with effect from 1 March 2022, in place of ZICO Capital Pte. Ltd.

Use of Proceeds from Placement Exercises

The Company refers to its announcements dated 1 September 2021, 8 October 2021, 15 October2021 and 19 October 2021 as well as the Company's circular to shareholders dated 23 September2021 (the "Circular") in relation to the proposed issue of 17,717,700 new ordinary shares at an issue price of S$0.205 per new ordinary share in the capital of the Company (the "Subscription"). Pursuant to the Subscription, the Company raised net proceeds amounting to approximately S$3,592,000, after deducting expenses incurred in connection with the Subscription as set out in the Company's announcement dated 1 September 2021 and the Circular (the "Net Proceeds").

As at the date of this report, the Company has utilised the net proceeds from the placement exercise as detailed below:-

Use of Net Proceeds	Allocation of Net Proceeds (S$'000)	Net Proceeds utilised up to 31 March 2022 (S$'000)	Balance of Net Proceeds as at 31 March 2922 (S$'000)
Funding of potential growth and expansion or diversification	2,514	-	2,514
General working capital	1,078	(1,078)[1]	-
Total	**3,592**	**(1,078)**	**2,514**

Note:
[1] The breakdown of Net Proceeds being utilised in general working capital were utilised as follows:

Summary of Expenses	Working Capital (S$'000)
Staff Cost	750
Marketing and Promotions Expenses	125
Repair and Maintenance	100
Utilities Bills	103
Total	**1,078**

The above utilisation of the Net Proceeds is in accordance with the intended use and allocation asset out in the Company's announcement dated 1 September 2021 and the Circular. The Company will provide periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s) and financial results announcement(s).

Additional Information on Directors Nominated for Re-election

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to the Retiring Directors (namely Ms Silviya Georgieva Georgieva and Ms Tan Hui Tsu, who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	**Silviya Georgieva Georgieva**	**Tan Hui Tsu**
Date of first appointment	24 December 2018	1 July 2021
Date of last re-appointment (if applicable)	30 April 2019	Not applicable
Age	42	48
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Silviya Georgieva Georgieva as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Silviya Georgieva Georgieva's qualifications, skills, expertise, past experiences, and overall contribution since she was appointed as a Director of the Company.	The re-election of Ms Tan Hui Tsu as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Tan Hui Tsu's qualifications, skills, expertise, past experiences, independence and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Ms Silviya is responsible for the provision of management direction for the Group, primarily in areas such as human resource, information technology and finance, towards its current and long-term goals and objectives.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director	Independent Director, Chairman of the NC and a member of the AC and the RC of the Company
Professional qualifications	• Bachelor of Business Administration • Master of Economics/ Marketing	• Bachelor of Business (Banking and Finance) • Master of Business Administration

Name of Director	Silviya Georgieva Georgieva	Tan Hui Tsu
Working experience and occupation(s) during the past 10 years	December 2011 – December 2013: Sim Leisure Consultants Sdn Bhd – Administrative Manager December 2013 – Current: Sim Leisure Escape Sdn Bhd and subsidiaries: Executive Director	January 2006 – December 2013: DBS Bank Ltd – Institutional Banking Group – Vice President – SME Banking January 2014 – December 2020: DBS Bank Ltd – Institutional Banking Group – Senior Vice President – SME Banking January 2021 – Current: DBS Bank Ltd – Institutional Banking Group – Senior Vice President – Regional Loan Product Management
Shareholding interest in the listed issuer and its subsidiaries	665,395 shares in the Company (0.4% of the Company)	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ms Silviya holds 665,395 shares (or 0.4%) in the Company. Ms Silviya is the spouse of Mr Sim Choo Kheng (Executive Director and Chief Executive Officer of the Company, as well as a substantial shareholder of the Company). Ms Silviya sits on the board of all the subsidiaries of the Company.	No
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other		
Past (for the last 5 years)	Directorships: Nil	Directorships: Nil
Present	Directorships: • Sim Leisure Group Ltd. • Sim Leisure Creative Pte. Ltd. • Sim Leisure Consultants Sdn Bhd • Sim Leisure Adventureplay Sdn Bhd • Sim Leisure Escape Sdn Bhd • Sim Leisure Waterplay Sdn Bhd • Sim Leisure Builders Sdn Bhd • Sim Leisure Design Sdn Bhd • Rakan Riang Sdn Bhd • Sim Leisure Rock Sdn Bhd • Sim Leisure Cameron Sdn Bhd	Directorships: • Sim Leisure Group Ltd. • LHN Logistics Ltd

Name of Director	Silviya Georgieva Georgieva	Tan Hui Tsu
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against her?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

Name of Director	Silviya Georgieva Georgieva	Tan Hui Tsu
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? (i) any which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? • If yes, please provide details of prior experience. • If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of directors.	Not applicable. This is a re-election of directors.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable.	Not applicable.

Director's Statement

The Directors of Sim Leisure Group Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Sim Choo Kheng
Tay Eng Kiat Jackson
Silviya Georgieva Georgieva
Yong Oi Ling
Chung Yew Pong
Tan Hui Tsu (Appointed on 1 July 2021)
Tan Boon Seng

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

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

Name of Directors and companies in which interests are held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of year or date of appointment	At end of year	At beginning of year or date of appointment	At end of year
	No. of ordinary shares		No. of ordinary shares	
The Company				
Sim Leisure Group Ltd.				
Sim Choo Kheng	91,183,730	91,434,730	-	-
Silviya Georgieva Georgieva	665,395	665,395	-	-
Chung Yew Pong	32,000	32,000	-	-
Tan Boon Seng	1,000,000	2,000,000	25,845,000	42,562,700

By virtue of Section 7 of the Act, Sim Choo Kheng is also deemed to have an interest in all related corporations of the Company to the extent the Company or its related corporations have an interest at the beginning and at the end of the financial year. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2022 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2021.

5. Share options

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

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

6. Audit committee

The Audit Committee ("**AC**") of the Company is chaired by Tay Eng Kiat Jackson, an Independent Non-Executive Director, and includes Chung Yew Pong and Tan Hui Tsu, who are both Independent Non-Executive Directors. The AC has carried out its functions in accordance with section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external and internal auditors of the Company.

The principal responsibilities of the AC include, amongst others:

(a) assist the Board of Directors in the discharge of its statutory responsibilities on financing and accounting matters;
(b) review significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
(c) review the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
(d) review the adequacy, effectiveness, scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
(e) review the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, their management letter and the management's response;
(f) review and discuss with auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response;
(g) review the policy and provide oversight and monitoring arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised by whistleblowers, and to ensure all whistleblowing reports are independently investigated and appropriately followed up on;
(h) review the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors;
(i) review at least annually the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance controls, information technology controls and risk management sections and discuss issues and concerns, if any, arising from the internal auditors;
(j) review the scope and results of the internal audit procedures, and at least annually, the independence, adequacy and effectiveness of our internal audit function, and whether our internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;
(k) review and approve transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
(l) review any interested person transactions and monitor the procedures established to regulate interested person transactions, and any deviations from the procedures will be subject to the AC's review and approval;
(m) make recommendations to the Board of Directors on the proposals to shareholders on the appointment, reappointment and removal of the external auditor; and
(n) undertake generally such other functions and duties as may be required by law or the Catalist Rules.

The AC confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and Executive Officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the Board of Directors the nomination of UHY Lee Seng Chan & Co for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. Independent auditors

The independent auditors, UHY Lee Seng Chan & Co, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Sim Choo Kheng
Director

Silviya Georgieva Georgieva
Director

11 April 2022

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the Financial Year Ended 31 December 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sim Leisure Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
1. Revenue recognition The Group's primary business segment is that of theme park operations and events. Revenue is derived from ticketing, food and beverages, merchandising sales and services from operating theme parks in Malaysia. The Group captures revenue using the Point-of-Sales ("**POS**") system and data is recorded as revenue in the accounting system. Reconciliation is performed on a daily basis to match revenue generated from POS system to the accounting system so that errors, if any, are detected promptly. Customers are able to purchase tickets in advance, which gives rise to the possible cut-off errors relating to the period in which revenue is recorded. As at 31 December 2021, deferred revenue amounting to RM2,929,460 (2020: RM1,539,286) was disclosed under contract liabilities in Note 21. We have determined this to be a key audit matter due to the significance of revenue to the financial statements and the risks surrounding the cut-off of revenue. Refer to Notes 2.14 and 21 of the accompanying financial statements.	Our audit procedures included, amongst others, the following: • Evaluated management's assessment of the application of SFRS(I) 15 for each revenue stream and evaluated the appropriateness of the Group's revenue recognition policies; • Obtained an understanding of management's processes and controls surrounding the capturing and recording of revenue transactions; • Performed test of details by obtaining consolidated ticketing reports from the ticketing software for sample selection. These samples were verified against supporting documents such as monthly sales reconciliation worksheet, journal postings and credit card or bank statements; • Tested revenue recorded by matching revenue from POS reports to accounting systems, including the review of reconciliations with relevant supporting documents such as third-party merchant statements and bank statements; and • Tested the reports generated from the POS system to ensure unutilised tickets are captured by management as deferred revenue and that revenue is recorded in the appropriate accounting period.

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
2. Impairment assessment of non-current assets The Group's non-current assets comprise property, plant and equipment, right-of-use assets and intangible assets with aggregate sum of RM108,310,625 (2020: RM114,852,669) as at 31 December 2021. The Company's non-current assets comprised investments in subsidiaries amounting to RM52,123,465 (2020: RM52,123,449). Management has performed an impairment assessment of these non-current assets and has concluded that based on their assessment, no impairment losses were required. We have determined this to be a key audit matter due to the significant estimation uncertainty, subjective assumptions and the application of significant judgment made by management in their impairment assessment of these non-current assets. The disclosures in the financial statements are set out in Notes 4, 5, 6 and 7 to the accompanying financial statements.	Our audit procedures included but were not limited to the following: • Reviewed the appropriateness of the cash-generating units ("**CGU**") as defined by management in accordance with SFRS(I) 1-36 Impairment of Assets; • Held discussions with management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs; • Reviewed the recoverable amount assessed based on the fair value less costs of disposal and value-in-use ("**VIU**") computations and management's key assumptions which included cash flow projections, future revenues, operating costs, gross profit margins, discount rates, visitor attendance rates and growth rates; • Challenge management's assumptions, estimates and methodologies used in determining the recoverable amounts. Critically assessed the reasonableness of the inputs in the forecasted future cash flows by comparison to historical performance, reasonableness of management's plans in the near future, trend analysis and market expectations as appropriate; • Assessed the annual growth rate and long-term growth rate applied by management, including comparison to economic and external sources where applicable; • Compared the recoverable amount of the respective CGUs' against the carrying amounts of the Group's non-current assets to determine if an impairment loss is required; • Performed sensitivity analysis to determine whether any reasonably possible change in estimates would result in an impairment of the non-current assets; and • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
3. Impairment assessment of trade receivables As at 31 December 2021, trade receivables due from external customers and related company amounted to RM1,294,476 and RM3,332,451 respectively. Details of the trade receivables and its credit risks are disclosed in Notes 10 and 30.1 to the financial statements. Management has relied on the following observed data in assessing the level of allowance for impairment losses on trade receivables: • customers' payment profiles of past sales and corresponding historical credit losses; • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. The impairment assessment involves significant judgements and estimations and there is inherent uncertainty in the assumptions applied by management to determine the level of allowance. This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of trade receivables.	Our audit procedures included but were not limited to the following: • Reviewed all receivable balances and discussed with management the expected credit loss for all receivables; • Reviewed the ageing analysis of receivables and testing the reliability of the underlying accounting records; • Reviewed subsequent cash collections for major receivables and overdue amounts; • Made inquiries of management regarding the action plans to recover overdue amounts; • Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc; and • Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised.
4. Provision for litigations and contingent liabilities As disclosed in Note 28, there were several legal claims filed against certain subsidiaries of the Group during the financial year. We considered the measurement of provision of legal claims to be a key audit matter. This is due to the uncertainty surrounding the outcome of court hearings; the high degree of estimates and judgment involved and the potentially material impact of provision of legal claims on the financial position and performance of the Group should the outcome of these legal claims be materially different from management's legal counsel's best estimates.	Our audit procedures included but were not limited to the following: • Reviewed all legal documents served to the subsidiaries; • Reviewed correspondence with legal counsels; • Inquired and discussed with management whether there were any other on-going litigations apart from those represented by management; • Sent confirmation letters to legal counsels inquiring the status of the cases and the probable outcome, where applicable; and • Reviewed and discussed with management on the recognition of the provision made in accordance with SFRS(I)1-37 Provisions, Contingent Liabilities and Contingent Assets.

