



REDEFINING
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Corporate Governance Report and Financial Report

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

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST 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.

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



Corporate Profile

Sim Leisure Group Ltd. is a developer and operator of theme parks based in Malaysia. The Group is a retro-co 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 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,

The financial year ended 31 December 2020 ("FY2020") was a very tumultuous year for theme parks. As nations impose lockdowns and travel restrictions in response to the COVID-19 pandemic, the tourism and leisure industry came to a standstill and theme parks had to cease operations for months. However, this challenging year has presented many opportunities for us to seize, and allowed us to demonstrate that our business model can succeed through arduous times.

Resilience and Grit

Our disruptive and cost-competitive business model has demonstrated its ability to withstand the financial impediment of reduced revenue brought on by the COVID-19 pandemic. Our parks' asset-light setup and low maintenance costs have sustained us through the months of closure during the Movement Control Order imposed by the Malaysian Government to curb the spread of virus.

Our theme parks' orientation towards the domestic population has also positioned us well throughout this COVID-19 pandemic as international tourism ceased altogether. Domestic visitors comprise up to 80% of ESCAPE theme parks' customers in the years prior and the travel restrictions have forced many to explore local destinations for leisure and vacation. Barring unforeseen circumstances, we expect a fast recovery of the number of visitors to our theme parks once the economic situation returns to normal.

While many hotels and attractions permanently closed during FY2020, we still managed to open our first indoor theme park, ESCAPE Challenge, to the public in August 2020. Located at Paradigm Mall in the Klang Valley, ESCAPE Challenge reflects the growing trend of traditional shopping centres evolving into lifestyle and recreation centres. We are seeing a growing demand for healthy family entertainment like ESCAPE Challenge across the region, showing much potential for this business model.

For FY2020, we recorded a gross profit of approximately RM699,000. We are seeing the demand for our theme parks turning in our favour, as reflected in the tourism and leisure industry's changing trend and interest from many investors.

Successful acquisition of KidZania Kuala Lumpur

In December 2020, we completed the acquisition of Rakan Riang Sdn Bhd ("Rakan Riang") from Themed Attractions and Resorts Sdn Bhd (a subsidiary of Themed Attractions Resorts & Hotels Sdn Bhd (a resort operator), which in turn, is a subsidiary of Khazanah Nasional Berhad) and property rental and investment firm, Boustead Curve Sdn Bhd (a subsidiary of Boustead Holdings Berhad).

An authorised licensee of "KidZania", Rakan Riang operates the 80,000 square feet indoor educational and entertainment centre - KidZania Kuala Lumpur, which is located at The Curve NX at Petaling Jaya, Malaysia. "KidZania" is an interactive city combining learning and fun through realistic role-play activities where children role-play a variety of professions such as pilot, firefighter, doctor and news anchor. It is an internationally renowned brand, welcoming over 9 million visitors yearly in 27 facilities across 20 countries¹.

¹ KidZania Corporate Website (www.kidzania.com)



The business model of “KidZania” has proven successful since its inception in 1999 in Mexico City, which influenced our decision to acquire Rakan Rieng. We are currently revamping KidZania Kuala Lumpur’s operations with changes to the management and the formation of new partnerships.

Barring unforeseen circumstances, we expect KidZania Kuala Lumpur to enjoy similar success as its sister operations globally and aspire to expand this footprint into other ASEAN locations and perhaps, China too.

Update on ESCAPE Sri Lanka

The COVID-19 pandemic has hindered our overseas progress and put matters on hold. To recap, in April last year, we signed a definitive shareholder agreement with Sri Lankan-listed Elpitiya Plantations PLC (“Elpitiya”) and Venture Valley (Pvt) Limited (“Venture Valley”). The agreement is in relation to the share capital and operations of Venture Valley as a strategic joint venture company between the Company and Elpitiya to develop and operate the ESCAPE brand of theme parks in Sri Lanka. The joint-venture will see us operate ESCAPE Sri Lanka between the capital city of Colombo and the main beach resort of Galle. Construction work for ESCAPE Sri Lanka has been put on hold due to the COVID-19 pandemic, but is expected to restart when borders reopen and international travel resumes.

With Sri Lanka’s international tourism plummeting last year, we see the same trend of the island republic’s leisure industry shifting gears towards domestic population. Key industry players in Sri Lanka have begun addressing this in major dialogues via webinars such as ‘How to Attract and Gain Repeat Local Visitors Right Now’ hosted by Sri Lanka Tourism Alliance, a prominent coalition of private-sector entities in the travel business in September 2020. This shift in Sri Lanka’s leisure landscape raises optimism that our ESCAPE brand will see vast potential for success.

Cooperation agreements and licensing fees via Sim Leisure Creative

In December 2020, Sim Leisure Creative Pte Ltd (a 60%-owned subsidiary of the Company) entered into a cooperation agreement with Sim Leisure Gulf Contracting L.L.C., a Dubai-based theme park designer and contractor which has developed a reputation of completing major theme park projects in Asia, the Middle East and Europe. This cooperation agreement is similar in nature to the one which we have entered into with China-based Guangzhou Daxin Water Park Equipment Co., Ltd in April last year, to monetize the goodwill that the “Sim Leisure” name has acquired over the years in the leisure and theme park industries via the granting of our IP rights to the theming business. With over 30 years of experience in the theme park industry, as the Executive Director and CEO of the Company, I have established the “Sim Leisure” corporate name and built a reputable track record through my involvement in more than 100 major projects worldwide building and managing theme parks. As such, we expect to see a new stream of income for the Group through these licensing arrangements.

New board member from strategic shareholder

We would like to welcome our new Board member, Mr Tan Boon Seng, who joined us in June 2020. Boon Seng represents Tropika Kiara Sdn Bhd (which is held by the Tan family in Malaysia), our strategic shareholder who owns approximately 18.18% of the Company. The Tan family operates one of the largest restaurant chains in Malaysia under several renowned brands such as Dragon-I, Canton-I, Hominsan, Ren and Japanese franchise Yayoi.

We see our strategic shareholder as a potential key partner in future strategic alliances in new business opportunities such as the acquisition of Rakan Riang, whereby Boon Seng extended a loan to the Group to fund the acquisition of Rakan Riang. There will be other prospective ventures going forward that could see further collaboration and we are excited to have Boon Seng on the Board.

New opportunities on the horizon

FY2020 has presented many opportunities in spite of the global COVID-19 pandemic. The evolving trend of tourism and leisure in the past year is tremendously promising for our business model as seen by the numerous invitations to develop and operate ESCAPE outdoor and indoor theme parks domestically and abroad by investors. As soon as international borders reopen, our foray of expanding the ESCAPE brand locally, regionally and internationally in Sri Lanka and China will continue.

Appreciation

On behalf of the Board, I would like to extend our gratitude to our shareholders for their support and belief in us as we head towards new horizons in the coming year. Looking back to the turbulent year, we have managed to fortify our business in the face of adversity and enlarge our footprint further into the business.

I would also like to say 'thank you' to our management team, our staff, business partners, associates and colleagues for their patience, assistance and teamwork in all of our ventures. Without them, Sim Leisure would not endure the trials and persist in our growth and development.

Sim Choo Kheng
Founder, Executive Director and CEO



Board of Directors



*From left to right:
Sim Choo Kheng, Silviya Georgieva Georgieva, Chung Yew Pong, Tay Eng Kiat Jackson, Yong Oi Ling, Tan Boon Seng*

Sim Choo Kheng Founder, Executive Director & CEO

Sim Choo Kheng is our Executive Director and Chief Executive Officer, and was appointed to our Board on 8 March 2018. Mr Sim has devoted 31 years of his life 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 built Sim Leisure 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 Georgieva

Executive Director

Silviya Georgieva is our Executive Director and was appointed to our Board on 24 December 2018. She has been with Sim Leisure since 2006 and is instrumental in successfully implementing strategy for Quality Control and the 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. Silviya 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.

Silviya 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.

Chung Yew Pong

Independent Director

Chung Yew Pong is our Independent Director and was appointed to our Board on 24 December 2018. He is currently the Executive Director of Incitable Digital Asia Sdn Bhd and Cadence Venture Capital Sdn Bhd since May 2017 and October 2018 respectively. Incitable Digital Asia Sdn Bhd specializes in investment and consulting while Cadence Venture Capital Sdn Bhd is in the business of venture capital management.

Mr Chung has more than 21 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, the ASEAN Chartered Professional Accountants and Singapore Institute of Directors, a Council member and Fellow at CPA Australia and a Fellow at Chartered Institute of Management Accountants (United Kingdom).

Tay Eng Kiat Jackson

Chairman and Independent Director

Tay Eng Kiat Jackson is our Chairman and Independent Director, and was appointed to our Board on 30 October 2018.

Mr Tay has more than 18 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.

Yong Oi Ling

Independent Director

Yong Oi Ling is our Independent Director and was appointed to our Board on 24 December 2018. She is currently 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 31 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 to over 200 personnel in five countries including Singapore, Malaysia, Thailand, Indonesia and Hong Kong.

Tan Boon Seng

Non-Independent Non-Executive Director

Tan Boon Seng 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 latest Chinese restaurant chains in Malaysia with 32 outlets. There are three other brands within the chain (i.e. 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. He is the Executive Director of Widetech (M) Berhad (listed on Bursa Malaysia), which is a precision springs manufacturer, and is also involved in various activities including the supply of consumer products and hotel operations.

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.

Key Management



Milan Vanek Director of Safety

Milan 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 14 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.

Milan 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. Milan 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.

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

Johann Lim Noordin Operations Manager

Johann Lim Noordin is our Operations Manager since May 2020. He is responsible for ESCAPE Theme Park's day-to-day operations. He joined our 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, where he oversaw the construction of ESCAPE Waterplay in Penang from April 2016 to September 2017.

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 reduced by 56% or RM12.28 million, from RM21.86 million in the financial year ended 31 December 2019 ("FY2019") to RM9.58 million in the financial year ended 31 December 2020 ("FY2020"). The decrease was due to the drop in visitors to the Group's theme parks as a result of the COVID-19 pandemic and the closure of these theme parks for approximately 4.5 months in FY2020 during the Movement Control Order ("MCO") imposed by the Malaysian Government to curb the spread of the virus.

Cost of sales increased by 3% or RM0.25 million, from RM8.63 million in FY2019 to RM8.88 million in FY2020. Cost of sales remained relatively stable for both FY2020 and FY2019, notwithstanding the decrease in revenue as most of the cost of sales (such as staff costs) are largely fixed in nature. The marginal increase was mainly contributed by the completion of the acquisition of a subsidiary Rakan Riang Sdn Bhd ("RRSB").

Gross profit reduced by 95% or RM12.53 million, from RM13.23 million in FY2019 to RM0.70 million in FY2020, with gross profit margin declining from 61% in FY2019 to 7% in FY2020. The decline was mainly due to the drop in visitors to the Group's theme parks.

Other income increased significantly by RM17.34 million, from RM0.01 million in FY2019 to RM17.35 million in FY2020. The increase was mainly due to (i) a gain on bargain purchase of RM16.69 million arising from the acquisition of RRSB which consisted of a waiver of debt of RM14.05 million as stipulated under the sale of shares agreement, (ii) wage subsidy of RM0.18 million received from the Malaysian Government's wage subsidy program to relieve staff costs incurred by companies during the MCO period in FY2020, (iii) discounts obtained from lessor of the Group's leasehold property of RM0.15 million in FY2020 and (iv) gain on disposal of RM0.12 million arising from the disposal of business operation of a subsidiary to its minority shareholders in FY2020.

Administrative and other expenses reduced by 22% or RM2.34 million, from RM10.74 million in FY2019 to RM8.37 million in FY2020. The decrease was mainly due to the decrease in (i) administrative staff costs as a result of cost cutting measures implemented by the management of the Group to combat the impact of the COVID-19 pandemic; and (ii) other categories of administrative expenses mainly due to the aforementioned closure of the theme parks due to the MCO imposed by the Malaysian Government in FY2020.

Finance costs increased significantly by RM1.00 million, from RM0.40 million in FY2019 to RM1.40 million in FY2020. The increase in finance costs was mainly due (i) additional loan drawdown for working capital purpose of the Group; and (ii) higher interest rates incurred due to restructuring of a loan during the year to reduce the Group's capital repayment obligations.

Profit for the year

The Group recorded a profit after tax of RM8.46 million in FY2020, as compared to a profit after tax of RM0.23 million in FY2019. Excluding one-off bargain purchase of RM16.69 million from an acquisition of a subsidiary, the Group would have made a loss after tax of RM8.23 million in FY2020.

Comparing the operational performance of the theme parks for FY2020 and FY2019, excluding the one-off bargain purchase of RM16.69 million from an acquisition of a subsidiary, government wage subsidy of RM0.18 million, discounts obtained from Group's leasehold property of RM0.15 million and gain on disposal of RM0.12 million arising from the disposal of business operation of a subsidiary and the expenses incurred by the ultimate holding company to maintain listing status on SGX (comprising Directors' fees, audit fees, sponsorship and other compliance fees) of RM1.58 million in FY2020, the Group would have recorded a loss after tax generated purely from its operations of the theme parks of RM7.10 million in FY2020, as compared to profit after tax of RM5.57 million in FY2019.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets, which comprised plant and equipment, right-of-use ("ROU") assets and deferred tax assets, increased by 65% or RM45.39 million, from RM69.46 million as at 31 December 2019 to RM114.85 million as at 31 December 2020. The increase was mainly due to acquisition of a subsidiary.

Current assets

The Group's current assets increased by 94% or RM5.84, from RM6.21 million as at 31 December 2019 to RM12.05 million as at 31 December 2020. This was mainly due to an increase in cash and cash equivalents of RM4.07 million due to additional loan drawn down in FY2020 for working capital purposes, increase in inventories and trade and other receivables of an aggregate of RM2.17 million arising from the completion of the acquisition of RRSB on 7 December 2020 ("RRSB Completion"), partially offset by a decrease in prepayments of RM0.63 million due to the charge out of prepaid expenses.

Equity

The Group's equity increased by 25% or RM13.12 million, from RM51.59 million as at 31 December 2019 to RM64.71 million as at 31 December 2020. The increase was due to (i) the issuance of new shares by the Company (share capital of RM9.07 million) via a private placement completed in May 2020; and (ii) the profit recorded for the year of RM8.46 million, partially offset by the payment of dividends of RM4.02 million with respect to FY2019 during FY2020.

Non-current liabilities

The Group's non-current liabilities increased by 145% or RM26.24 million, from RM18.12 million as at 31 December 2019 to RM44.36 million as at 31 December 2020. The increase was due to an increase in (i) lease liabilities of RM14.25 million in relation to ROU assets arising from the RRSB Completion; (ii) borrowings of RM3.60 million due to drawdown of additional loan in FY2020 for working capital purposes; (iii) amount due to a Director of RM3.55 million as a result of the non-current portion of an interest-bearing loan extended by such Director for the acquisition of RRSB; (iv) provision for restoration costs and contract liability of RM4.12 million and of RM0.49 million, respectively, arising from the RRSB Completion; and (v) deferred tax liabilities of RM1.10 million due to the increase in fixed assets of the Group arising from the RRSB Completion which resulted in higher depreciation charges of fixed assets being incurred.



Current liabilities

The Group's current liabilities increase by 199% or RM11.87 million, from RM5.96 million as at 31 December 2019 to RM17.83 million as at 31 December 2020. The increase was mainly due to an increase in (i) lease liabilities of RM0.95 million in relation to ROU assets as well as trade and other payables of RM8.67 million, arising from the RRSB Completion; (ii) borrowings of RM0.79 million due to drawdown of loan for working capital purposes; and (iii) amount due to a Director of RM1.78 million as a result of the current portion of an interest-bearing loan extended by such Director for the acquisition of RRSB. The income tax payable decreased from RM0.33 million as at 31 December 2019 to NIL as at 31 December 2020, due to repayment made in FY2020.

Working capital position

The Group recorded a negative working capital position of RM5.78 million as at 31 December 2020, as compared to a positive working capital position of RM0.25 million as at 31 December 2019.

As at 31 December 2020, the Group had available and unutilised RM1.70 million loan that the Group can draw down from a Director for the Group's working capital purposes as per a loan agreement dated 20 November 2020 entered into between the Group and such Director. Please refer to the Company's announcement dated 24 November 2020 for more information.

The Group entered into a cooperation agreement dated 9 December 2020 with Sim Leisure Gulf Contracting L.L.C. ("SL Gulf"), for allow SL Gulf an exclusive, non-transferable and non-assignable right to use the brand name and the authorized products (as stipulated under the cooperation agreement) for SL Gulf's business in certain areas, with an aggregated monthly income of R0.55 million. Please refer to the Company's circular

to shareholders dated 5 November 2020 for more information. Barring unforeseen circumstance, the Group expects to receive such cooperation fee as per the terms of aforesaid cooperation agreement in the current financial year ending 31 December 2021.

REVIEW OF THE GROUP'S CASH FLOW

Operating activities: Net cash used in operating activities for FY2020 was RM1.12 million, due to operating cash flows before changes in working capital of RM3.86 million, net increase in working capital of RM3.31 million and income tax paid of RM0.57 million. Changes in working capital were due to the (i) decrease in inventories of RM0.05 million; (ii) increase in trade and other receivables of RM0.97 million; and (iii) increase in trade and other payables of RM4.23 million.

Investing activities: Net cash used in investing activities for FY2020 of RM9.42 million was due to (i) the purchase of plant and equipment in relation to the construction of ESCAPE Challenge at Paradigm Mall and improvement works for ESCAPE GravityPlay, as well as purchase of plant and equipment by RRSB, totaling RM7.37 million; and (ii) net cash outflow from acquisition of RRSB of RM2.04 million.

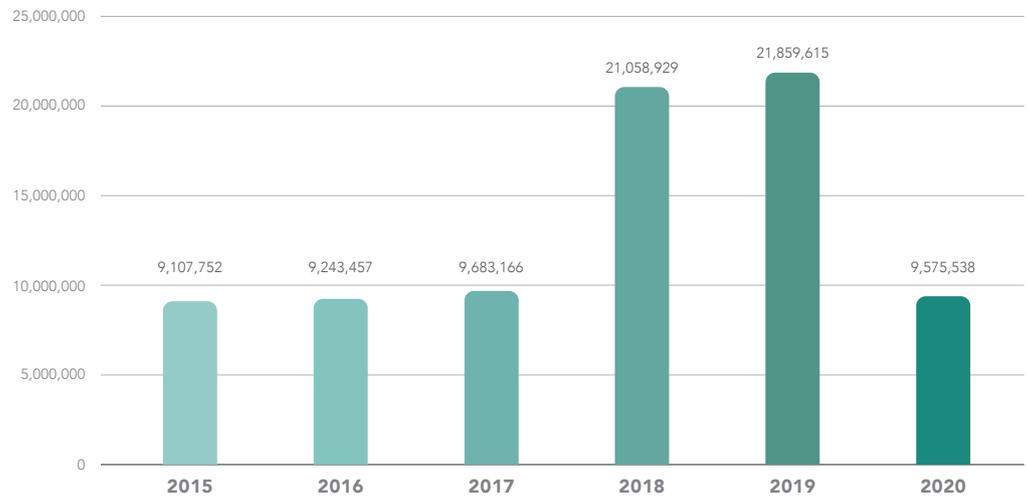
Net cash generated from **financing activities** for FY2020 of RM14.57 million was mainly from (i) the net proceeds from the issuance of new ordinary shares by the Company via a private placement of RM9.07 million; and (ii) net proceeds from the drawdown of an additional loan, proceeds from disposal of business operations, repayment of lease liability, totaling RM9.49 million, partially offset by dividends paid of RM4.03 million and deposits pledged and interest received, totaling RM0.04 million during the year.