Key Audit Matters (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from authorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Lee Sen Choon.

UHY Lee Seng Chan & Co
Public Accountants and
Chartered Accountants

Singapore

11 April 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	80,164,300	85,165,600	-	-
Right-of-use assets	5	26,901,634	28,316,581	-	-
Intangible assets	6	1,244,691	1,370,488	-	-
Investments in subsidiaries	7	-	-	52,123,465	52,123,449
		108,310,625	114,852,669	52,123,465	52,123,449
Current assets					
Inventories	9	357,155	558,348	-	-
Trade and other receivables	10	6,546,720	2,791,957	4,206,183	361,544
Prepayments	11	325,101	370,135	121,474	85,412
Income tax recoverable		-	252,989	-	-
Cash and cash equivalents	12	18,658,283	8,077,239	8,990,313	3,274,158
		25,887,259	12,050,668	13,317,970	3,721,114
Total assets		134,197,884	126,903,337	65,441,435	55,844,563
EQUITY AND LIABILITIES					
Equity					
Share capital	14	66,574,608	55,360,320	66,574,608	55,360,320
Capital reserves	15	116,678	1,366,485	1,328,829	1,328,829
Merger reserve	16	(12,700,040)	(12,700,040)	-	-
Currency translation reserve		781	-	-	-
Retained earnings/ (Accumulated losses)		8,913,288	20,712,533	(4,176,758)	(2,251,470)
Equity attributable to owners of the parent		62,905,315	64,739,298	63,726,679	54,437,679
Non-controlling interests		3,717,527	(25,745)	-	-
Total equity		66,622,842	64,713,553	63,726,679	54,437,679

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

Statements of Financial Position

As at 31 December 2021

	Note	Group 31 December 2021 RM	Group 31 December 2020 RM	Company 31 December 2021 RM	Company 31 December 2020 RM
Non-current liabilities					
Borrowings	17	8,094,113	9,401,112	-	-
Contract liabilities	21	415,349	493,987	-	-
Amount due to a director	20	4,785,000	3,550,000	-	-
Provisions	13	4,437,783	3,833,472	-	-
Lease liabilities	18	21,745,542	23,960,813	-	-
Deferred tax liabilities	8	3,530,000	3,116,060	-	-
		43,007,787	44,355,444	-	-
Current liabilities					
Trade and other payables	19	9,670,111	10,528,052	1,714,756	1,406,884
Borrowings	17	4,306,309	3,235,393	-	-
Lease liabilities	18	2,641,576	1,241,601	-	-
Contract liabilities	21	2,514,111	1,045,299	-	-
Amount due to a director	20	807,039	1,783,995	-	-
Income tax payable		4,628,109	-	-	-
		24,567,255	17,834,340	1,714,756	1,406,884
Total liabilities		67,575,042	62,189,784	1,714,756	1,406,884
Total equity and liabilities		134,197,884	126,903,337	65,441,435	55,844,563

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Revenue	21	17,693,381	9,575,538
Cost of sales		(11,355,334)	(8,876,912)
Gross profit		6,338,047	698,626
Other item of income			
Other income		440,323	17,348,032
Other items of expense			
Administrative and other expenses		(8,192,263)	(8,371,502)
Impairment loss on trade receivables		(714,213)	(18,111)
Finance costs	22	(2,546,490)	(1,403,243)
(Loss)/Profit before income tax	23	(4,674,596)	8,253,802
Income tax (expense)/credit	25	(5,691,719)	209,803
(Loss)/Profit for the year		(10,366,315)	8,463,605
Other comprehensive income items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		1,301	-
Total comprehensive (loss)/ income for the financial year		(10,365,014)	8,463,605
(Loss)/ Profit attributable to:			
Owners of the parent		(11,799,245)	8,464,442
Non-controlling interests		1,432,930	(837)
		(10,366,315)	8,463,605
Total comprehensive (loss)/ income attributable to:			
Owners of the parent		(11,798,464)	8,464,442
Non-controlling interests		1,433,450	(837)
		(10,365,014)	8,463,605
Earnings per share			
- Basic and diluted (RM sens per share)	26	(7.80)	5.96

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

	Note	Share capital	Capital reserves	Merger reserve	Currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2021		55,360,320	1,366,485	(12,700,040)	-	20,712,533	64,739,298	(25,745)	64,713,553
(Loss)/Profit for the year		-	-	-	-	(11,799,245)	(11,799,245)	1,432,930	(10,366,315)
Other comprehensive income:									
Currency translation differences arising from consolidation		-	-	-	781	-	781	520	1,301
Total comprehensive income for the financial year		-	-	-	781	(11,799,245)	(11,798,464)	1,433,450	(10,365,014)
Transactions with owners of the parent									
Issuance of new shares pursuant to private placement	14	11,214,288	-	-	-	-	11,214,288	-	11,214,288
		11,214,288	-	-	-	-	11,214,288	-	11,214,288
Transactions with non-controlling interests									
Capital contribution by a shareholder of non-controlling interests		-	-	-	-	-	-	15	15
Changes in ownership interest in subsidiary with no changes in control									
Disposal of shares to non-controlling interests	7(b)	-	(1,249,807)	-	-	-	(1,249,807)	2,309,807	1,060,000
		-	(1,249,807)	-	-	-	(1,249,807)	2,309,822	1,060,015
Balance at 31 December 2021		66,574,608	116,678	(12,700,040)	781	8,913,288	62,905,315	3,717,527	66,622,842

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

	Note	Share capital	Capital reserves	Merger reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2020		46,292,679	1,328,829	(12,700,040)	16,274,840	51,196,308	395,685	51,591,993
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	8,464,442	8,464,442	(837)	8,463,605
Transactions with owners of the parent								
Issuance of new shares pursuant to private placement	14	9,067,641	-	-	-	9,067,641	-	9,067,641
Dividend paid	24	-	-	-	(4,026,749)	(4,026,749)	-	(4,026,749)
		9,067,641	-	-	(4,026,749)	5,040,892	-	5,040,892
Transactions with non-controlling interests								
Capital contribution by a shareholder of non-controlling interests		-	-	-	-	-	17,063	17,063
Changes in ownership interest in subsidiary with no changes in control								
Acquisition of non-controlling interests	7(b)	-	37,656	-	-	37,656	(437,656)	(400,000)
		-	37,656	-	-	37,656	(420,593)	(382,937)
Balance at 31 December 2020		55,360,320	1,366,485	(12,700,040)	20,712,533	64,739,298	(25,745)	64,713,553

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Operating activities			
(Loss)/Profit before tax		(4,674,596)	8,253,802
Adjustments for:			
Depreciation of property, plant and equipment	4	5,578,555	3,102,211
Depreciation of right-of-use assets	5	1,745,513	360,603
Amortisation of intangible assets	6	125,797	11,944
Accretion of restoration cost		273,745	15,052
Debt written-off		123,703	-
Expected credit loss on trade receivables		714,214	18,111
Gain on bargain purchase	7c	-	(16,693,965)
Gain on disposal of business operation		-	(118,349)
Loss on disposal of property, plant and equipment		13,701	-
Net loss on impairment of financial instrument		7,571	-
Waiver of lease rentals		-	(153,335)
Unrealised exchange difference		64,011	23,385
Provision for slow moving inventory		147,186	-
Interest income		(6,809)	(70,395)
Interest expense		2,546,491	1,403,243
Operating profit/(loss) before working capital changes		6,659,082	(3,847,693)
Working capital changes:			
Inventories		54,007	53,021
Trade and other receivables		(4,553,646)	(973,500)
Trade and other payables		524,639	4,210,998
Cash generated from/(used in) operations		2,684,082	(557,174)
Income tax paid		(396,994)	(565,991)
Net cash from/(used in) operating activities		2,287,088	(1,123,165)
Investing activities			
Purchase of property, plant and equipment	4	(594,956)	(7,374,847)
Acquisition of a subsidiary, net of cash acquired	7c	-	(2,042,830)
Proceeds from disposal of property, plant and equipment		4,000	-
Consideration received from non-controlling interest	7a	1,060,000	-
Net cash from/(used in) investing activities		469,044	(9,417,677)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Financing activities			
Proceeds from issuance of ordinary shares to owners of the parent		11,214,288	9,067,640
Proceeds from issuance of ordinary shares to non-controlling interests		15	17,063
Acquisition of non-controlling interests	7b	-	(400,000)
Proceeds from disposal of business operations		-	1,170,000
Proceeds from loan from a director		1,000,000	5,300,000
Repayment of loan from a director		(1,189,298)	-
Proceeds from borrowings (Note A)		-	5,687,495
Repayment of borrowings (Note A)		(300,287)	(1,316,762)
Interest paid on borrowings		(669,969)	(625,084)
Dividends paid		-	(4,026,749)
Repayment of obligations under leases (Note A)		(2,244,475)	(334,539)
Interest received		6,809	70,395
Changes in fixed deposits with maturity period of more than 3 months		(19,248)	(44,288)
Net cash from financing activities		7,797,835	14,565,171
Net change in cash and cash equivalents		10,553,967	4,024,329
Effect of foreign exchange		7,830	-
Cash and cash equivalents at beginning of financial year		7,032,951	3,008,622
Cash and cash equivalents at end of financial year	12	17,594,748	7,032,951

Note A: Reconciliation of liabilities arising from financing activities

	1.1.2021	Cash flows	Non-cash changes: Unrealised exchange difference	Non-cash changes: Accretion of interest	31.12.2021
	RM	RM	RM	RM	RM
Share capital (Note 14)	55,360,320	11,214,288	-	-	66,574,608
Amount due to a director (Note 20)	5,333,995	(189,298)	-	447,342	5,592,039
Borrowings (Note 17)	12,636,505	(970,256)	64,204	669,969	12,400,422
Lease liabilities (Note 18)	25,202,414	(2,244,475)	-	1,429,179	24,387,118
	98,533,234	7,810,259	64,204	2,546,490	108,954,187

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	1.1.2020	Acquisition of a subsidiary	Cash flows	⟵ Non-cash changes ⟶ New leases	Unrealised exchange difference	Accretion of interest	Others	31.12.2020
	RM	RM	RM	RM	RM	RM	RM	RM
Share capital (Note 14)	46,292,679	-	9,067,641	-	-	-	-	55,360,320
Amount due to a director (Note 20)	-	-	5,300,000	-	-	33,995	-	5,333,995
Borrowings (Note 17)	8,242,387	-	3,802,400	-	631	591,087	-	12,636,505
Lease liabilities (Note 18)	9,666,596	14,933,991	(334,539)	311,540	-	778,160	(153,334)	25,202,414
	64,201,662	14,933,991	17,835,502	311,540	631	1,403,242	(153,334)	98,533,234

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

Notes to the Financial Statements
For the financial year ended 31 December 2021

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

1. General corporate information

1.1 Domicile and activities

Sim Leisure Group Ltd. (the "**Company**") (Registration number 201808096D) is a public limited company domiciled in Singapore and incorporated on 8 March 2018. On 24 December 2018, in connection with its conversion into a public company limited by shares, the Company changed its name from Sim Leisure Group Pte. Ltd. to Sim Leisure Group Ltd. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 1 March 2019.

The Company's registered office is located at 138 Robinson Road, #26-03 Oxley Tower, Singapore 068906 and its principal place of business is located at 828, Jalan Teluk Bahang, Teluk Bahang, 11050, Pulau Pinang, Malaysia.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The ultimate controlling shareholder of the Company is Sim Choo Kheng, who is a Director of the Company.

The consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021 were authorised for issue in accordance with a Directors' resolution dated 11 April 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Ringgit Malaysia ("**RM**") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements

Impact of COVID-19

The Group's theme park operations are mainly in Malaysia which has been adversely affected by the Corona Disease 2019 (COVID-19) since 2020.