As a result of the above, cash and bank balances increased by RM4.02 million, from RM3.00 million as at 1 January 2020 to RM7.03 million as at 31 December 2020.

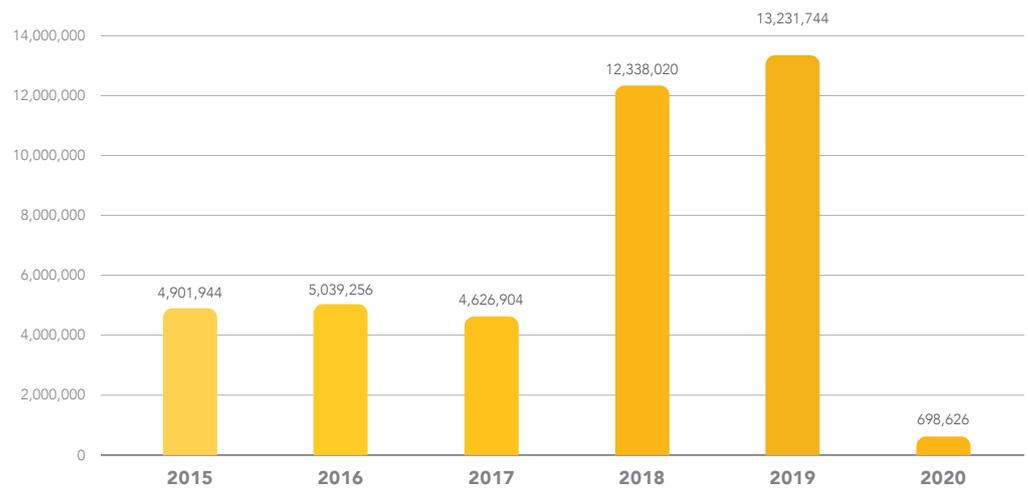
Financial Highlights



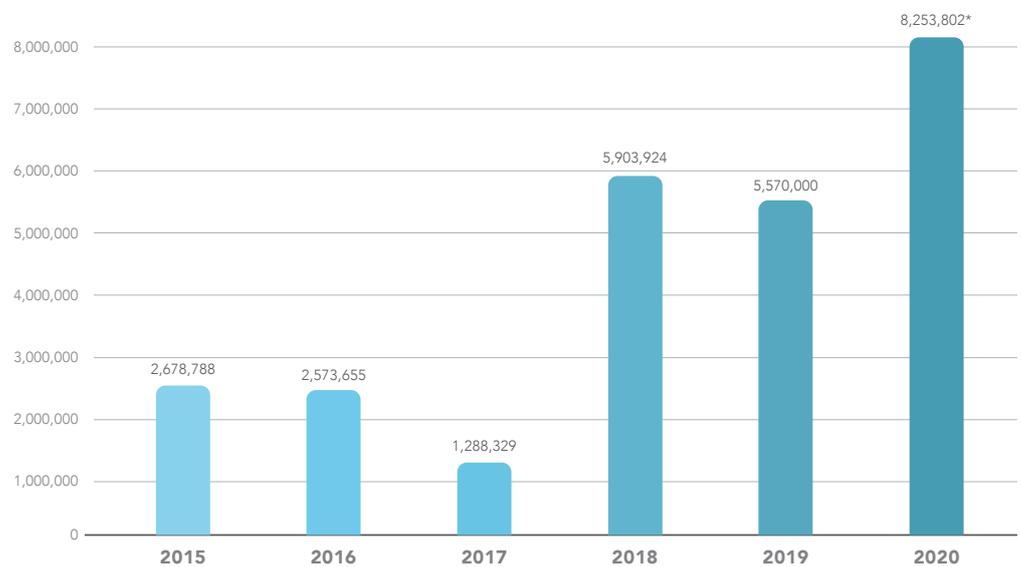
REVENUE (RM)



GROSS PROFIT (RM)



NET PROFIT (RM)



*Other income includes the bargain purchase from newly acquired subsidiary Rakan Riang Sdn Bhd of RM16.69 million.

Corporate Information



Company Registration Number

201808096D

Board of Directors

Sim Choo Kheng

Executive Director and CEO

Silviya Georgieva Georgieva

Executive Director

Tay Eng Kiat Jackson

Chairman and Independent Director

Chung Yew Pong

Independent Director

Yong Oi Ling

Independent Director

Tan Boon Seng

Non-Independent Non-Executive Director

Company Secretary

Chua Kern (LLB (Hons))

Registered Office

138 Robinson Road
#26-03, Oxley Tower
Singapore 068906
Tel: (65) 6236 9353

Share Registrar

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

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

ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544



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Corporate Governance Report

The board of directors (the “Board” or the “Directors”) and the management (“Management”) of Sim Leisure Group Ltd. (the “Company”, and 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 2020 (“FY2020”), 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 FY2020, 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.

1. BOARD MATTERS

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.

Corporate Governance Report

Provision 1.2

Directors understand the Company's business as well as their directorship duties (including their roles as Executive, Non-Executive and Independent Directors). The Company does not have a formal training programme for Directors but all new Directors will undergo an orientation in order to be provided with background information about the Group's history, strategic direction and industry-specific knowledge. The Directors will also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. The Company will also arrange for first-time Directors to attend relevant training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST and, if necessary, in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. The Company Secretary keeps records of the Directors' training on an annual basis. Upon appointment, the newly appointed Directors will be provided a formal letter setting out their duties and obligations.

Pursuant to the requirements of Rule 406(3)(a) of the Catalist Rules, save for Mr Tay Eng Kiat Jackson, our Directors at the time of the Listing (as defined below) did not have prior experience as directors of public-listed companies in Singapore prior to the Company's listing on the SGX-ST on 1 March 2019 ("Listing"). Whilst these Directors (other than Mr Tay Eng Kiat Jackson) had no prior experience as directors of public-listed companies in Singapore, in preparation for the Listing, all these Directors and relevant key management personnel of the Group attended a briefing conducted by ZICO Insights Law LLC of their roles and responsibilities as a director of a listed company. Each of these Directors (other than Mr Tay Eng Kiat Jackson) had also undertaken the training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules by the end of the first year of the Listing.

In FY2020, one of our Independent Directors, Mr Chung Yew Pong, attended the following courses:

- ACRA-SGX-SID Audit Committee Seminar jointly organised by ACRA (as defined below), the SGX-ST and Singapore Institute of Directors ("SID");
- Global Virtual Roundtable organised by SID; and
- The New Normal for Boards organised by SID.

Mr Tan Boon Seng ("Mr Tan"), Non-Executive Non-Independent Director, was appointed to the Board on 8 June 2020 (the "Appointment") and has no prior experience as a director of public-listed companies in Singapore. As at the date of this report, Mr Tan has attended the course - Corporate Liability under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 organised by PKF Malaysia, and also completed the following relevant training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules within the first year of the Appointment:

- Listed Entity Director Essentials organised by SID;
- Board Dynamics organised by SID;
- Board Performance organised by SID; and
- Stakeholder Engagement organised by SID.

As a newly appointed Director in FY2020, Mr Tan has undergone the aforesaid orientation to be provided with background information about the Group's history, strategic direction and industry-specific knowledge. The Company has also provided Mr Tan with a formal letter setting out his duties and obligations as a Director of the Company.

Corporate Governance Report

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.

Provision 1.3

The Board decides on matters that requires 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 year 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.

Corporate Governance 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, 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 FY2020 to review and discuss, amongst others, the financial performance of the Group in FY2020 and the unaudited half year and full year financial results announcements of the Group for FY2020. One (1) ad-hoc Board meeting was held on 23 March 2020 to discuss the update on the COVID-19 situation and Movement Control Order ("MCO") in Malaysia and the impact on the Group's business operations as well as the cash flow position of the Group. 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 FY2020 is as follows:

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

Notes:

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

⁽²⁾ Mr Tan Boon Seng was appointed as the Non-Executive Non-Independent Director with effect from 8 June 2020.

Corporate Governance Report

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.

Corporate Governance Report

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 FY2020 and as at the date of this report, the Board comprises six (6) 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	AC	AC
Sim Choo Kheng	Executive Director and Chief Executive Officer	-	-	-
Silviya Georgieva Georgieva	Executive Director	-	-	-
Tay Eng Kiat Jackson	Chairman and Independent Director	Chairman	Member	Member
Chung Yew Pong	Independent Director	Member	Member	Chairman
Yong Oi Ling	Independent Director	Member	Chairman	Member
Tan Boon Seng ⁽¹⁾	Non-Executive Non-Independent Director	-	-	-

Note:

⁽¹⁾ Mr Tan Boon Seng was appointed as Non-Executive Non-Independent Director with effect from 8 June 2020.

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 147,647,500. 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 FY2020.

Corporate Governance Report

For FY2020, save as disclosed above, the Independent Directors (namely Mr Tay Eng Kiat Jackson, Mr Chung Yew Pong and Ms Yong Oi Ling) 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 situation 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 FY2020.

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 and 2.3

The Chairman of the Board is an Independent Director. The six (6)-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 FY2020, with half 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.

Corporate Governance Report

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 group think 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	3	50%
Industry/Customer based-knowledge or experience	2	33%
Strategic planning experience	6	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 two (2) female Directors, one (1) of whom is an Executive Director 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.

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 FY2020, the Non-Executive Directors had one (1) meeting without the presence of the Management.

Corporate Governance Report

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 FY2020 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 contract 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 FY2020.

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.

Corporate Governance Report

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 FY2020 and as at the date of this report, the NC comprises three (3) Independent Directors, namely, Ms Yong Oi Ling (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 FY2020, 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.

Corporate Governance Report

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 Yong Oi Ling and Mr Chung Yew Pong, retiring under Regulation 102 of the Company's Constitution at the forthcoming AGM, as well as Mr Tan Boon Seng, 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. Each of Ms Yong Oi Ling and Mr Chung Yew Pong, 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 Yong Oi Ling 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. Mr Chung Yew Pong will, upon re-election as a Director, remain as Independent Director of the Company, Chairman of the RC and a member of the AC and the NC of the Company. The Board considers each of Ms Yong Oi Ling and Mr Chung Yew Pong to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Tan Boon Seng will, upon re-election as a Director, remain as Non-Executive Non-Independent Director of the Company.

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.

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.

Corporate Governance Report

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	<p><u>Present Directorships</u> Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> • 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
Silviya Georgieva Georgieva	Executive Director	24 December 2018	30 April 2019	<p><u>Present Directorships</u> Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> • 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

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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
Tay Eng Kiat Jackson	Chairman and Independent Director	30 October 2018	11 May 2020	<p><u>Present Directorships</u></p> <ul style="list-style-type: none"> • OUE Lippo Healthcare Limited • Sapphire Corporation Limited <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> • 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.
Chung Yew Pong	Independent Director	24 December 2018	30 April 2019 (shall retire and be subject to re-election at the forthcoming AGM)	<p><u>Present Directorships</u></p> <p>Nil</p> <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> • Incitable Digital Asia Sdn Bhd • Cadence Venture Capital Sdn Bhd

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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
Yong Oi Ling	Independent Director	24 December 2018	30 April 2019 (shall retire and be subject to re-election at the forthcoming AGM)	<u>Present Directorships</u> Nil <u>Other Principal Commitments</u> Nil
Tan Boon Seng	Non-Executive Non-Independent Director	8 June 2020	Not applicable (shall retire and be subject to re-election at the forthcoming AGM)	<u>Present Directorships</u> <ul style="list-style-type: none"> • Widetech (Malaysia) Berhad <u>Other Principal Commitments</u> <ul style="list-style-type: none"> • 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 (CS) Sdn Bhd • Dragon-I Restaurant (GP) Sdn Bhd • Dragon-I Restaurant (PV) Sdn Bhd • Dragon-I Restaurant (QM) Sdn Bhd • Dragon-I Restaurant (SC) 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 • Tong Hoi Seafood Restaurant (M) Sdn Bhd • Beyond Sensation Sdn Bhd • MH Leisure Sdn Bhd • EOM Systems Sdn Bhd • EOM Sdn Bhd • Jelang Utama Sdn Bhd • Pronto Property Sdn Bhd • Bukit Muhibah Sdn Bhd

Corporate Governance Report

Name of Director	Board Appointment	Date of First Appointment	Date of Last Re-election	Present Directorships in other Listed Companies and other Principal Commitments
				<ul style="list-style-type: none"> • Desamal Capital Sdn Bhd • Naika Sdn Bhd • Kumpulan Asita Sdn Bhd • Diplomat Technology Sdn Bhd • Terra Magic Sdn Bhd • Mobile Sentinel Sdn Bhd • Melati Sekutu Sdn Bhd • Pronto Generasi Sdn Bhd • Distinct Rich Sdn Bhd • Inspirasi Tepat Sdn Bhd • Paragon Crest Sdn Bhd • Perfect Radius 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 • EOM Sales Sdn Bhd • Goldwealth Capital Sdn Bhd • GW Premium Capital 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 • Wire Master Spring Sdn Bhd • Cold Jumbo Logistics Sdn Bhd • Nanmu Capital Sdn Bhd • Rakan Riang Sdn Bhd

Corporate Governance 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 Yong Oi Ling) are independent for FY2020.

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 FY2020. 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.

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.

Corporate Governance Report

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 FY2020 without the engagement of an external facilitator.

For FY2020, 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.

2. 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 FY2020 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 Yong Oi Ling.

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.

Corporate Governance Report

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 FY2020, the RC met on 26 February 2020 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 FY2020 and determined that there was no change to the Directors' fees for the Independent Directors. The Directors' fees for the Independent Directors for FY2020 were tabled by the RC to the Board for endorsement and recommendation to Shareholders for approval at the AGM held in May 2020. The RC had also reviewed and determined that there was no change to the remuneration of the key management personnel for FY2020.

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 FY2020.

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.

Corporate Governance Report

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 FY2020, 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 Director 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.

Corporate Governance Report

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. 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 2021 ("FY2021") (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 FY2020 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
Tay Eng Kiat Jackson	–	–	100	–	100
Yong Oi Ling	–	–	100	–	100
Chung Yew Pong	–	–	100	–	100
Tan Boon Seng ⁽¹⁾	–	–	–	–	–

Note:

⁽¹⁾ Mr Tan Boon Seng was appointed as Non-Executive Non-Independent Director with effect from 8 June 2020.

Corporate Governance Report

A breakdown, showing the level and mix of the top key management personnel (who are not Directors or the CEO) for FY2020, 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					
Seah Kheng Hong ⁽²⁾	100	–	–	–	100
Milan Vanek	100	–	–	–	100
Johann Lim Noordin	100	–	–	–	100

Notes:

⁽¹⁾ There are only three (3) key management personnel of the Group in FY2020.

⁽²⁾ Mr Seah Kheng Hong resigned as the CFO of the Group with effect from 18 June 2020.

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 FY2020.

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 FY2020.

Corporate Governance Report

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.

3. 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

For FY2020, the Board has received assurance from:

- (a) the CEO and the Executive Director ("ED"), who is 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.

Corporate Governance Report

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 ED 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 FY2020.

Audit Committee

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

Provisions 10.2 and 10.3

In respect of FY2020 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 Yong Oi Ling.

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 arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (h) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

Corporate Governance Report

- (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 CFO 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 changed its external auditors from BDO LLP to UHY Lee Seng Chan & Co during FY2020. BDO LLP resigned as external auditors of the Company with effect from 6 October 2020, and Shareholders approved the appointment of UHY Lee Seng Chan & Co as external auditors of the Company at the extraordinary general meeting of the Company held on 20 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 FY2020 was RM 238,731. There were no non-audit fees paid/payable to UHY Lee Seng Chan & Co for FY2020.

Corporate Governance Report

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 the nomination and appointment of UHY Lee Seng Chan & Co as the external auditors for the Company's audit obligations for FY2021 at the forthcoming AGM. The Board has accepted the recommendation of the AC in respect of the aforesaid nomination and re-appointment of UHY Lee Seng Chan & Co.

The Company confirms that Rule 712 and Rule 715 of the Catalist Rules in relation to the appointment of the audit firms of the Group have been complied with.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment 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	<p>The AC considered the external auditor's audit procedures to address this key audit matter, including evaluating the 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; obtaining an understanding of and performed 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.</p> <p>Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for purpose of the Board's approval of the financial statements for FY2020.</p>
Acquisition of a subsidiary	<p>The AC considered the external auditor's audit evaluation of key assumptions used by both Management and Management's expert in conducting the purchase price allocation in relation to the acquisition of a subsidiary.</p> <p>These procedures included: testing Management's assumptions used in value in use to calculate the fair value of the identified assets and liabilities and assessed the accuracy of the historical data used by Management as the basis of arriving at the estimated discounted future cash flows ("DCF"); reviewing the engagement terms entered into with the independent valuer to ascertain if there were any matters that may have affected the valuer's objectivity or placed limitations in the scope of their work; evaluating the qualifications and competence of the independent valuer; considering the valuation methodologies adopted; testing the integrity of inputs of the projected cash flows used in the valuation; challenging the cash flow forecasts used with comparison to recent information, historical trend analysis;</p>

Corporate Governance Report

Matter Considered	How the Audit Committee reviewed this matter and what decisions were made
	<p>and for key inputs used for the DCF such as discount rate and weighted costs of capital, ensuring the valuer has taken into consideration the general market outlook for the relevant industry, including comparing against comparable listed companies; and reviewing the sensitivity analysis over the assumptions and estimates performed by the valuers on the impact of a change(s) in the valuation variables such as the discount rate and/or the forecasted revenues that could reduce the recoverable amount (for impairment assessment) below the carrying amount.</p> <p>Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for purpose of the Board's approval of the financial statements for FY2020.</p>
<p>Impairment assessment of non-current assets</p>	<p>The AC considered the external auditor's audit procedures to address this key audit matter, including reviewing the appropriateness of the cash-generating units ("CGU") as defined by the management in accordance with SFRS(I) 1-36 Impairment of Assets; holding discussion 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 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.</p> <p>Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for purpose of the Board's approval of the financial statements for FY2020.</p>

Whistleblowing policy

The Company has implemented a Whistleblowing Policy which provides the mechanism for which employees of the Company may in confidence, raise concerns about possible improprieties of financial reporting or other matters. The Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns. The AC oversees the administration of the policy. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up. There were no whistleblowing reports received by the AC in FY2020.

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.

Corporate Governance Report

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 FY2020, 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 FY2020, the AC has met with the external auditors and the internal auditors once, without the presence of the Management.

4. 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 FY2020, due to the COVID-19 pandemic, the Company's AGM (in respect of FY2019) and EGM on 11 May 2020, and EGM on 20 November 2020 (collectively, the "2020 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 2020 General Meetings, detailing the alternative arrangements for each of the 2020 General Meetings. Voting at the 2020 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 2020 General Meetings via electronic means, and their questions in relation to any resolution set out in the said Notices of the 2020 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.

Corporate Governance Report

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 year 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 2020 General Meetings held in FY2020, 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 2020 General Meetings in view of the COVID-19 pandemic.