The COVID-19 has caused major disruptions to the travel and tourism industry, as the pandemic resulted in border closures and other measures imposed by the various governments. As the COVID-19 pandemic situation continues to evolve with the emergence of new variants, the Group continues to be affected by the measures taken by Malaysia Government to combat the spread of the virus. The pandemic continued to have a negative impact on the Group's financial performance for 2021 as the Group's theme parks was built predominantly to cater to both local and foreign visitors and tourists.

As at 31 December 2021, the Group incurred a loss of RM 10,365,014 for the year ended 31 December 2021.

2. **Summary of significant accounting policies** (Continued)

2.1 **Basis of preparation of financial statements** (Continued)

Notwithstanding the above, the financial statements have been prepared on a going concern basis due to the following:

- The Group's theme parks have re-opened since mid of October 2O21 and the directors are confident that the Group will be able to generate sufficient cash flows from operating activities within the next 12 months from the authorization of the financial statements;

- The working capital position of the Group has improved as its cash and bank balances have increased by RM 10.58 million from the completion of a private placement of new ordinary shares in the capital of the Company in October 2021;

- Pursuant to a supplemental loan agreement dated 30 December 2021 entered into between a subsidiary of the Group and a director, the loan repayment has been rescheduled to be repayable in 7 yearly instalments commencing from 2021 (Note 20). In addition, there is a balance of RM700,000 that can be drawn-down upon request for working capital purposes;

As the global COVID-19 situation remains very fluid as at the date on which these financial statements were authorized for issues, the Group is currently unable to estimate the financial impact to the Group's results for the financial year ending 31 December 2022. Notwithstanding this, the Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

2.2 **Adoption of new and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Business combinations and goodwill/bargain purchase

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation (Continued)

When the Group loses control of subsidiaries, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

<u>Acquisition under common control</u>

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

2.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful lives as follows:

	Years
Plant, machinery and park structures	10 to 50
Kitchen and other operating equipmpent	5 to 10
Furniture, fittings, office equipment and renovation	5 to 10
Motor vehicles	5

Construction-in-progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction, including related borrowing costs, during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when it is completed and ready for use.

The residual values, estimated useful lives and depreciation method are reviewed at each reporting date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. Summary of significant accounting policies (Continued)

2.5 Subsidiaries

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

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.6 Impairment of non-financial assets

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a "first-in, first-out" basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodies in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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

	Years
License fees	20
Accounting software	3

2.9 Leases

As lessee

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

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

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

Initial measurement

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.9 Leases (Continued)

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

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

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

Subsequent measurement

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

The right-of-use assets are depreciated based on the following bases:

	Years
Leasehold land	56
Leasehold building	3-11
Kiosk	5
Motor vehicle	5

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.6 to the financial statements.

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

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

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

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

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments

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

Financial assets

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

Amortised cost

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

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Financial liabilities

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

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

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

(ii) Borrowings

Interest-bearing bank loans and overdrafts are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the consolidated statement of financial position.

Recognition and derecognition

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

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

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

Equity instruments

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

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

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect the debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude any fixed deposits pledged.

2. Summary of significant accounting policies (Continued)

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

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

2.14 Revenue recognition

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

Revenue from admission fees to theme parks is recognised at a point upon utilisation of the ticket.

Revenue from sale of food, beverages and merchandise is recognised when the goods have been transferred to the customers, which is when the customer obtains control of the goods. There is no right of return on the sale of goods. There is no significant financing component in the revenue arising from the sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

Royalty income is recognised on an accrual basis in accordance with the relevant cooperation agreements entered with the Group's customers.

Revenue from services rendered are recognised when they are accepted by the customer.

Revenue from sponsorship which consists of initial and annual fees from sponsors are amortised across the tenure of the contracts subject to the terms and conditions of individual contract.

Interest income is recognised using the effective interest method.

2.15 Employee benefits

Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("**EPF**"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months after the end of reporting period as a result of services rendered by employees up to the end of the reporting period.

2.16 Borrowing costs

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

2. Summary of significant accounting policies (Continued)

2.17 Income tax

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

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

Deferred tax is provided, using the liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.19 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("**foreign currencies**") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

2. **Summary of significant accounting policies** (Continued)

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. **Significant accounting judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The Group has considered the impact of COVID-19 in the preparation of its financial statements for the year. The critical accounting estimates and key judgement areas of the Group have required additional consideration and analysis due to the impact of COVID-19. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in the future reporting periods. The impact of COVID-19 increases the level of judgement required across a number of key areas for the Group, in particular the carrying amount of assets and liabilities as at 31 December 2021 as well as going concern.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

The Group assesses at the end of each reporting period whether there are any indicators of impairment for property, plant and equipment, right-of-use assets and intangible assets.

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in Notes 4, 5 and 6 respectively.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of property, plant and equipment to range from 5 to 50 years.

Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore estimates of future depreciation could be revised if expectations differ from previous estimates. The carrying amount of the Group's property, plant and equipment as at 31 December 2021 was RM 80,164,300 (2020: RM85,165,600).

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowings rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 December 2021 was 4.87% (2020:4.87%). The carrying amount of the Group's lease liabilities as at 31 December 2021 was RM24,387,118 (2020: RM25,202,414).

(iv) Impairment of investments in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 in determining whether investment in subsidiaries is impaired. This determination requires significant judgement and estimation. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of the investment is less than its carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector future performance in view of the COVID-19 pandemic, general economic environment and tourism outlook and financing cash flows.

(v) Provision for restoration costs

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the balance sheet by adjusting both the asset and provision. Such changes give rise to a change in future depreciation and interest charges.

4. Property, plant and equipment

Group

	Plant, machinery and park structures RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Construction in-progress RM	Total RM
Cost						
Balance at 1.1.2021	104,358,868	1,715,689	12,976,673	745,179	3,965,822	123,762,231
Additions	81,912	44,819	82,956	-	385,269	594,956
Disposals	-	-	-	(27,498)	-	(27,498)
Balance at 31.12.2021	104,440,780	1,760,508	13,059,629	717,681	4,351,091	124,329,689
Accumulated depreciation						
Balance at 1.1.2021	27,910,060	890,667	9,124,380	671,524	-	38,596,631
Depreciation for the financial year	4,831,017	167,427	569,035	11,076	-	5,578,555
Disposals	-	-	-	(9,797)	-	(9,797)
Balance at 31.12.2021	32,741,077	1,058,094	9,693,415	672,803	-	44,165,389
Carrying amount						
Balance at 31.12.2021	71,699,703	702,414	3,366,214	44,878	4,351,091	80,164,300

4. Property, plant and equipment (Continued)

Group

	Plant, machinery and park structures RM	Kitchen and other operating equipment RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Construction in-progress RM	Total RM
Cost						
Balance at 1.1.2020	60,954,263	1,063,667	2,986,303	392,760	3,623,231	69,020,224
Acquisition of a subsidiary (Note 7)	39,759,476	185,561	8,059,772	352,419	-	48,357,228
Additions	1,091,213	152,522	833,447	-	5,297,665	7,374,847
Disposals	-	-	-	-	(990,068)	(990,068)
Reclassification	2,553,916	313,939	1,097,151	-	(3,965,006)	-
Balance at 31.12.2020	104,358,868	1,715,689	12,976,673	745,179	3,965,822	123,762,231
Accumulated depreciation						
Balance at 1.1.2020	7,177,354	610,842	1,077,193	306,619	-	9,172,008
Acquisition of a subsidiary (Note 7)	18,109,106	185,561	7,675,326	352,419	-	26,322,412
Depreciation for the financial year	2,623,600	94,264	371,861	12,486	-	3,102,211
Balance at 31.12.2020	27,910,060	890,667	9,124,380	671,524	-	38,596,631
Carrying amount						
Balance at 31.12.2020	76,448,808	825,022	3,852,293	73,655	3,965,822	85,165,600

5. Right-of-use assets

Group

	Leasehold land	Leasehold building	Kiosk	Motor vehicle	Total
	RM	RM	RM	RM	RM
Balance as at 1 January 2020	9,506,532	-	76,989	29,713	9,613,234
Acquisition of a subsidiary (Note 7)	-	18,752,411	-	-	18,752,411
Additions	-	311,539	-	-	311,539
Depreciation	(179,368)	(167,003)	(10,869)	(3,363)	(360,603)
Balance as at 31 December 2020	9,327,164	18,896,947	66,120	26,350	28,316,581
Balance as at 1 January 2021	9.327,164	18,896,947	66,120	26,350	28,316,581
Additions	-	330,566	-	-	330,566
Depreciation	(179,368)	(1,551,910)	(10,869)	(3,366)	(1,745,513)
Balance as at 31 December 2021	9,147,796	17,675,603	55,251	22,984	26,901,634

The Group leases leasehold land under a non-cancellable agreement. The lease term is 26 years effective from 3 May 2016 and has an option to renew for another 30 years. (SLE)

The Group leases leasehold building under a non-cancellable agreement. The lease term is 3 years effective from 15 August 2019 with an option to renew for another 3 years. (SLCH)

The Group leases leasehold building under a non-cancellable agreement. The lease term is 3 years effective from 16 August 2014 and comes with renewal terms of 3 successive terms of 3 years each. (RRSB)

A motor vehicle with carrying amount of RM22,984 (2020: RM26,350) was acquired under leasing arrangement and the corresponding lease liability of RM25,654 (2020: RM29,139) is secured over the asset which will be seized and returned to the lessor in the event of default by the Group.

6. Intangible assets

Group	License fees RM	Accounting software RM	Total RM
Cost			
At 1 January 2020	-	-	-
Acquisition of a subsidiary	2,445,750	890,372	3,336,122
At 31 December 2020 and 31 December 2021	2,445,750	890,372	3,336,122
Accumulated amortisation			
At 1 January 2020	-	-	-
Acquisition of a subsidiary	1,067,924	885,766	1,953,690
Amortisation	10,848	1,096	11,944
At 31 December 2020	1,078,772	886,862	1,965,634
Amortisation	122,288	3,509	125,797
At 31 December 2021	1,201,060	890,371	2,091,431
Carrying amount			
At 31 December 2020	1,366,978	3,510	1,370,488
At 31 December 2021	1,244,690	1	1,244,691

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

The useful lives of intangible assets are disclosed in Note 2.8.

7. Investments in subsidiaries

	Company	
	31 December 2021 RM	31 December 2020 RM
Unquoted equity shares, at cost	46,459,265	46,459,249
Loans and receivables		
Amounts due from a subsidiary (Note iv)	5,664,200	5,664,200
Carrying amount of investments in subsidiaries	52,123,465	52,123,449

7. Investments in subsidiaries (Continued)

(a) The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	**Principal activities**	**Proportion of ownership interest held by the Group**		**Proportion of ownership interest held by the non-controlling interest**	
		31 December 2021 %	**31 December 2020 %**	**31 December 2021 %**	**31 December 2020 %**
Held by the Company					
Sim Leisure Escape Sdn. Bhd.[1] (Malaysia) ("**SLESB**")	Investment holding and development of theme parks	100	100	-	-
Sim Leisure Hong Kong Ltd.[2] (Hong Kong)	Dormant	100	100	-	-
Sim Leisure Creative Pte. Ltd.[1] (Singapore) (Note v)	Leasing of non-financial intangible assets and provision of management consultancy services	60	60	40	40
The Cool Melon Pte Ltd[2] (Singapore) (Note ii)	Dormant	51	-	49	-
Held by SLESB					
Sim Leisure Adventureplay Sdn. Bhd.[1] (Malaysia)	Development and operation of theme parks	100	100	-	-
Sim Leisure Waterplay Sdn. Bhd.[1] (Malaysia)	Development and operation of theme parks	100	100	-	-
Sim Leisure Challenge Sdn. Bhd.[1], [2] (Malaysia)	Business in relation to sports, recreation and teambuilding	100	100	-	-
Held by SLESB					
Sim Leisure Rock Sdn. Bhd.[1], [2] (Malaysia) (Note vi)	Dormant	100	100	-	-
Sim Leisure Milan Sdn. Bhd.[1], [2] (Malaysia) (Note vii)	Business in design, project management and installation of adventure parks	51	51	49	49
Sim Leisure Cameron Sdn Bhd[2] (Malaysia) (Note i)	Dormant	100	-	-	-
Rakan Riang Sdn. Bhd.[1] (Malaysia) (Note iii)	Owns and operates Kidzania educational and entertainment facility	80	100	20	-
Held by The Cool Melon Pte Ltd					
The Cool Melon Sdn Bhd[2] (Malaysia)	Dormant	100	-	-	-

[1] Audited by UHY, Malaysia, a member firm of UHY International.
[2] Not considered a significant subsidiary

During the financial year:

(i) The Company via its wholly owned subsidiary SLESB incorporated a 100% owned subsidiary, SL Cameron Sdn Bhd, for a sum of RM2.00 by subscribing for 2 ordinary shares in the capital of the subsidiary.

(ii) The Company incorporated a 51% owned subsidiary, The Cool Melon Pte ltd., for a sum of RM16.00 by subscribing for 51 ordinary shares in the capital of the subsidiary.

7. Investments in subsidiaries (Continued)

(a) The details of the subsidiaries are as follows: (Continued)

(iii) On 12th July 2021, the Group disposed 20% of its equity interest in Rakan Riang Sdn Bhd ("**RRSB**") to a non-controlling interest for a cash consideration of RM1,060,000. There was no loss in control subsequent to the disposal of its stake in RRSB.

The carrying amount of RRSB at the date of disposal was RM11,549,024. The Group derecognized 20% of the carrying value which amounted to RM2,309,807 and recorded a decrease in equity attributable to owners of the parent of RM1,249,807. The effect of the changes in the Group's ownership interest in RRSB during the year is summarized as follows:

	2021 **RM**
Carrying amount of RRSB disposed to non-controlling interests	2,309,807
Consideration received from non-controlling interests	1,060,000
Deficit of carrying amount attributable to owners of the parent	1,249,807

During the last financial year:

(iv) The Company agreed with a subsidiary to renegotiate the terms of the amount due from the subsidiary of RM5,664,200 (2020: RM 5,664,200) which is interest free, repayable subject to the performance and cash flow ability of the subsidiary. The amount due from a subsidiary is considered as an extension of the Company's net investment in the subsidiary.

(v) The Company incorporated a 60%-owned subsidiary, Sim Leisure Creative Pte. Ltd., for a sum of RM 18,241 by subscribing for 6,000 ordinary shares in the capital of the subsidiary.

(vi) SLESB acquired an additional 400,000 issued and paid-up ordinary shares in Sim Leisure Rock Sdn. Bhd. for a total cash consideration of RM 400,000 from the existing non-controlling interests. More information on the acquisition is set out in Note 7b below.

(vii) SLESB subscribed for an additional 5,098 ordinary shares at RM1 each out of the 9,990 new ordinary shares issued by the subsidiary, Sim Leisure Milan Sdn. Bhd., for a total cash consideration of RM5,098. As a result, the Group's equity interest in this subsidiary was reduced from 100% to 51% from 21 January 2020.

(b) Acquisition of additional interest in a subsidiary

On 26 June 2020, the Group acquired the remaining 40% equity interest in Sim Leisure Rock Sdn. Bhd. ("**SLR**") from the non-controlling interests for a cash consideration of RM400,000. As a result of this acquisition, SLR became a wholly-owned direct subsidiary of Sim Leisure Escape Sdn. Bhd..

The carrying amount of non-controlling interests in SLR at the date of acquisition was RM437,656. The Group derecognised non-controlling interests of RM 437,656 and recorded an increase in equity attributable to owners of the parent of RM 37,656. The effect of changes in the Group's ownership interest in SLR during the year is summarized as follows:

	2020 **RM**
Carrying amount of non-controlling interests acquired	437,656
Consideration paid for acquisition of non-controlling interests	400,000
Excess of carrying amount recognised in equity attributable to owners of the parent	37,656

7. Investments in subsidiaries (Continued)

(c) Acquisition of a subsidiary

During the last financial year on 7 December 2020, the Group's subsidiary, SLESB acquired a 100% equity interest in Rakan Riang Sdn. Bhd. ("**RRSB**"), which owns and operates the KidZania educational and entertainment facility in Malaysia. Upon the acquisition, RRSB became a subsidiary of the Group.

The fair value of the identifiable assets and liabilities of RRSB as at the acquisition date were determined as follows:

	At fair value RM
Cash and cash equivalents	957,170
Property, plant and equipment	22,034,816
Right-of-use assets	18,752,411
Intangible assets	1,382,432
Inventories	558,348
Trade and other receivables	185,909
Income tax recoverable	14,218
Total assets	43,885,304
Trade and other payables	2,928,108
Deferred revenue	1,325,358
Lease liabilities (Note 18)	14,933,991
Provision for restoration costs (Note 13)	3,818,420
Deferred tax liability (Note 8)	398,989
Total liabilities	23,404,866
Total identifiable net assets	20,480,438
Less: Gain on bargain purchase	(16,693,965)
Total purchase consideration	3,786,473
Deferred purchase consideration (Note 19)	(786,473)
Cash paid	3,000,000
Less: Cash and cash equivalents acquired	(957,170)
Cash outflow on acquisition	2,042,830

7. Investments in subsidiaries (Continued)

(c) Acquisition of a subsidiary (Continued)

The deferred purchase consideration of RM786,473 is recorded as other payables (Note 19) and is to be settled within 12 months from the completion date of acquisition. To date, this amount still remained unsettled due to certain disputes as disclosed in Note 19 to the financial statements.

During the last financial year, the Group engaged an independent valuer to perform a PPA exercise to determine the fair value of the identifiable assets and liabilities of RRSB to be taken over. Management has adopted certain specific assumptions to arrive at a cash flow projection to determine the value in use to calculate the fair value and the significant ones are stated below:

(i) Historical information relied upon

In the process of preparing the future financials, management made reference to the available historical information, amongst others, as shown below.

Number of attendees

Month	**FYE 2019**	**FYE 2020**
January	9,223	12,226
February	17,826	6,069
March	31,635	6,618
April	25,673	Movement Control Order ("**MCO**") in Malaysia
May	18,034	
June	30,413	
July	24,399	1,546
August	32,211	6,783
September	25,788	8,646
October	27,092	1,628
November	34,407	MCO
December	48,495	1,467
Total	**325,196**	**44,983**

FYE 2019 Revenue split per ticket

Item	**RM**
Ticket	39.43
Merchandise	4.11
Food and beverage	12.42
Photo	3.75
Sponsorship	24.07
Total	**83.78**

7. **Investments in subsidiaries** (Continued)

(c) Acquisition of a subsidiary (Continued)

(i) Historical information relied upon (Continued)

FYE 2017 to FYE 2019 summary of audited financial information of RRSB by a Big 4 accounting firm

RM'million	FYE 2017 (audited)	FYE 2018 (audited)	FYE 2019 (audited)
Revenue	23.31	26.99	27.25
Loss before tax	3.66	1.33	1.44
Loss after tax	3.08	1.48	0.89
Earnings before interest, tax, depreciation and amortisation	0.83	2.64	4.39
Net cash generated from operating activities	6.17	3.79	5.62
Net cash used in investing activities	0.52	0.7	0.34

(ii) Revenue

Revenue is generated from the sales of tickets, merchandises, food and beverages, photo, and sponsorships. The revenues are estimated based on per ticket basis (except for sponsorship revenue), of which FYE 2019 has been selected as the benchmark considering that the COVID-19 pandemic has affected the FYE 2020 attendance rate. Management has also considered the impact of COVID-19 on the attendance rate for the forecast period by applying a percentage of the benchmark as summarised in the table below.

Forecast period	Range of % applied to benchmark
FYE 2021	Nil to 50%. In view that the MCO is in place since mid-January 2021, Management has estimated that the MCO will be in place until end of March 2021. Hence, KidZania KL is expected to remain closed for the first quarter of FY 2021. Management expects that the MCO will be lifted in April 2021. Coupled with the expected first batch of COVID-19 vaccine in Malaysia to be available from March 2021 onwards (based on Prime Minister of Malaysia Speech dated 4 February 2021), Management estimate that KidZania KL will be able to re-open in April 2021. The attendance rate for April 2021 is estimated at 10% of April 2019, of which the 10% is estimated after making reference to the FYE 2020 full year attendance of approximately 13.8% of FYE 2019. We wish to highlight that in FYE 2020, MCO was in effect for 4 months as discussed in Point 1 earlier. Moreover, Management has represented that KidZania KL only operated for 1 week for the month of July, October and December 2020. Only the month of August and September were opened full month. Following the expected progress of Malaysia's COVID-19 vaccination programme (as discussed in later part of this sub-section), the attendance rate is estimated to recover gradually. Coupled with the assumption that there will not be any more MCO to be implemented in Malaysia after March 2021, Management has estimated the attendance rate from April 2021 onwards to increase by 5% per month to December 2021. This would translate to expected total visitors for FYE 2021 of 86,711, which is approximately 26.6% of FYE 2019 total visitors. This was further cross-checked to the statistics of total visitors for August and September 2020 (where KidZania KL was operational full month during the Recovery MCO period) as a % of the corresponding period in 2019, of which the total visitors for August and September 2020 is approximately 26.6% of the corresponding period in 2019.

7. Investments in subsidiaries (Continued)

(c) Acquisition of a subsidiary (Continued)

(ii) Revenue (Continued)

Forecast period	Range of % applied to benchmark
FYE 2022	50% for first half, 75% for second half Following the expected availability of COVID-19 vaccine and progress of the vaccination programme, Management has estimated the attendance rate will continue to recover and hence estimated an attendance rate of 75% of FYE 2019 in second half of FYE 2022.
FYE 2023 and FYE 2024	100% With nearly 2 years after the expected availability of the COVID-19 vaccine in Malaysia, Management estimated that the attendance rate for FYE 2023 and FYE 2024 will fully recover to FYE 2019 level.
FYE 2025	105% Management estimates that the attendance rate for FYE 2025 will be 5% higher than FYE 2019 after making reference to the compounded annual growth rate of revenue from FYE 2017 to FYE 2019 of 8.1%. The 5% growth rate is also in line with the long term expected leisure travel spending as forecasted by Future Market Insights.

Sponsorship revenue is estimated based on Management's expectation after considering the existing sponsorships in hand and potential future sponsorships through additional attractions/establishments in order to attract more visitors and ensuring the attractions are not out-dated.

Based on the publicly available information as at the date of the PPA exercise, the summary of Malaysia's COVID-19 vaccination programme as announced by the Prime Minister of Malaysia on 4 February 2021 is as follows:

i. First phase is expected to be completed by April 2021 for 500,000 front liners;

ii. 2nd phase is expected to be in place from April 2021 to August 2021, targeted at the high-risk populations of 9.4 million;

iii. 3rd phase is targeted for all individuals above 18 years old, starting from May 2021 to Feb 2022; and

iv. With the 3 phases above, government is expecting it will achieve herd immunity.

It is noted that the vaccination programme above does not differ significantly from Management's assumption.

In relation to Malaysia's declaration of state of emergency, the Prime Minister of Malaysia has clarified in his speech on 4 February 2021 on the following:

i. It is mainly for the purpose to curb and prevent further spread of COVID-19 pandemic in Malaysia;

ii. It is not a form of military coup. Curfew will not be enforced. Instead, the civilian government will continue to function; and

iii. Economic activities will continue to function, subject to relevant standard operating procedures and MCO in force.

Based on the above, Management has assumed that the state of emergency in Malaysia will not have significant economic impact to RRSB.

(iii) Staff Cost

Staff cost for FYE 2021 and FYE 2022 are estimated based on the expected headcounts (approximately 130 headcounts as compared to 300 headcounts in previous years) with cost inflationary of 10% increase in FYE 2022. Subsequently, staff cost is estimated to be approximately 25% of revenue for FYE 2023 and gradually increase to 30% of revenue in FYE 2025 after considering the historical staff cost/revenue ratio and cost savings measure.

7. Investments in subsidiaries (Continued)

(c) Acquisition of a subsidiary (Continued)

(iv) Preventative maintenance

Preventative maintenance is estimated at approximately RM2.00 million per year based on Management's past experience. It is expected to increase to RM3.00 million per year from FYE 2023.

(v) Taxes

Malaysia corporate tax rate of 24% has been applied throughout the forecast period.