Save for Mr Tan Boon Seng who was appointed as a Director of the Company with effect from 8 June 2020 and hence, he was not present at the Company's AGM (in respect of FY2019) and EGM on 11 May 2020, all Directors were present virtually at the 2020 General Meetings. Save for the 2020 General Meetings, there were no other general meetings of the Company held during FY2020.

Provision 11.4

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

Provision 11.5

The proceeding 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 2020 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.

Corporate Governance Report

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 per cent of the Group's net profit attributable to owners of the parent in respect of FY2019 and FY2020. In respect of FY2020, the Board does not recommend any dividend payment for FY2020 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 and the MCO in Malaysia.

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 (Chapter 50) of Singapore. 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 year 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.

Corporate Governance Report

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.

5. 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 will be disclosed in the Group's first sustainability report for FY2020, which will be published by end 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/>.

Corporate Governance Report

6. INTERESTED PERSON TRANSACTIONS

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

All IPTs are reported in a timely manner to the AC and are subject to the review of the AC when a potential conflict of interest arises. The IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of 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 Group does not have a general mandate from Shareholders for IPTs pursuant to Rule 920 of the Catalist Rules. Notwithstanding this, the Group had entered into and will continue to enter into certain IPTs, details of which were duly disclosed in the Offer Document for the Listing, in the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions". The aggregate value of the IPTs above S\$100,000 entered into during FY2020 were as follows:

Name of Interested Person / Description of Transactions	Nature of Relationship	Aggregate value of all IPTs in FY2020 (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) (RM'000)	Aggregate value of all IPTs in FY2020 conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (RM'000)
Sim Leisure Consultants Sdn Bhd / Purchase of construction materials on behalf of the Group in respect of the Group's upgrading works of ESCAPE Gravityplay	Associate of Mr Sim Choo Kheng (Executive Director and CEO, as well as a controlling Shareholder) and Ms Silviya Georgieva Georgieva (Executive Director)	632	-
Sim Leisure Consultants Sdn Bhd / Purchase of construction materials on behalf of the Group in respect of the Group's upgrading works of ESCAPE Gravityplay	Associate of Mr Sim Choo Kheng (Executive Director and CEO, as well as a controlling Shareholder) and Ms Silviya Georgieva Georgieva (Executive Director)	898	-
Sim Leisure Consultants Sdn Bhd / Purchase of construction materials on behalf of the Group in respect of the Group's upgrading works of ESCAPE Gravityplay	Associate of Mr Sim Choo Kheng (Executive Director and CEO, as well as a controlling Shareholder) and Ms Silviya Georgieva Georgieva (Executive Director)	344	-

Corporate Governance Report

Name of Interested Person / Description of Transactions	Nature of Relationship	Aggregate value of all IPTs in FY2020 (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) (RM'000)	Aggregate value of all IPTs in FY2020 conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (RM'000)
Tan Boon Seng / Loan agreement entered into with Sim Leisure Escape Sdn Bhd ⁽¹⁾	Non-Independent Non-Executive Director of the Company, as well as a controlling Shareholder	1,880 ⁽²⁾	-
Total		3,754	-

Notes:

⁽¹⁾ The Company's wholly-owned subsidiary, Sim Leisure Escape Sdn. Bhd. ("SLE"), had on 20 November 2020, entered into a loan agreement (the "Loan Agreement") with Mr Tan Boon Seng (Non-Independent Non-Executive Director of the Company, as well as a controlling Shareholder) (the "Lender"). Pursuant to the Loan Agreement, the Lender has agreed to grant a loan in the principal amount of up to RM7.0 million in aggregate (the "Aggregate Loan Amount") to SLE, subject to the terms and conditions set out in the Loan Agreement ("Loan"). Please refer to the Company's announcements dated 24 November 2020 and 30 November 2020 (the "Loan Announcements") for more information on the Loan Agreement and the Loan.

⁽²⁾ Assuming that the Aggregate Loan Amount of RM7.0 million is fully drawn down on the date of the Loan Agreement at the interest rate of 8.00% per annum and repaid in accordance with the repayment schedule and the aggregate interest calculated based on such repayment, the transaction value of the Loan (being the aggregate interest payable on the Loan) is approximately RM1.9 million.

As at 31 December 2020, SLE has drawn down approximately RM5.3 million of the Aggregate Loan Amount pursuant to the Loan Agreement on 3 December 2020. Such outstanding loan amount owing to Mr Tan Boon Seng is interest-bearing at 8.00% per annum, which amounted to approximately RM33,995 as at 31 December 2020. Please refer to the Loan Announcements for information on the terms as to payment of interest and repayment of principal, as well as the security provided.

In addition, the Company's 60%-owned subsidiary, Sim Leisure Creative Pte Ltd, had on 9 December 2020, entered into a cooperation agreement with Sim Leisure Gulf Contracting L.L.C. (an associate (as defined in the Catalist Rules) of Mr Sim Choo Kheng (Executive Director and CEO, as well as a controlling Shareholder) ("Cooperation Agreement") as an interested person transaction. Please refer to the Company's circular to Shareholders dated 5 November 2020 for more information on the Cooperation Agreement. For FY2020, no cooperation fee in respect of the Cooperation Agreement has been recorded.

Save as disclosed above, there were no IPTs entered into between the Company or its subsidiary corporations and any of its interested persons exceeding S\$100,000 during FY2020.

7. 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 FY2020 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2019.

Corporate Governance Report

8. 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.

9. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees paid/payable to the Sponsor, ZICO Capital Pte. Ltd. for FY2020.

Corporate Governance Report

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 Mr Chung Yew Pong, Ms Yong Oi Ling and Mr Tan Boon Seng), who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
Date of first appointment	24 December 2018	24 December 2018	8 June 2020
Date of last re-appointment (if applicable)	30 April 2019	30 April 2019	Not applicable
Age	48	60	38
Country of principal residence	Malaysia	Singapore	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chung Yew Pong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Chung Yew Pong's qualifications, skills, expertise, past experiences, independence and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Yong Oi Ling as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Yong Oi Ling's qualifications, skills, expertise, past experiences, independence and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Tan Boon Seng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Tan Boon Seng's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Director, Chairman of the RC and a member of the AC and the NC of the Company	Independent Director, Chairman of the NC and a member of the AC and the RC of the Company	Non-Executive Non-Independent Director

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Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
Professional qualifications	<p>Bachelor of Commerce degree from Monash University</p> <p>Bachelor of Business (Hons) degree from Monash University</p> <p>Member of the Malaysian Institute of Accountants</p> <p>Member of the ASEAN Chartered Professional Accountants</p> <p>Member of Singapore Institute of Directors</p> <p>Council member and Fellow at CPA Australia</p> <p>Fellow at Chartered Institute of Management Accountants (United Kingdom)</p>	<p>CSQS from the Institute of Chartered Secretaries and Administrators London</p>	<p>Bachelor of Science in Finance from the University of Southern California</p>
Working experience and occupation(s) during the past 10 years	<p>April 2008 to July 2015: Partner of Netrove Partners Sdn Bhd</p> <p>August 2016 to April 2017: COO of Propellar Crowdplus Sdn Bhd</p> <p>May 2017 to Present: Executive Director of Incitable Digital Asia Sdn Bhd</p> <p>October 2018 to Present: Director of Cadence Venture Capital Sdn Bhd</p>	<p>August 2008 to November 2011: Head of Institutional Sales (Asia) of UOB Kay Hian Holdings</p> <p>October 2013 to March 2017: Regional Head of Institutional Equities of RHB Investment Bank</p> <p>November 2011 to Present: Executive Director and Chief Trainer of Liam Consultants Pte. Ltd.</p>	<p>November 2006 to Present: Chairman of Dragon-I Restaurant Sdn Bhd</p> <p>November 2014 to Present: Executive Director of Widetech (M) Berhad</p> <p>November 2016 to Present: Director of L&S Cosmetics and Toiletries (M) Sdn Bhd</p>
Shareholding interest in the listed issuer and its subsidiaries	32,000 shares in the Company (direct interest)	Nil	<p>1,000,000 shares in the Company (direct interest)</p> <p>25,845,000 shares in the Company (deemed interest via Desamal Capital Sdn. Bhd.)</p>

Corporate Governance Report

Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
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	As at the date of this report, Mr Chung Yew Pong is a shareholder of the Company, holding a direct shareholding interest of 32,000 ordinary shares in the Company, representing approximately 0.02% of the issued share capital of the Company.	No	<p>As at the date of this report, Mr Tan Boon Seng is a substantial shareholder of the Company, holding an aggregate shareholding interest (direct and deemed) of 26,845,000 ordinary shares in the Company, representing approximately 18.18% of the issued share capital of the Company.</p> <p>Mr Tan Boon Seng has deemed interest in 25,845,000 shares held by Desamal Capital Sdn. Bhd. The entire issued and paid-up share capital of Desamal Capital Sdn. Bhd. is held by RHB Trustees Berhad as bare trustee for SWY Trust, which is a family trust and Mr Tan Boon Seng is one of the named beneficiaries. Mr Tan Boon Seng is also the director of Desamal Capital Sdn Bhd.</p> <p>Mr Tan is also a director of Rakan Riang Sdn Bhd (a subsidiary of the Company).</p>
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

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Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
Other			
Past (for the last 5 years)	Directorships: 1. E.A.R. Services Sdn. Bhd. 2. MRuncit Commerce Sdn Bhd	Directorships: 1. Liam Consultants Sdn Bhd 2. Liam Consultants Pte. Ltd.	Directorships: 1. Total Maxpact Sdn Bhd 2. Jetspree Sdn Bhd 3. B Fitness Asia Sdn Bhd (ceased to be a Director in March 2018) 4. Alam Harmoni Sdn Bhd 5. Amped Fit Sdn Bhd 6. Lone Pine Resorts Berhad 7. Purerich Realty Bhd. 8. Bullish Outlet Sdn Bhd
Present	Directorships: 1. Incitable Digital Asia Sdn. Bhd. 2. Cadence Venture Capital Sdn Bhd	Directorships: NIL	Directorships: 1. Dragon-I Restaurant Sdn Bhd 2. Dragon-I Restaurant (1U) Sdn Bhd 3. Dragon-I Restaurant (BT) Sdn Bhd 4. Dragon-I Restaurant (CP) Sdn Bhd 5. Dragon-I Restaurant (CS) Sdn Bhd 6. Dragon-I Restaurant (GP) Sdn Bhd 7. Dragon-I Restaurant (PV) Sdn Bhd 8. Dragon-I Restaurant (QM) Sdn Bhd 9. Dragon-I Restaurant (SC) Sdn Bhd 10. Dragon-I Restaurant (SP) Sdn Bhd 11. Dragon-I Restaurant (TC) Sdn Bhd 12. Dragon-I Trading Sdn Bhd 13. Canton-I Sdn Bhd

Corporate Governance Report

Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
			Directorships: 14. CI Xpress (1U) Sdn Bhd 15. Canton-I (QM) Sdn Bhd Canton-I Express (LY) Sdn Bhd 16. Divine Kitchen Sdn Bhd 17. Yayoi Malaysia Sdn Bhd 18. Tong Hoi Seafood Restaurant (M) Sdn Bhd 19. Beyond Sensation Sdn Bhd 20. MH Leisure Sdn Bhd 21. EOM Systems Sdn Bhd 22. EOM Sdn Bhd 23. Jelang Utama Sdn Bhd 24. Pronto Property Sdn Bhd 25. Bukit Muhibah Sdn Bhd 26. Desamal Capital Sdn Bhd 27. Naika Sdn Bhd 28. Kumpulan Asita Sdn Bhd 29. Diplomat Technology Sdn Bhd 30. Terra Magic Sdn Bhd 31. Mobile Sentinel Sdn Bhd 32. Melati Sekutu Sdn Bhd 33. Pronto Generasi Sdn Bhd 34. Distinct Rich Sdn Bhd 35. Inspirasi Tepat Sdn Bhd 36. Paragon Crest Sdn Bhd 37. Perfect Radius Sdn Bhd 38. Citychemo Manufacturing Sdn Bhd 39.

Corporate Governance Report

Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
			Directorships: 40. L&S Cosmetics and Toiletries (M) Sdn Bhd 41. Good Virtues (M) Sdn Bhd 42. B Fitness Asia Sdn Bhd (re-appointed on 20 August 2019) 43. Macro System Consultancy Sdn Bhd 44. Alipt Sdn Bhd 45. Peh and Tan Construction Sdn Bhd 46. EOM Sales Sdn Bhd 47. Goldwealth Capital Sdn Bhd 48. GW Premium Capital Sdn Bhd 49. Bullish Aim Sdn Bhd 50. Bullish Aim Technologies Sdn Bhd 51. OEC Freight Sdn Bhd 52. Orient Containers Sdn Bhd 53. Sanbos (Malaysia) Sdn Bhd 54. Somnium Capital Sdn Bhd 55. Tan Teck Jooi & Sons Sdn Bhd 56. Widetech (Malaysia) Berhad 57. Wire Master Spring Sdn Bhd 58. Cold Jumbo Logistics Sdn Bhd 59. Nanmu Capital Sdn Bhd 60. Rakan Riang Sdn Bhd

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Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
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	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	No
(c) Whether there is any unsatisfied judgment against him?	No	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	No

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Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
(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	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	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	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	No

Corporate Governance Report

Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
(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	No
<p>(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?</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No

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Name of Director	Chung Yew Pong	Yong Oi Ling	Tan Boon Seng
(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	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.	Yes Mr Chung Yew Pong is currently a director of the Company.	Yes Ms Yong Oi Ling is currently a director of the Company.	Yes Mr Tan Boon Seng is currently a director of the Company.
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.	Not applicable.

Directors' 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 2020 and the statement of financial position of the Company as at 31 December 2020.

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 2020, 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
Chung Yew Pong
Silviya Georgieva Georgieva
Yong Oi Ling
Tan Boon Seng (Appointed on 8 June 2020)

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.

Directors' Statement

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, Chapter 50 (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
	<u>No. of ordinary shares</u>		<u>No. of ordinary shares</u>	
The Company				
Sim Leisure Group Ltd.				
Sim Choo Kheng	104,606,230	91,183,730	-	-
Silviya Georgieva Georgieva	665,395	665,395	-	-
Chung Yew Pong	32,000	32,000	-	-
Tan Boon Seng	1,000,000	1,000,000	25,845,000	25,845,000

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 2021 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2020.

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.

Directors' Statement

6. Audit committee

The Audit Committee ("AC") of the Company is chaired by Tay Eng Kiat Jackson, an Independent Director, and includes Chung Yew Pong and Yong Oi Ling, who are both Independent 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 arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, 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;

Directors' Statement

6. Audit committee (Continued)

The principal responsibilities of the AC include, amongst others: (Continued)

- (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

14 May 2021

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

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 2020, and the consolidated statement of profit or loss and other 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, Chapter 50 (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 2020 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.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

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
<p>1. Revenue recognition</p> <p>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.</p> <p>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.</p> <p>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 2020, deferred revenue amounting to RM 1,539,286 was disclosed under contract liabilities in Note 21.</p> <p>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.</p> <p>Refer to notes 2.13 and 29 of the accompanying financial statements.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • 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. • 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.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>2. Acquisition of a subsidiary</p> <p>As disclosed in Note 7 to the financial statements, the Group acquired a new subsidiary, Rakan Riang Sdn. Bhd. ("RRSB") on 7 December 2020 ("Completion Date") for a total purchase consideration of approximately RM3.79 million. The acquisition has resulted in a gain of approximately RM 16.69 million from bargain purchase which has been recognized and recorded in the consolidated statement of profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2020.</p> <p>Under SFRS(I) 3 Business Combinations, the acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values with the excess of the acquisition cost over the identified fair values to be recognised as goodwill in the statement of financial position or if in the case of a bargain purchase where the total of consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.</p> <p>The assets, liabilities and contingent liabilities were identified and valued through a purchase price allocation ("PPA") exercise. Management has engaged an external valuation expert to assist them with the PPA exercise for the acquisition of RRSB.</p> <p>In identifying the identifiable assets acquired, consideration was given to whether other potential intangible assets were acquired as part of this acquisition and it was assessed that apart from the existing software and license fees, there were no other intangible assets acquired.</p> <p>One of the key determinants in deriving the gain from bargain purchase of RM 16.69 million is the carrying amount of property, plant and equipment of approximately RM 22.03 million at the Completion Date, which was determined to approximate their acquisition-date fair values.</p>	<p>Our audit focused on evaluating the key assumptions used by both management and management's expert (i.e. independent valuer) in conducting the PPA in relation to the acquisition of 100% equity interest in RRSB. Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Inspected the sales and purchase agreement for the understanding of the terms and conditions of the purchase consideration for the acquisition of RRSB; • Reviewed and evaluated management's assumptions and estimates made in their cash flow forecast to determine the value in-use ("VIU") to calculate the fair values of the identified assets and liabilities and assessed the accuracy of the historical data used by management as the basis of arriving at the estimated discounted future cash flows ("DCF"); • Reviewed the engagement terms entered into between the Company and independent valuer to ascertain if there were any matters that may have affected the independent valuer's objectivity or placed limitations in the scope of their work in their conclusion of the valuation arising from the PPA exercise; • Evaluated the qualifications and competence of the independent valuer; obtained an understanding of the work of independent valuer; and evaluated the appropriateness of that independent valuer's work as audit evidence for the relevant assertions; • Considered the valuation methodologies adopted; • Tested the integrity of inputs of the projected cash flows used in the valuation; • Held discussion with both the independent valuers and management and challenged the cash flow forecasts assumptions and estimates used with comparison to recent information, historical trend analysis and available industry information;

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p data-bbox="113 412 609 445">2. Acquisition of a subsidiary (continued)</p> <p data-bbox="113 479 799 573">The Group's disclosure of the business combination accounting applied to the acquisition of RRSB is set out in Notes 3 and 7(c) to the financial statements.</p> <p data-bbox="113 600 799 808">We focused on this area because of the quantitative impact of the acquisition on the consolidated financial statements and that the PPA exercise, which involves the fair valuation of the consideration transferred, the identification of the acquired assets and liabilities and their respective fair values, requires the use of significant management judgement and estimates.</p>	<ul data-bbox="823 479 1481 1032" style="list-style-type: none"><li data-bbox="823 479 1481 687">• For key inputs used for the DCF such as weighted average cost of capital ("WACC") discount rate, terminal value etc, ensured that the independent valuer has taken into consideration the general market outlook for the relevant industry, including comparing against comparable listed companies;<li data-bbox="823 721 1481 929">• Reviewed the sensitivity analysis over the assumptions and estimates performed by the independent valuers on the impact of a change(s) in the valuation variables such as forecasted revenue, terminal value and WACC discount rate that could affect the forecasted cash flow in arriving at the fair values;<li data-bbox="823 963 1481 1032">• Obtained the approved Board's memo on management's assumptions and estimates.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p>3. Impairment assessment of non-current assets</p> <p>The Group's non-current assets comprise property, plant and equipment, right of use assets, intangible asset and investments in subsidiaries with aggregate sum of RM114,852,669 (2019: RM 69,461,450) as at 31 March 2019. Management has performed an impairment assessment of these non-current assets and has concluded that based on their assessment, no impairment losses were required.</p> <p>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.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewed the appropriateness of the cash-generating units ("CGU") as defined by the management in accordance with SFRS(I) 1-36 Impairment of Assets; • Held discussion 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 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; • Challenged 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;

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
3. Impairment assessment of non-current assets (Continued)	<ul style="list-style-type: none">• 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

Other Matter

The financial statements of Sim Leisure Group Ltd. for the financial year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 9 April 2020.