(vi) Capital expenditure

Management has estimated capital expenditure of RM2.00 million per annum from FYE 2023 onwards, primarily for the purpose of attracting more visitors and sponsorships.

(d) Summarised financial information about subsidiaries with material NCI

Summarised financial information before consolidated adjustments and intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statements of financial position

	Rakan Riang Sdn Bhd		Sim Leisure Creative Pte Ltd	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Current				
Assets	3,295,973	3,610,748	5,282,657	17,081
Liabilities	(10,869,880)	(7,791,107)	(882,252)	-
Net current (liabilities)/assets	(7,573,907)	(4,180,359)	4,400,405	17,081
Non-current				
Assets	34,978,926	38,994,650	-	-
Liabilities	(17,467,087)	(19,081,345)	-	-
Net non-current assets	17,511,839	19,913,305	-	-
Net assets	9,937,932	15,732,946	4,400,405	17,081

Summarised statement of comprehensive income

	Rakan Riang Sdn Bhd		Sim Leisure Creative Pte Ltd	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Revenue	2,833,502	4,044,662	5,510,019	-
(Loss)/Profit before income tax	(6,006,073)	1,874,906	5,260,804	(13,321)
Income tax expense	211,060	(767,299)	(878,781)	-
(Loss)/Profit after tax - continuing operations	(5,795,013)	1,107,607	4,382,023	(13,321)
Other comprehensive income	-	-	1,301	-
Total comprehensive (loss)/income	(5,795,013)	1,107,607	4,383,324	(13,321)

8. Deferred tax liabilities

	Group 31 December 2021 RM	Group 31 December 2020 RM
Balance at beginning of financial year	3,116,060	2,949,800
Acquisition of a subsidiary (Note 7)	-	398,989
Charged to profit or loss	-	(99,686)
Current year	(14,850)	(131,030)
Under/(Over) provision in prior year	428,790	(2,013)
Balance at end of financial year	3,530,000	3,116,060

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

	Group 31 December 2021 RM	Group 31 December 2020 RM
Accelerated tax depreciation	11,554,269	11,137,372
Unabsorbed tax losses	(2,378,365)	(296,507)
Unabsorbed capital allowances	(699,921)	(2,822,818)
Provisions	(4,596,942)	(4,657,454)
Contract liabilities	(349,041)	(244,533)
	3,530,000	3,116,060

9. Inventories

	Group 31 December 2021 RM	Group 31 December 2020 RM
Trading goods	357,155	558,348

Provision for slow-moving inventory:

	Group 31 December 2021 RM	Group 31 December 2020 RM
At beginning of the year	-	-
Charge for the year (Note 23)	147,186	-
At end of the year	147,186	-

The cost of inventories recognised as expense and included in “cost of sales” line item amounted to RM1,331,783 (2020: RM1,659,710).

Notes to the Financial Statements
For the financial year ended 31 December 2021

10. Trade and other receivables

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Trade receivables				
- third parties	1,794,445	1,048,588	-	-
- related company	3,555,380	-		
- less: allowance for impairment	(722,898)	(100,610)	-	-
	4,626,927	947,978	-	-
Non-trade receivables				
- third parties	502,354	177,902	15	-
- a subsidiary of the Company	-	-	4,196,717	361,544
- related company	96,050	74	9,451	-
- shareholders	12,093	12,161	-	-
- less: allowance for impairment	(92,334)	-	-	-
	518,163	190,137	4,206,183	361,544
Deposits	1,401,630	1,653,842	-	-
	6,546,720	2,791,957	4,206,183	361,544

Trade receivables are unsecured, non-interest bearing and generally on 30 days' credit terms. The non-trade amounts due from related companies and a subsidiary of the Company are unsecured, non-interest bearing and repayable on demand.

The Group does not hold any collateral as security.

Included in deposits is an amount of RM 293,035 (2020: RM 1,599,795) pertaining to rental and utility deposits, which are refundable.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Malaysian Ringgit	2,682,492	2,791,957	4,206,183	361,544
Chinese Renminbi	296,489	-	-	-
Singapore Dollar	3,567,739	-	-	-
	6,546,720	2,791,957	4,206,183	361,544

Expected credit losses:

	Group	
	31 December 2021 RM	31 December 2020 RM
At beginning of the year	100,610	-
Charge for the year	714,622	100,610
At end of the year	815,232	100,610

11. Prepayments

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Prepaid other operating expenses	288,746	272,427	121,474	85,412
Prepaid insurance	36,355	97,708	-	-
	325,101	370,135	121,474	85,412

12. Cash and cash equivalents

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Cash at banks and on hand	17,594,748	7,032,951	8,990,313	3,274,158
Fixed deposits (pledged)	1,063,535	1,044,288	-	-
	18,658,283	8,077,239	8,990,313	3,274,158

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	31 December 2021 RM	31 December 2020 RM
Cash and cash equivalents (as above)	18,658,283	8,077,239
Less:		
Fixed deposits pledged for banking facilities	(1,063,535)	(1,044,288)
Cash and cash equivalents per consolidated statement of cash flows	17,594,748	7,032,951

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Malaysian Ringgit	8,058,917	3,269,195	2,989	-
Singapore Dollar	9,526,329	3,759,743	8,977,842	3,270,145
United States Dollar	9,502	4,013	9,503	4,013
	17,594,748	7,032,951	8,990,334	3,274,158

Fixed deposits

Fixed deposits are denominated in Malaysian Ringgit (RM) and bear interest of about 1.84% per annum (2020: 1.85% per annum) with tenure of more than 3 months.

Fixed deposits of the Group amounting to RM1,063,535 (2020: RM1,044,288) were pledged to banks to secure credit facilities granted to the subsidiaries (Note 17).

13. Provision

	Group 2021 RM	Group 2020 RM
Balance at beginning	3,833,472	-
Acquisition of a subsidiary (Note 7)	-	3,818,420
Provision made	604,311	15,052
Balance at end	4,437,783	3,833,472

The above provision represents the restoration costs of dismantling, removing and restoring the site on which the Group currently occupied for its themed attraction operation. Provision for restoration costs is based on management's best estimates after taking into account quotations from various suppliers. The Group is obligated to make good upon the expiration of the lease agreements.

14. Share capital

	Group and Company			
	31 December 2021		31 December 2020	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully-paid:				
Balance at beginning of financial year	147,647,500	55,360,320	134,225,000	46,292,679
Issuance of new ordinary shares	17,717,700	11,214,288	13,422,500	9,067,641
Balance at end of financial year	165,365,200	66,574,608	147,647,500	55,360,320

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

During the financial year on 19 October 2021, the shareholders of the Company approved the issuance of 17,717,700 (2020: 13,422,500) new ordinary shares in the issued capital of the Company for a total cash consideration of RM11,214,288 (2020: RM9,067,641) pursuant to a private placement. The newly issued shares rank pari passu in all aspects with the previously issued shares.

15. Capital reserves

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Balance at beginning	1,366,485	1,328,829	1,328,829	-
Acquisition of non-controlling interest	-	37,656	-	1,328,829
Disposal to non-controlling interest	(1,249,807)	-	-	-
Balance at end	116,678	1,366,485	1,328,829	1,328,829

Capital reserves comprises:

(i) acquisition and disposal with non-controlling interests that do not result in a change of control

(ii) share based payment recognised for IPO expenses

16. Merger reserve

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

17. Borrowings

	Group 31 December 2021 RM	Group 31 December 2020 RM
Bank overdrafts	1,975,282	1,986,026
Bank loans		
-Term loan 1	3,272,554	3,064,094
-Term loan 2	4,064,145	4,459,918
-Term loan 3	2,165,262	2,108,680
-Term loan 4	923,179	1,017,787
Total interest-bearing borrowings	12,400,422	12,636,505
Less:		
Amount due for settlement within 12 months	(4,306,309)	(3,235,393)
Amount due for settlement after 12 months	8,094,113	9,401,112

Bank overdrafts are repayable on demand.

Term loan 1 is repayable over a period of 5 years and bears average interest rate of 6.60% (2020: 6.60%) per annum. The bank overdrafts and term loan 1 are secured by pledges of fixed deposits as disclosed in Note 12 to the financial statements, individual guarantee by a director of the Company, and a corporate guarantee of the Company.

Term loan 2 is repayable over a period of 4 years and bears average effective interest rates of 6.7% to 6.83% (2020: 2.5% to 3%) per annum. It is secured by a basic debenture by way of fixed and floating charge over the subsidiaries' and the Company's future assets, corporate guarantees by the Company's subsidiaries and severally guaranteed by a director of the Company.

Term loan 3 is repayable over a period of 5 years and bears average interest rate of 6.45% per annum (2020: 6.45%). Term loan 3 are secured by 70% guarantee coverage by the Government of Malaysia, individual guarantee by a director of the Company, corporate guarantees by subsidiaries, Sim Leisure Escape Sdn. Bhd. and Sim Leisure Challenge Sdn. Bhd., and first debenture over the present and future fixed and floating assets of the Company.

Term loan 4 is repayable over a period of 5 years and bears fixed interest rate of 3.5% per annum (2020: 3.5%). It is secured by 80% guarantee coverage by Syarikat Jaminan Pembiayaan Perniagaan Berhad, individual guarantee by a director of the Company, and corporate guarantees by subsidiaries, Sim Leisure Escape Sdn. Bhd. and Sim Leisure Challenge Sdn. Bhd.

At the reporting date, the fair values of the Group's bank borrowings approximate their carrying amounts as they are subject to floating interest rates.

Bank borrowings are denominated in the following currencies:

	Group 31 December 2021 RM	Group 31 December 2020 RM
Malaysian Ringgit	8,336,277	8,176,586
Singapore Dollar	4,064,145	4,459,919
	12,400,422	12,636,505

18. Lease liabilities

	Leasehold land RM	Motor vehicle RM	Leasehold building RM	Total RM
2021				
Balance at 1 January 2021	10,016,801	29,139	15,156,474	25,202,414
Interest expense (Note 22)	488,820	1,857	938,502	1,429,179
Lease payments	(306,664)	(5,342)	(1,932,469)	(2,244,475)
Balance at 31 December 2021	10,198,957	25,654	14,162,507	24,387,118

	Leasehold land RM	Motor vehicle RM	Leasehold building RM	Total RM
2020				
Balance at 1 January 2020	9,637,339	29,257	-	9,666,596
Acquisition of a subsidiary (Note 7)	-	-	14,933,991	14,933,991
Additions	-	-	311,540	311,540
Interest expense (Note 22)	686,129	2,280	89,751	778,160
Waiver of rental payments	(153,334)	-	-	(153,334)
Lease payments	(153,333)	(2,398)	(178,808)	(334,539)
Balance at 31 December 2020	10,016,801	29,139	15,156,474	25,202,414

Presented in consolidated statement of financial position

	31 December 2021 RM	31 December 2020 RM
Current	2,641,576	1,241,601
Non-current	21,745,542	23,960,813
	24,387,118	25,202,414

The Group leases a piece of land and two buildings in Malaysia. The lease contract provides for payment increases each year by inflation.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group, and supported by personal guarantees from certain Directors of the Company.

The Group leases certain assets which qualify as low value assets and the Group also leases certain machinery on a short-term basis (i.e. less than 1 year). The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis. These leases which are recognised as expense in the profit or loss are disclosed in Note 23 to the financial statements.

As at 31 December 2021, the average incremental borrowing rate applied was 4.87% (2020: 4.87%).

Lease liabilities are denominated in Malaysian Ringgit.

19. Trade and other payables

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Trade payables				
- third parties	4,687,197	1,067,134	282,634	324,608
Other payables				
- third parties	2,013,534	5,439,286	53,195	108,686
- related parties	219,731	1,513,291	3,228	3,228
- subsidiaries	-	-	1,120,695	741,222
- acquisition of a subsidiary (Note 7)	786,473	786,473	-	-
	3,019,738	7,739,050	1,177,118	853,136
Accrued operating expenses	1,963,176	1,721,868	255,004	229,140
	9,670,111	10,528,052	1,714,756	1,406,884

19. Trade and other payables (Continued)

Acquisition of subsidiary [Note 7(c)]

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

During the financial year, the Group discovered that certain assets were not locatable in the premises or not in working condition after taking over the business. The Group determined that the deductions exceeded the consideration payable and did not arrange to make payment on the agreed date. Despite proactive communication with the seller to discuss the disagreement, there has been no response from the seller as at the reporting date. Accordingly, the deferred purchase consideration remained outstanding as at 31 December 2021 (Note 7c).