Other Information

Management is responsible for the other information. The other information comprises the directors' statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Annual Report, which is expected to be made available to us after that date.

The other sections of the Annual Report comprises the following:

- Corporate profile;
- CEO's message;
- Financial reviews and highlights;
- Corporate governance report
- Corporate information

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

Other Information (Continued)

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the other sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

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.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

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

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

- Identify and assess the risks of material misstatement of the 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.

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.

Independent Auditor's Report

To the Members of Sim Leisure Group Ltd.

For the financial year ended 31 December 2020

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 the subsidiary corporation 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
14 May 2021

Statements Of Financial Position

As at 31 December 2020

	Note	Group		Company	
		31 December 2020 RM	31 December 2019 RM (Restated) (Note 30)	31 December 2020 RM	31 December 2019 RM (Restated) (Notes 30 and 31)
ASSETS					
Non-current assets					
Property, plant and equipment	4	85,165,600	59,848,216	-	-
Right-of-use assets	5	28,316,581	9,613,234	-	-
Intangible assets	6	1,370,488	-	-	-
Investment in subsidiaries	7	-	-	52,123,449	46,441,008
		<u>114,852,669</u>	<u>69,461,450</u>	<u>52,123,449</u>	<u>46,441,008</u>
Current assets					
Inventories	9	558,348	53,020	-	-
Trade and other receivables	10	2,791,957	1,126,454	361,544	9,735,740
Prepayments	11	370,135	998,142	85,412	85,435
Income tax recoverable		252,989	25,724	-	-
Cash and cash equivalents	12	8,077,239	4,008,622	3,274,158	29,312
		<u>12,050,668</u>	<u>6,211,962</u>	<u>3,721,114</u>	<u>9,850,487</u>
Total assets		<u>126,903,337</u>	<u>75,673,412</u>	<u>55,844,563</u>	<u>56,291,495</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	14	55,360,320	46,292,679	55,360,320	46,292,679
Capital reserve	15	1,366,485	1,328,829	1,328,829	1,328,829
Merger reserve	16	(12,700,040)	(12,700,040)	-	-
Retained earnings/ (Accumulated losses)		20,712,533	16,274,840	(2,251,470)	4,146,665
Equity attributable to owners of the parent		<u>64,739,298</u>	<u>51,196,308</u>	<u>54,437,679</u>	<u>51,768,173</u>
Non-controlling interests		(25,745)	395,685	-	-
Total equity		<u>64,713,553</u>	<u>51,591,993</u>	<u>54,437,679</u>	<u>51,768,173</u>

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

Statements Of Financial Position

As at 31 December 2020

	Note	Group		Company	
		31 December 2020 RM	31 December 2019 RM (Restated) (Noted 30)	31 December 2020 RM	31 December 2019 RM (Restated) (Notes 30 and 31)
Non-current liabilities					
Borrowings	17	9,401,112	5,800,105	-	-
Contract liabilities	21	493,987	-	-	-
Amount due to a Director	20	3,550,000	-	-	-
Provisions	13	3,833,472	-	-	-
Lease liabilities	18	23,960,813	9,369,661	-	-
Deferred tax liabilities	8	3,116,060	2,949,800	-	-
		<u>44,355,444</u>	<u>18,119,566</u>	-	-
Current liabilities					
Trade and other payables	19	10,528,052	2,346,704	1,406,884	4,523,322
Borrowings	17	3,235,393	2,442,282	-	-
Lease liabilities	18	1,241,601	296,935	-	-
Contract liabilities	21	1,045,299	545,913	-	-
Amount due to a Director	20	1,783,995	-	-	-
Income tax payable		-	330,019	-	-
		<u>17,834,340</u>	<u>5,961,853</u>	<u>1,406,884</u>	<u>4,523,322</u>
Total liabilities		<u>62,189,784</u>	<u>24,081,419</u>	<u>1,406,884</u>	<u>4,523,322</u>
Total equity and liabilities		<u>126,903,337</u>	<u>75,673,412</u>	<u>55,844,563</u>	<u>56,291,495</u>

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

Consolidated Statement Of Comprehensive Income

For the Financial Year ended 31 December 2020

	Note	2020 RM	2019 RM
Revenue	21	9,575,538	21,859,615
Cost of sales		(8,876,912)	(8,627,871)
Gross profit		698,626	13,231,744
<i>Other item of income</i>			
Other income		17,348,032	13,270
<i>Other items of expense</i>			
Administrative and other expenses		(8,371,502)	(10,742,434)
Impairment loss on trade receivables		(18,111)	-
Finance costs	22	(1,403,243)	(395,915)
Profit before income tax	23	8,253,802	2,106,665
Income tax credit/(expense)	25	209,803	(1,876,089)
Profit for the financial year, representing total comprehensive income for the financial year		8,463,605	230,576
Profit and total comprehensive income attributable to:			
Owners of the parent		8,464,442	234,891
Non-controlling interests		(837)	(4,315)
		8,463,605	230,576
Earnings per share			
- Basic and diluted (in cents)	26	0.60	0.02

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

Consolidated Statement Of Changes in Equity

For the Financial Year ended 31 December 2020

Note	Share capital RM	Capital reserve RM	Merger reserve RM	Retained earnings RM	Equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2020, as reported	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	9,067,641	-	-	-	9,067,641	-	9,067,641
Dividend paid	-	-	-	(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
<u>Changes in ownership interest in subsidiary with no changes in control</u>							
Acquisition of non-controlling interests	-	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 Changes in Equity

For the Financial Year ended 31 December 2020

Note	Share capital RM	Equity component of redeemable convertible preference shares RM	Capital reserve RM	Merger reserve RM	Retained earnings RM	Equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2019	30,115,569	275,112	-	(12,700,040)	16,039,949	33,730,590	-	33,730,590
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	234,891	234,891	(4,315)	230,576
Transactions with owners of the parent								
Issuance of new shares pursuant to Initial Public Offering ("IPO")	17,276,477	-	-	-	-	17,276,477	-	17,276,477
Share issue expenses	(1,455,767)	-	-	-	-	(1,455,767)	-	(1,455,767)
Share based payment expenses	356,400	-	-	-	-	356,400	-	356,400
Redemption of redeemable convertible preference shares	-	(275,112)	-	-	-	(275,112)	-	(275,112)
Payment of IPO consultancy expenses by shares	-	-	1,328,829	-	-	1,328,829	-	1,328,829
Transactions with non-controlling interests	16,177,110	(275,112)	1,328,829	-	-	17,230,827	-	17,230,827
Capital contribution by a shareholder of non-controlling interests	-	-	-	-	-	-	400,000	400,000
Balance at 31 December 2019	46,292,679	-	1,328,829	(12,700,040)	16,274,840	51,196,308	395,685	51,591,993

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

Consolidated Statement Of Cash Flows

For the Financial Year ended 31 December 2020

	Note	2020 RM	2019 RM
Operating activities			
Profit before income tax		8,253,802	2,106,665
Adjustments for:			
Depreciation of property, plant and equipment	4	3,102,211	2,216,643
Depreciation of right-of-use assets	5	360,603	224,074
Amortisation of intangible assets	6	11,944	-
Expected credit loss on trade receivables		18,111	-
Gain on bargain purchase	7c	(16,693,965)	-
Gain on disposal of business operation		(118,349)	-
Gain on disposal of property, plant and equipment		-	227
Property, plant and equipment written off		-	9,178
Waiver of lease rentals		(153,335)	-
Unrealised exchange difference		23,385	132,104
Share based payment for IPO consultancy expenses	15	-	1,328,829
Interest income		(70,395)	-
Interest expense		1,403,243	395,915
Operating (loss)/profit before working capital changes		<u>(3,862,745)</u>	<u>6,413,635</u>
Working capital changes:			
Inventories		53,021	62,706
Trade and other receivables		(973,500)	(21,519)
Prepayments		-	1,896,532
Trade and other payables		4,226,050	251,963
Cash (used in)/generated from operations		<u>(557,174)</u>	<u>8,603,317</u>
Income tax paid		<u>(565,991)</u>	<u>(919,620)</u>
Net cash (used in)/from operating activities		<u>(1,123,165)</u>	<u>7,683,697</u>
Investing activities			
Purchase of property, plant and equipment	4	(7,374,847)	(13,551,651)
Acquisition of a subsidiary, net of cash acquired	7c	(2,042,830)	-
Proceeds from disposal of property, plant and equipment		-	3,000
Net cash used in investing activities		<u>(9,417,677)</u>	<u>(13,548,651)</u>

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

Consolidated Statement Of Cash Flows

For the Financial Year ended 31 December 2020

	Note	2020 RM	2019 RM
Financing activities			
Proceeds from issuance of ordinary shares to owners of the parent		9,067,640	17,276,477
Proceeds from issuance of ordinary shares to non-controlling interests		17,063	400,000
Acquisition of non-controlling interests	7b	(400,000)	-
Proceeds from disposal of business operations		1,170,000	-
Proceeds from loan from a director		5,300,000	-
Proceeds from borrowings (Note 1)		5,687,495	9,074,019
Repayment of borrowings (Note 1)		(1,316,762)	(997,443)
Interest paid on borrowings		(625,084)	(60,145)
Dividends paid		(4,026,749)	-
Share issue expenses		-	(1,099,367)
Interest paid on redeemable convertible preference shares (Note 1)		-	(241,840)
Repayment of redeemable convertible preference shares (Note 1)		-	(16,000,000)
Repayment of obligations under leases (Note 1)		(334,539)	(182,562)
Interest received		70,395	-
Changes in fixed deposits with maturity period of more than 3 months		(44,288)	(1,000,000)
Net cash from financing activities		<u>14,565,171</u>	<u>7,169,139</u>
Net change in cash and cash equivalents		4,024,329	1,304,185
Cash and cash equivalents at beginning of financial year		<u>3,008,622</u>	<u>1,704,437</u>
Cash and cash equivalents at end of financial year	12	<u>7,032,951</u>	<u>3,008,622</u>