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 90 (2020: 30 to 90) days' terms.

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

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Malaysian Ringgit	9,273,851	9,514,365	1,435,968	744,449
United States Dollar	95,499	336,618	-	-
Singapore Dollar	300,451	677,069	278,788	662,435
Chinese Renminbi	310	-	-	-
	9,670,111	10,528,052	1,714,756	1,406,884

20. Amount due to a director

	Group	
	2021 RM	2020 RM
Current		
-loan	359,697	1,750,000
-interest payable	447,342	33,995
	807,039	1,783,995
Non-current		
-loan	4,785,000	3,550,000
	5,592,039	5,333,995

Amount due to a director pertains to a loan of up to RM 7,000,000 extended by the director to a subsidiary of the Group and drawn down to RM 6,300,000 at the reporting date pursuant to an agreement dated 20 November 2020 entered into between the director and the subsidiary ("**Agreement**"). The loan is secured by the Agreement and a memorandum of charge over the entire shares in a subsidiary held by the Group and assignment of proceeds being 5% of the total revenue of the subsidiary, interest-bearing at the rate of 8% per annum. Pursuant to a supplementary agreement dated 30 December 2021, the loan repayment has been rescheduled to be repayable in 7 yearly instalments of RM750,000 in year 1, RM765,000 in year 2, RM897,500 in year 3, RM1,042,500 in year 4, RM1,070,000 in year 5, RM1,117,500 in year 6 and RM657,500 in year 7, commencing from 30 November 2020 which was the date when the loan was first drawn down.

21. Revenue

(a) Disaggregation of revenue

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

	Group 2021 RM	Group 2020 RM
Type of goods or services		
Admission fees to theme parks	10,249,591	7,528,269
Sale of food, beverages and merchandise	1,342,671	1,150,597
Services rendered	575,475	166,565
Royalties	5,510,019	-
Sponsorship income	15,625	730,107
	17,693,381	9,575,538

Revenue from admission fees to theme parks, sale of food, beverages and merchandise, services rendered and sponsorship income are recognised at a point in time.

Royalty income is recognised on an accrual basis in accordance with the relevant cooperation agreements entered with the Group's customers.

(b) Contract liabilities

	Group 2021 RM	Group 2020 RM
Contract liabilities		
Current	2,514,111	1,045,299
Non-current	415,349	493,987
	2,929,460	1,539,286

Contract liabilities – deferred revenue

Revenue from sponsorship which consists of initial and annual fees from sponsors are amortised across the tenure of the contracts subject to the terms and conditions of the individual contract.

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2021 is RM 2,929,460 (2020: RM1,539,286) and is expected to be recognised over the years as follows:

	Group 2021 RM	Group 2020 RM
Within one year	2,514,111	1,045,299
More than one year and less than 2 years	415,349	493,987
	2,929,460	1,539,286

22. Finance costs

	Group 2021 RM	Group 2020 RM
Interest expense		
- lease liabilities (Note 18)	1,429,179	778,160
- term loans	539,199	485,250
- bank overdraft	130,770	105,838
- director	447,342	33,995
	2,546,490	1,403,243

23. (Loss)/Profit before tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following (credit)/charges:

	Group	
	2021 RM	2020 RM
(a) Other income		
Gain on bargain purchase	-	(16,693,965)
(b) Cost of sales		
Amortisation of intangible assets (Note 6)	125,797	11,944
Depreciation of property, plant and equipment [Note 23(e)]	5,320,563	2,841,761
Depreciation of right-of-use assets (Note 5)	1,745,513	360,603
Cost of inventories recognised as expense (Note 9)	1,331,783	1,659,710
Provision for slow moving inventory (Note 9)	147,186	-
Utilities expenses	352,198	356,589
Repair and maintenance expenses	137,041	261,326
Insurance for visitors	116,423	66,553
Lease expense on:		
- low value assets (Note 18)	14,989	14,500
Employee benefit expenses [Note 23(e)]		
- salaries, bonus and other benefits	1,613,873	2,286,738
- social security contributions	19,418	38,244
- defined contribution plans	131,740	197,973
(c) Administrative and other expenses		
Audit fees:		
- Auditors of the Company	166,515	146,223
- Member firms of UHY International	99,000	91,000
Accretion of restoration cost	273,746	15,052
Debt written-off	123,704	-
Depreciation of property, plant and equipment [Note 23(e)]	257,992	260,450
Lease expenses on:		
- short-term leases (Note 18)	241,194	70,178
Loss on foreign exchange		
- realised	9,800	111,128
- unrealised	64,011	23,385
Travelling and vehicle expenses	134,522	264,850
Marketing and promotion expenses	158,935	556,254
Payment portal and credit card fees	185,925	86,555
Legal and professional fees	1,331,748	1,380,945
Expected credit loss on trade receivables	714,213	100,610
Directors' remuneration		
- directors' fee	502,860	496,446
- salaries, bonus and other benefits	1,209,499	933,129
- defined contribution plans	57,280	66,094
Employee benefits expense (excluding directors' remuneration)		
- salaries, bonus and other benefits	1,301,840	647,624
- social security contributions	158,001	8,248
- defined contribution plans	26,349	70,734
(d) Employee benefits expenses are included in the following line items:		
Cost of sales [Note 23(b)]	1,765,031	2,522,955
Administrative and other expenses [Note 23(c)]	1,486,190	726,606
Total employee benefits expenses	3,251,221	3,249,561
(e) Depreciation of property, plant and equipment is included in the following line items:		
Cost of sales [Note 23(b)]	5,320,563	2,841,761
Administrative and other expenses [Note 23(c)]	257,992	260,450
Total depreciation of property, plant and equipment (Note 4)	5,578,555	3,102,211

24. Dividend

	Group 2021 RM	Group 2020 RM
Tax exempt (one-tier) special dividend of RM0.03 per ordinary share	-	4,026,749

No dividend was paid during the year ended 31 December 2021

25. Income tax expense

	Group 2021 RM	Group 2020 RM
Current income tax		
- current financial year	890,781	6,020
- under provision in prior financial years	4,386,998	16,906
	5,277,779	22,926
Deferred income tax		
- current financial year	(14,850)	(230,716)
- under/(over) provision in prior financial years	428,790	(2,013)
	413,940	(232,729)
Total income tax expense/(credit) recognised in profit or loss	5,691,719	(209,803)

Reconciliation of effective income tax rate

	Group 2021 RM	Group 2020 RM
(Loss)/Profit before income tax	(4,674,596)	8,253,802
Tax at the domestic tax rates applicable to profit in the countries where the Group operates	(1,121,904)	1,980,912
Tax effect in respect of:		
Non-allowable expenses	1,921,309	1,066,830
Effect of differential of tax rates in foreign country	(368,256)	-
Income not subject to tax	(81,400)	(971,430)
Deferred tax assets not recognised	526,182	71,167
Utilisation of deferred tax assets not recognised previously	-	(2,372,175)
Under provision of current income tax in prior financial years	4,386,998	16,906
Over provision of deferred income tax in prior financial years	428,790	(2,013)
Total income tax expense/(credit) recognised in profit or loss	5,691,719	(209,803)

On 11 March 2016, a subsidiary of the Group had obtained approval for pioneer status from the Ministry of International Trade and Industry in Malaysia for a period of 5 years, where 70% of income derived from the promoted business is exempted from corporate income tax.

As at 31 December 2021, the Group have unabsorbed capital allowances and unutilised tax losses of approximately RM 12,124,083 (2020: RM11,593,463) and RM2,967,833 (2020: RM1,322,308) respectively available for set-off against future taxable income subject to compliance with the relevant tax legislation and agreement by the Income Tax Authorities.

Included in under provision of current income tax in prior years is an amount of RM3,862,029 that is payable to the Inland Revenue Board as disclosed in Note 28 to the financial statements.

26. Earnings per share

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

	Group	
	2021	**2020**
	RM	**RM**
(Loss)/Profit for the financial year attributable to owners of the parent	(11,799,245)	8,464,442
Weighted-average number of ordinary shares in issue during the financial year	151,239,582	142,054,792

The calculations of basic earnings per share are based on profit attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial year.

The diluted EPS would be equivalent to the basic EPS as the Company does not have any dilutive potential ordinary shares.

The number of ordinary shares used for the calculation of basic earnings per share in a common control combination, which is accounted for using merger accounting, was the aggregate of the number of shares of the Company whose shares are outstanding after the combination.

27. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the financial year:

	Group	
	2021	**2020**
	RM	**RM**
Royalty income charged to a related company	5,209,669	-
Interest payable to a director	481,337	33,995
Construction costs charged by a related company	-	753,248
Construction materials charged by a related company	-	1,873,388

Related company relates to a company in which the Directors of the Company has significant influence.

Compensation of key management personnel

Key management personnel are directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of key management personnel of the Group during the financial year was as follows:

	Group	
	2021	**2020**
	RM	**RM**
Short-term employee benefits	1,209,499	933,129
Post-employment benefits	57,280	66,094
Directors' fee	502,860	496,446
	1,769,639	1,495,669
Comprise amounts paid to:		
Directors of the Company	1,769,639	1,495,669
	1,769,639	1,495,669

The outstanding balances with related parties at the reporting period are disclosed in Notes 10 and 19 to the financial statements and are unsecured, interest-free, repayable on demand and are to be settled in cash, unless otherwise stated.

28. Contingent liabilities

(i) Corporate Guarantees

	Group 2021 RM	Group 2020 RM
Corporate guarantees to financial institutions for subsidiaries' banking facilities	7,152,586	7,585,385

Based on information currently available, the Group does not expect any liabilities to arise from the guarantees.

(ii) Legal claims

1. On 14 September 2021, a management consultancy company (the "Plaintiff") had commenced a legal suit for a sum of RM187,649 against a subsidiary of the Group, for monies due and owing to the Plaintiff pursuant to invoices issued for accounting services rendered.

   The Group's legal counsel is of the view that there are no actual or contingent liabilities that will arise from this legal suit. Accordingly, the Directors are of the view that there are no merits to the claim and hence, no provision of the claim has been made for the financial year ended 31 December 2021.

   In the same legal suit commenced by the Plaintiff, the Group had vide the said subsidiary counter claimed against the Plaintiff a sum of RM2,912,298 and SGD4,284 for compensation for the loss and damages arising from the Plaintiff's negligence and failure to discharge its contractual obligations and duties.

   The Directors are of the view that it is not possible to reasonably determine the extent and timing of possible inflow of economic benefit. Accordingly, these claims are not recognised in these financial statements.

2. On 8 November 2021, a third-party vendor (the "Plaintiff") had commenced a legal suit against a subsidiary of the Group, for alleged outstanding annual guaranteed sum, monthly royalties and consumables cost amounting to RM297,340 pursuant to a License Agreement executed between both parties.

   The Directors are of the view that there are merits to the claim and both parties are in the midst of finalizing a settlement for an amount lower than the claim. On 6 April 2022, both parties have agreed to a sum of RM180,000 as full settlement and this cost has been duly provided as at 31 December 2021.

3. On 25 May 2021, a subsidiary of the Group received a letter of demand for a sum of RM102,000 from a third-party vendor (the "Plaintiff") for alleged non-payment of services rendered. Parties had exchange correspondence from May 2021 to December 2021 stating their positions.

   On 7 February 2022, the Plaintiff had commenced a legal suit against the subsidiary of the Group for the sum of RM102,000, which comprise mainly outstanding rental for vehicle transportation including costs for reinstatement of the vehicles to their initial state and interests.

   The legal counsel had advised that there are no merits to the claim and hence, the Directors are of the view that no provision of the claim is required for the financial year ended 31 December 2021.

(iii) Appeal commenced by a subsidiary of the Group

On 29 July 2020, the subsidiary of the Group received a notice of assessment from Inland Revenue Board for additional tax assessment for the years 2013, 2014, 2015, 2016 and 2017.

On 27 August 2020, the subsidiary filed an appeal to the Special Commissioners of Income Tax against this additional assessment imposed by Inland Revenue Board as the subsidiary being a theme park operator had obtained tax incentives for its tourism project "Escape Adventureplay" from the Malaysian Investment Development Authority on 24 May 2014.

In August 2021, while waiting for the outcome of the appeal, the subsidiary received a notice of installment payments schedule from the Inland Revenue Board for the additional tax payment. Accordingly, the additional tax assessment amounting to RM3,862,029 has been fully recognized during the financial year, as an 'under provision of current income tax in prior financial years' (Note 25).

As at the date of this report, the Directors are still waiting for the outcome of the appeal.

29. Segment information

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has two primary business segments, which is that of theme park operations and events and royalty income derived from relevant cooperation agreements entered with the Group's customers. Revenue from theme park operations and events is derived from ticketing, food and beverages, merchandising sales and locker sales from operating theme parks in Malaysia. Revenue from royalty income is derived through the licensing of the "Sim Leisure" brand name to the Group's customers.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before income tax, as included in the internal management reports that are reviewed by the CEO. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Theme Park	Royalties	Total reporting segment
	RM	RM	RM
Sales to external parties	12,183,362	5,510,019	17,693,381
Adjusted earnings before interest, tax, depreciation and amortisation ("**EBITDA**")	1,992,885	5,260,804	7,253,689
Depreciation and amortisation	7,449,865	-	7,324,068
Interest expense	2,546,490	-	2,546,490
Other material non-cash items:			
- Impairment loss on trade receivables	491,694	222,520	714,214
Reportable segment assets	122,136,530	5,282,657	127,419,187
Reportable segment liabilities	(66,096,254)	(882,252)	(66,978,506)

Reconciliation

i. Segment profits

A reconciliation of adjusted EBITDA to profit before tax is as follows: -

	2021
	RM
Adjusted EBITDA for reportable segments	7,253,689
Adjusted EBITDA for other segments	(1,931,930)
Depreciation and amortisation	(7,449,865)
Interest expense	(2,546,490)
Consolidated loss before tax	(4,674,596)

29. Segment information (Continued)

ii. Segment assets

The amounts reported to CEO with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than assets associated with other reporting segments.

Segments assets are reconciled to total assets as follows: -

	2021
	RM
Segments assets for reportable segments	127,419,187
Other reporting segments	6,778,697
Total assets	134,197,884

iii. Segment liabilities

The amounts provided to CEO with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than liabilities associated with other reporting segments.

Segments liabilities are reconciled to total liabilities as follows: -

	2021
	RM
Segments liabilities for reportable segments	(66,978,506)
Other reporting segments	(596,536)
Total liabilities	(67,575,042)

Geographical information

The Group's revenue and assets are mainly derived from Malaysia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on geographical location of the assets.

	2021
	RM
Revenue	
Singapore	5,202,276
Malaysia	12,183,362
China	307,743
Consolidated revenue	17,693,381
Total assets	
Singapore	12,061,354
Malaysia	122,136,530
Consolidated total assets	134,197,884

In the previous financial year, the Group had only one primary business segment and did not present comparative segment information.

Major customers

Revenue from one customer of the Group's royalty segment represents approximately RM5,202,276 (2020: Nil) of the Group's total revenue. Due to the diverse base of customers visiting the theme parks, the Group is not reliant on any customer for its revenue and no one single customer accounted for more than 10% of the Group's total revenue for the financial years ended 31 December 2021 and 2020.

30. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks and liquidity risks arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rate and foreign exchange rate.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

30.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risks. The Group does not hold any collateral.

The Group's major classes of financial assets are trade and other receivables, cash and cash equivalents and short-term deposits.

Trade receivables

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

	Group	
	31 December 2021	31 December 2020
	RM	RM
Online payment portals and credit card issuers	487,145	299,108
Travel agencies	117,537	34,533
Sponsorship income receivable	83,911	576,060
Royalty	3,851,869	-
Others	86,465	38,277
	4,626,927	947,978

As at 31 December 2021 and 31 December 2020, approximately 86% and 81% of the Group's trade receivables from third parties were due from 3 and 4 customers respectively.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk and days past due. In calculating expected credit loss rates, the Group considers historical loss rates for each aging bracket of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

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

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

30.1 Credit risk (Continued)

	Group	
	31 December 2021 RM	31 December 2020 RM
Neither past due nor impaired	3,299,244	313,423
Past due less than 1 month	1,249,810	12,768
Past due 1 to 2 months	-	56
Past due over 2 to 3 months	-	47,647
Past due over 3 months	77,873	574,084
	4,626,927	947,978

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

Cash and cash equivalents

The Group held cash and cash equivalents of RM18,658,283 as at 31 December 2021 (2020: RM8,077,239). The cash and cash equivalents are held with banks and financial institutions which are currently rated Aa3 to A3, based on Moody's ratings.

The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At each reporting date, the Group did not expect any credit losses from non-performance by the counterparties.

Financial guarantee contracts

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks on subsidiaries' borrowings. The Group's maximum exposure in this is the maximum amount the Group could have to pay if the guarantee is called on. For the financial guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

30.2 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The ability of the Group and the Company to pay its debts as and when they fall due are dependent on the factors as detailed in Note 2.1 under the header, Impact of COVID-19.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group minimises liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet its working capital requirements.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay.

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

30.2 Liquidity risk (Continued)

Contractual maturity analysis

	Effective interest rate	Within one financial year	After one financial year but within five financial years	After five years	Total
	%	RM	RM	RM	RM
Group					
2021					
Trade and other payables	-	9,670,111	-	-	9,670,111
Amount due to a director	8%	807,039	4,785,000	-	5,592,039
Bank borrowings	3.5% to 6.83%	4,645,649	8,251,566	1,012,143	13,909,358
Lease liabilities	3.44% to 6.26%	2,320,738	9,551,894	45,708,536	57,581,168
		17,443,537	22,588,460	46,720,679	86,752,676
2020					
Trade and other payables	-	10,528,052	-	-	10,528,052
Amount due to a director	8%	2,207,995	5,246,000	-	7,453,995
Bank borrowings	3.5% to 6.60%	3,589,656	8,993,949	2,072,685	14,656,290
Lease liabilities	3.44% to 6.26%	2,244,476	9,503,408	48,078,567	59,826,451
		18,570,179	23,743,357	50,151,252	92,464,788
Company					
2021					
Trade and other payables	-	1,714,756	-	-	1,714,756
2020					
Trade and other payables	-	1,406,884	-	-	1,406,884

30.3 Market risk

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (foreign currency risk), interest rates (interest rate risk) or other market factors (other price risk).

Interest rate risk

The Group's results are affected by changes in interest rates due to the impact on interest expenses from borrowings which are at floating interest rates based on the banks' cost of funds. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

If the bank interest rates increases or decreases by 0.5%, the Group's profit or loss and equity will decrease or increase by approximately RM61,987 at 31 December 2021 (RM63,183 as at 31 December 2020), arising mainly as a result of higher or lower interest on floating rates for bank borrowings. The interest expense from bank borrowings are recognised as an expense under "Finance costs" line item in the consolidated statement of comprehensive income.

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

30.4 Foreign currency risk

Currency risk arises when transaction or balances are denominated in foreign currencies.

The Group's exposure to foreign currency risk relates primarily to trade and other receivables, cash and cash equivalents, borrowings and trade and other payables that are denominated in in a currency other than the respective functional currencies of the Group entities and the Company. The currencies giving rise to their risk are primarily the Singapore dollar ("**SGD**"), United States dollar ("**USD**") and China Renminbi ("**CNY**").

The Group and Company's exposures to foreign currencies are as follows:

Group	CNY RM	SGD RM	USD RM	Total RM
2021				
Cash and cash equivalents	-	9,526,329	9,502	9,535,831
Trade and other receivables	296,489	3,567,739	-	3,864,228
Trade and other payables	(310)	(300,451)	(95,499)	(396,260)
Borrowings	-	(4,064,145)	-	(4,064,145)
	296,179	8,729,472	(85,997)	8,939,654
2020				
Cash and cash equivalents	-	3,759,743	4,013	3,763,756
Trade and other payables	-	(667,069)	(366,618)	(1,013,687)
Borrowings	-	(4,459,919)	-	(4,459,919)
	-	(1,377,245)	(85,997)	(1,709,850)

Company	SGD RM	USD RM	Total RM
2021			
Cash and cash equivalents	8,977,842	9,503	8,987,345
Trade and other payables	(278,788)	-	(278,788)
	8,699,054	9,503	8,708,557
2020			
Cash and cash equivalents	3,270,145	4,013	3,274,158
Trade and other payables	(662,435)	-	(662,435)
	2,607,710	4,013	2,611,723

Sensitive analysis

A 5% strengthening of the relevant functional currency against the functional currency at the reporting date would increase/(decrease) profit before income tax as shown below. This analysis assumes that all other variables remain constant.

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Chinese Renminbi	(14,809)	-	-	-
Singapore dollar	(436,474)	68,862	(434,953)	(130,386)
United States dollar	4,300	16,630	(475)	(201)
	(446,983)	85,492	(435,428)	(130,587)

A 5% (2020: 5%) weakening of the relevant functional currency against the functional currency against the functional currency would have equal but opposite impact to the amounts shown above, on the basis that all other variables remain constant.

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

30.5 Capital management policies and objectives

The Group manages capital to ensure that the Group is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group will balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary.

The Group's overall strategy remains unchanged during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, trade and other payables, bank borrowings and lease liabilities less cash and cash equivalents. Total equity comprises of share capital plus reserves.

	Group	
	31 December 2021 RM	31 December 2020 RM
Trade and other payables	18,191,610	17,401,333
Bank borrowings (Note 17)	12,400,422	12,636,505
Lease liabilities (Note 18)	24,387,118	25,202,414
Less: Cash and cash equivalents (Note 12)	(18,658,283)	(8,077,239)
Net debt	36,320,867	47,163,013
Total equity	66,622,842	64,713,553
Total capital	102,943,709	111,876,566
Gearing ratio (%)	35.30%	42.20%

30.6 Fair value of financial assets and financial liabilities

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of non-current liabilities in relation to borrowings are disclosed in Note 17 to the financial statements.

	Group		Company	
	31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Financial assets				
Financial assets at amortised costs				
- Trade and other receivables	6,546,720	2,791,957	4,206,183	361,544
- Cash and cash equivalents	18,658,283	8,077,239	8,990,313	3,274,158
	25,205,003	10,869,196	13,196,496	3,635,702
Financial liabilities				
Other financial liabilities, at amortised cost				
- Trade and other payables	9,670,111	10,528,052	1,714,756	1,406,884
- Bank borrowings	12,400,422	12,636,505	-	-
- Lease liabilities	24,387,118	25,202,414	-	-
- Amount due to a director	5,592,039	5,333,995	-	-
	52,049,690	53,700,966	1,714,756	1,406,884

Statistics of Shareholdings

As at 22 March 2022

Authorised share capital	: S$55,360,320
Number of shares issued	: 165,365,200
Number of treasury shares and subsidiary holdings held	: Nil
Class of shares	: Ordinary shares
Voting shares	: One vote per share

Distribution of Shareholdings

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	0	0.00	0	0.00
100 - 1,000	6	12.00	3,300	0.00
1,001 - 10,000	12	24.00	88,900	0.05
10,001 - 1,000,000	24	48.00	4,330,595	2.62
1,000,001 and above	8	16.00	160,942,405	97.33
Total	50	100.00	165,365,405	100.00

Substantial Shareholders
(As shown in the Company's Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Sim Choo Kheng	91,434,730	55.29	-	-
Desamal Capital Sdn Bhd	42,562,700	25.74	-	-
Tan Boon Seng [(1)]	2,000,000	1.21	42,562,700	25.74

Note:

[(1)] The entire issued and paid-up share of Desamal Capital Sdn Bhd ("**DCSB**") is held by RHB Trustees Berhad as bare trustee for the SWY Trust, SWY Trust is a family trust and the named beneficiaries are Mr Tan Boon Seng, Mr Tan Boon Yao and Mr Tan Boon Wy ("**Named Beneficiaries**"). The Named Beneficiaries are also settlors of the SWY Trust. Mr Tan Boon Seng is the protector of the SWY Trust and has the power to, inter alia, remove and appoint a new trustee. Mr Tan Boon Seng is also in charge of operating the assets within the SWY Trust. Mr Tan Boon Seng is also a director of DCSB. By virtue of Section 4 of the Securities and Futures Act, Mr Tan Boon Seng is deemed to have an interest in all the shares in the Company held by DCSB.

Shareholdings Held in the Hands of the Public

Based on the information available to the Company as at 22 March 2022 and to the best knowledge of the Directors of the Company, approximately 15.83% of the issued ordinary shares of the Company was held by the public as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B : Rules of Catalist ("**Catalist Rules**"). Accordingly, the Company has complied with Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

Statistics of Shareholdings

Top twenty shareholders as at 22 March 2022

No.	Name	No. of Shares	% of Shares
1	Sim Choo Kheng	91,434,730	55.29
2	DB Nominees (Singapore) Pte Ltd	47,093,700	28.48
3	OCBC Securities Private Ltd	8,210,900	4.97
4	UOB Kay Hian Pte Ltd	5,751,800	3.48
5	Nomura Singapore Limited	2,393,300	1.45
6	DBS Nominees Pte Ltd	2,141,300	1.29
7	Yeoh Seng Hooi	2,013,375	1.22
8	BPSS Nominees Singapore (Pte.) Ltd.	1,903,300	1.15
9	ABN AMRO Clearing Bank N.V.	750,100	0.45
10	Silviya Georgieva Georgieva	665,395	0.40
11	Phillip Securities Pte Ltd	657,900	0.40
12	Sim Goay Heoh	637,000	0.39
13	CGS-CIMB Securities (Singapore) Pte Ltd	401,700	0.24
14	Sim Goay Hoon	303,800	0.18
15	Maybank Securities Pte. Ltd.	244,600	0.15
16	Lim Bee Pheng	115,000	0.07
17	Yeoh Bee Yee	80,000	0.05
18	Yeoh Chiew Lim	80,000	0.05
19	Ang Peng Hwa	79,000	0.05
20	Tan Wey Ling	74,100	0.04
	Total	**165,031,000**	**99.8**

SIM LEISURE GROUP LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201808096D)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of SIM LEISURE GROUP LTD. (the "**Company**", and together with its subsidiaries, the "**Group**") will be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Friday, 29 April 2022 at 2:00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the audited financial statements of the Company and the Group for the financial year ended 31 December 2021 ("**FY2021**"), together with the Auditor's Report thereon. **(Resolution 1)**

2. To note the retirement of Mr Tay Eng Kiat Jackson pursuant to Regulation 102 of the Company's Constitution who has decided not to offer himself for re-election at the AGM.

   [See Explanatory Note (i)]

3. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to the constitution of the Company ("**Constitution**") and who, being eligible, offer themselves for re-election, as Directors:

   Ms Silviya Georgieva Georgieva (Regulation 102) **(Resolution 2)**

   Ms Tan Hui Tsu (Regulation 108) **(Resolution 3)**

   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$130,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears FY2021: S$130,000. **(Resolution 4)**

5. To re-appoint Messrs UHY Lee Seng Chan & Co as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

7. **Authority to allot and issue shares in the capital of the Company** **(Resolution 6)**

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

(a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

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

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

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force, provided that:

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

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

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

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

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

and provided also that adjustments under sub-paragraphs (ii)(a) and (ii)(b) above are only to be made in respect of new Shares arising from

Instruments, convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being in force; and

(iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iii)]

8. **Authority to offer and grant options and to allot and issue Shares under the Sim Leisure Employee Share Option Scheme** **(Resolution 7)**

"That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant options in accordance with the provisions of the Sim Leisure Employee Share Option Scheme (the "**ESOS**") and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of options granted under the ESOS (including but not limited to the allotment and issuance of Shares at any time, whether during the continuance of this authority or thereafter, pursuant to options made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided that the aggregate number of Shares allotted and issued and/or issuable pursuant to the ESOS, the Sim Leisure Performance Share Plan and options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)]

9. **Authority to offer and grant awards and to allot and issue Shares under the Sim Leisure Performance Share Plan** **(Resolution 8)**

"That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards in accordance with the provisions of the Sim Leisure Performance Share Plan (the "**PSP**") and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of awards granted under the PSP (including but not limited to the allotment and issuance of Shares at any time, whether during the continuance of this authority or thereafter, pursuant to awards made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided that the aggregate number of Shares allotted and issued and/or issuable pursuant to the PSP, the ESOS and options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)]

10a. **The proposed renewal of the shareholders' general mandate for interested person transactions** **(Resolution 9)**

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, and or its subsidiaries, to enter into any of the transactions falling within the types of interested person transactions as set out in the Addendum to the Annual Report dated 14 April 2022 (the "**Addendum**") with the Mandated Interested Person described in the Addendum, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions as set out in the Addendum (the "**IPT General Mandate**");

(b) the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier; and

(c) the Directors be and are hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT General Mandate and/or this Resolution."

[See Explanatory Note (v)]

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

Chua Kern
Company Secretary
Singapore, 14 April 2022

Explanatory Notes:

(i) Following the retirement of Mr Tay Eng Kiat Jackson, the Board and the Nominating Committee are currently in the process of reviewing its composition and filling up the memberships of the Board Committees to ensure compliance with the Catalist Rules and the Code of Corporate Governance 2018 ("**Code**"), including but not limited to meeting (i) Rule 406(3)(c) of the Catalist Rules that independent directors must comprise at least one-third of the Board; (ii) Rule 704(7) of the Catalist Rules to fill the vacancy in the Audit Committee to meet the requirement of a minimum number of not less than three Audit Committee members within two months, but in any case not later than three months; (iii) the minimum requirement of Principle 2 (Guideline 2.2 & 2.3) of the Code which provides that independent directors and non-executive directors must make up a majority of the Board; and (iv) Principle 4 (Guideline 4.2) and Principle 6 (Guideline 6.2) of the Code which provides that the Nominating Committee and Remuneration Committee should each comprise at least three directors, majority of whom are independent;

(ii) Ms Silviya Georgieva Georgieva will, upon re-election as a Director, remain as the Executive Director of the Company.

Ms. Tan Hui Tsu will, upon re-election as a Director, remain as the Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee of the Company. Ms Tan Hui Tsu is considered independent by the Board of Directors of the Company for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Ms Tan Hui Tsu and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect her independence.

Detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) on the abovementioned Directors who are proposed to be re-elected at the AGM of the Company can be found in the Company's annual report 2021, in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement".

(iii) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the AGM of the Company until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments convertible into Shares, and to issue Shares in pursuance of such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to fifty per centum (50%) may be issued other than on a *pro rata* basis to the shareholders of the Company.

(iv) The Ordinary Resolutions 7 and 8 proposed in items 7 and 8 above, if passed, will empower the Directors from the date of the AGM of the Company until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares pursuant to the vesting of awards and the exercise of options under the PSP and ESOS respectively, when added to the number of Shares issued and issuable under other share- based incentives schemes or share plans of the Company shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

(v) The Ordinary Resolution 9 proposed in item 9 above, if passed, will authorise the Interested Person Transactions as described in the Addendum and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT general mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. As part of the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the Meeting will be held by way of electronic means and members will NOT be allowed to attend the AGM in person.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM of the Company to be held on Friday, 29 April 2022 at 2:00 p.m. (the "**Meeting**") are set out in the Company's announcement dated 14 April 2022 (the "**Announcement**"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be accessed at the URL https://www.simleisuregroup.com/announcements. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM in respect of the Meeting. Printed copies of this notice and the accompanying Annual Report and Proxy Form will NOT be sent to members.

   In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the Meeting 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 feed ("**AUDIO ONLY MEANS**") via telephone.

   For Shareholders who would like to observe the proceedings of the Meeting via LIVE WEBCAST, Shareholders will need to pre-register online at https://forms.gle/H7Cis6uAXRikMDKp7 and provide their personal particulars, no later than 2:00 p.m. on 26 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (the "**Registration Deadline**") to enable the Company to verify the Shareholders' status.

   For Shareholders who would like to listen to the proceedings of the Meeting via AUDIO ONLY MEANS, Shareholders will need to pre-register with the Company's Investor Relations team at https://forms.gle/H7Cis6uAXRikMDKp7 and provide their particulars, no later than the Registration Deadline to enable the Company to verify the Shareholders' status.

   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 or listen to the proceedings of the Meeting by 2:00 p.m. on 28 April 2022 (being 24 hours before the time appointed for the holding of the AGM). Shareholders who do not receive an email by 2:00 p.m. on 28 April 2022, but who have registered by the Registration Deadline, should contact the Company via email at investorrelations@simleisuregroup.com for assistance.

3. As the Company does not allow real-time remote electronic voting through an electronic voting system to take place at the Meeting, a member (whether individual or corporate) 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.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. 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 by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or
   b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at **main@zicoholdings.com**,

   in either case, by 2:00 p.m. on 26 April 2022 (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.

   A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it electronically via email to the email address provided above, or submitting it by post to the address provided above.

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.

6. 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.

7. 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 1967.

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 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 AGM, 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; and

(iv) 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.

SIM LEISURE GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201808096D)

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this form)

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.simleisuregroup.com/announcements. A printed copy of this proxy form will NOT be sent 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 AGM (as defined herein) are set out in the Company's announcement dated 14 April 2022 (the "**Announcement**"), which has been uploaded together with the Notice of AGM dated 14 April 2022 on SGXNet on the same day. The Announcement may also be accessed at the URL https://www.simleisuregroup.com/announcements. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 14 April 2022 in respect of the AGM.

2. A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM 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 AGM dated 14 April 2022.

*I/We ____(Name)_______________(NRIC/Passport

No./Company Registration No.) ____

of ____(Address)

being a *member/members of **SIM LEISURE GROUP LTD.** (the "**Company**", and together with its subsidiaries, the "**Group**"), hereby appoints the Chairman of the annual general meeting of the Company (the "**AGM**"), as *my/our proxy to vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means on Friday, 29 April 2022 at 2:00 p.m. and at any adjournment thereof.

*I/We direct the Chairman of the AGM to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as *my/our proxy will be treated as invalid.

All resolutions put to the vote at the AGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, 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 a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution.

No.	Resolutions relating to:	By way of poll		
		For	Against	Abstain
AS ORDINARY BUSINESS				
1.	Adoption of the Directors' Statement and the audited financial statements of the Company and the Group for the financial year ended 31 December 2021 ("**FY2021**"), together with the Auditor's Report thereon			
2.	Re-election of Ms Silviya Georgieva Georgieva as a Director of the Company			
3.	Re-election of Ms Tan Hui Tsu as a Director of the Company			
4.	Approval of the payment of Directors' fees of S$130,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears			
5.	Re-appointment of Messrs UHY Lee Seng Chan & Co as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
AS SPECIAL BUSINESS				
6.	Authority to allot and issue shares in the capital of the Company			
7.	Authority to offer and grant options and to allot and issue shares in the capital of the Company under the Sim Leisure Employee Share Option Scheme			
8.	Authority to offer and grant awards and to allot and issue shares in the capital of the Company under the Sim Leisure Performance Share Plan			
9.	Approval of the proposed renewal of the shareholders' general mandate for Interested Person Transactions			

Dated this ___________ day of _______________________ 2022

Total number of Shares in:	No. of Shares
(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 ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (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 AGM as proxy shall be deemed to relate to all the Shares held by you.

2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. As part of the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the Meeting will be held by way of electronic means and members will NOT be allowed to attend the AGM in person.

3. As the Company does not allow real-time remote electronic voting through an electronic voting system to take place at the Meeting, a member (whether individual or corporate) 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.

4. This instrument appointing the Chairman of the AGM as proxy must:

   (a) if sent by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or

   (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

   in either case, by 2:00 p.m. on 26 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (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. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.

   (i) 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.

   (ii) 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.

6. 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 AGM, in accordance with Section 179 of the Companies Act (1967) 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.

7. 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 AGM to act as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM.

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 AGM (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 AGM dated 14 April 2022.

SIM LEISURE GROUP LTD
138 Robinson Road
#26-03 Oxley Tower
Singapore 068906

Tel: (65) 6236 9353
www.simleisuregroup.com