Note 1: Reconciliation of liabilities arising from financing activities

	1.1.2020	Acquisition of a subsidiary	Cash flows	← Non-cash changes →		31.12.2020
				Unrealised exchange difference	Accretion of interest	
	RM	RM	RM	RM	RM	RM
Borrowings (Note 17)	8,242,387	-	3,802,400	631	591,087	12,636,505
Lease liabilities/ Finance lease payables (Note 18)	9,666,596	14,933,991	(176,333)	-	778,160	25,202,414
	<u>17,908,983</u>	<u>14,933,991</u>	<u>3,626,067</u>	<u>631</u>	<u>1,369,247</u>	<u>37,838,919</u>

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

Consolidated Statement Of Cash Flows

For the Financial Year ended 31 December 2020

	← Non-cash changes →						31.12.2019 RM
	31.12.2018 RM	Adoption of SFRS(I)16 RM	1.1.2019 RM	Cash flows RM	Unrealised exchange difference RM	Accretion of interest RM	
Redeemable convertible preference shares (Note1)	15,928,192	-	15,928,192	(15,966,728)	-	38,536	-
Borrowings (Note 17)	-	-	-	8,016,431	132,104	93,852	8,242,387
Lease liabilities/ Finance lease payables (Note 18)	79,730	9,505,901	9,585,631	(182,562)	-	263,527	9,666,596
	<u>16,007,922</u>	<u>9,505,901</u>	<u>25,513,823</u>	<u>(8,132,859)</u>	<u>132,104</u>	<u>395,915</u>	<u>17,908,983</u>

Note 1:

	RM
Cash flows pertaining to liability portion (as per above)	(15,966,728)
Cash flows pertaining to equity portion of redeemable convertible preference shares	<u>(275,112)</u>
Total cash flows	<u>(16,241,840)</u>
 <u>Presented in the consolidated statement of cash flows as:</u>	
Repayment of redeemable convertible preference shares	(16,000,000)
Interest paid on redeemable convertible preference shares	<u>(241,840)</u>
Total cash flows	<u>(16,241,840)</u>

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

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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 2020 and the statement of financial position of the Company as at 31 December 2020 were authorised for issue in accordance with a Directors' resolution dated 14 May 2021.

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

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 World Health Organisation announced the Coronavirus Disease 2019 ("Covid-19") as a global health emergency on 11 March 2020. To contain the spread of Covid-19, many countries instituted lockdowns.

The Government of Malaysia imposed a nationwide lockdown known as Movement Control Order (MCO), which came into effect on 18 March 2020. The MCO continues to be implemented in 2021 (Note 32) over and above other measures such as domestic travel restrictions and quarantine arrangements which are also implemented to contain the spread of Covid-19.

All the above measures have resulted in the Group's theme park operations and events to be affected in the financial year ended 31 December 2020 and will continue to affect the Group's performance in the next financial year.

Since the outbreak of Covid-19, the Group has experienced significant disruption to its theme park operations in the following respect:

- The temporary closure of its theme park operations due to the lockdown measures implemented by the Government of Malaysia
- Decline in visitors in view of lockdown measures, domestic restrictions and quarantine arrangements
- Disruption in labour workforce
- Significant uncertainty concerning when the on and off government lockdowns will be lifted, control measures will be eased and the long-term effects of the pandemic on the Group's theme park operations

Save for the lower revenue in the financial year ended 31 December 2020 and the first 4 months of 2021 arising from the above impacts, with the gradual roll out of vaccination in Malaysia, management is consciously optimistic on the prospect of the Group's theme park operations and events.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

However, as the Covid-19 pandemic is still evolving rapidly, there is no assurance that the spread of Covid-19 will be contained in the near term and the duration of the Covid-19 pandemic and the extent of its adverse effects cannot be determined with certainty at present. As such, in the event that the containment of Covid-19 does not improve in the near term, and results in a prolonged global economic recession, this may have a protracted negative impact on economic and business activities in the Malaysia which may impact the number of visitors to the Group's theme parks.

Management has taken into considerations all of the above when preparing the Group's financial statements.

Going Concern

During the current financial year, the Group recorded a negative operating cash flow of RM 1,123,163 and as of 31 December 2020, the Group's net current liabilities exceeded its net current assets by RM 5,783,672. In addition, the Group's theme park operation performance will continue to be affected by the on-going Covid-19 pandemic.

Notwithstanding the above, the financial statements have been prepared on a going concern basis. To support the financial statements having been prepared on going concern basis and to ensure the adequacy of funds required to meet the Group's obligations and working capital needs, the Group has prepared a 18-month consolidated cash flow forecast from 1 January 2021. In preparing the 18-month consolidated cash flow forecast, the Group exercised judgement and made certain key assumptions which take into consideration the following factors:

- i. With reference to the loan agreement dated 20 November 2020 entered into between Mr. Tan Boon Seng ("Mr Tan") who is both a director and a shareholder of the Company and the Group's subsidiary, Sim Leisure Escape Sdn Bhd for a total loan amount of RM7.0 million of which the Group has drawn-down a total of RM5.3 million as of 31 December 2020. There is a balance of RM1.7 million that can still be drawn-down upon request for working capital purposes.
- ii. An undertaking from Mr Tan not to seek for repayment of the current amount of RM 1,783,995 due by the Group to him until all other external liabilities have been settled, and to provide the necessary financial support to the Group to enable it to continue its operations and to pay its debts as and when they fall due. The Audit Committee has assessed and is confident that Mr Tan has the financial capability to provide the required financial support.
- iii. The Group is expected to receive a monthly cooperation fee of RM0.55 million per month (or RM6.60 million per year), which will be billed on a quarterly basis in accordance with a Cooperation Agreement dated 9 December 2020 entered into between the Group and Sim Leisure Gulf Contracting L.L.C., which is an interested party transaction ("IPT"). This IPT transaction was approved by the shareholders of the Company via EGM on 20 November 2020.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

- iv. An undertaking from the Company's controlling shareholder, Mr Sim Choo Kheng ("Mr Sim") to provide the necessary financial support to the Group and Company to enable it to continue its operations and to pay its debts as and when they fall due. The Audit Committee has assessed and is confident that Mr Sim has the financial capability to provide the required financial support.

In view of the above, the directors of the Company believe that the Group and the Company will be able to continue operations in the foreseeable future, and that the preparation of the accompanying consolidated financial statements on a going concern basis is appropriate.

If the going concern assumption were inappropriate, the Group may be unable to discharge its liabilities in the normal course of business and, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. No such adjustments have been made to the financial statements.

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 2020. 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation (Continued)

Business combinations and goodwill/bargain purchase

Business combination 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.

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation (Continued)

Acquisition under common control

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

Subsequent expenditure relating to the 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 equipment	5 to 10
Furniture, fittings, office equipment and renovation	5 to 10
Motor vehicles	5

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

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 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.

2.5 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets (Continued)

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.

2.7 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 to sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

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 embodied 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 and 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

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

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 payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.9 Leases (Continued)

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
Motor vehicle and kiosk	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;

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.9 Leases (Continued)

- 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.

2.10 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

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.

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

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 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.

2.12 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 in the statement of comprehensive income 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.13 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.

Revenue from admission fees to theme parks is recognised at the 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.

Revenue from rendering of locker services is recognised when the services have been performed.

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.

2.14 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

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.

2.15 Borrowing costs

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

2.16 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.16 Income tax (Continued)

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

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

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

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

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

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

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

2.17 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.18 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.

2.19 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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impact of COVID-19 on the Group

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 increase the level of judgement required across a number of key areas for the Group, in particular the recognition and measurement of assets as at 31 December 2020 and projected cash flows in the next 18 months.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 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. Acquisition of subsidiary

The initial accounting on acquisition of subsidiary involves the fair valuation of the consideration transferred, the identification of the acquired assets and liabilities and their respective fair values. The fair value measurement of the consideration transferred, and the assets and liabilities identified during the acquisition of subsidiaries are determined by external valuation expert engaged by management using a purchase price allocation exercise by reference to the subsidiary's past and future business operations, analysis of the historical financial information and future financial projections (including forecasted cash flows), analysis of the industry which the acquired subsidiary is principally engaged in and analysis of the general economic environment. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of the assets and liabilities identified and bargain purchase as recorded in the consolidated financial statements, consolidated statement of comprehensive income and investments in subsidiaries in the Company's statement of financial position. Details of the Group's acquisition are disclosed in Note 7c.

i. Impairment assessment of property, plant and equipment and right-of-use assets

The Group assesses at the end of each reporting period whether there are any indicators of impairment for property, plant and equipment and right-of-use 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 and right-of-use assets are disclosed in Notes 4 and 5 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 property, plant and equipment as at 31 December 2020 was RM 85,165,600 (2019: RM59,848,216).

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 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 2020 was 4.87%. The carrying amount of lease liabilities as at 31 December 2020 was RM25,202,414 (2019: RM9,666,596).

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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 1.1.2020	60,954,263	1,063,667	2,986,303	392,760	3,623,231	69,020,224
Acquisition of 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 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

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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 1.1.2019	46,578,272	964,631	2,138,145	443,617	5,588,713	55,713,378
Adoption of SFRS(I) 16	-	-	(184,770)	(38,757)	-	(223,527)
Balance at 1.1.2019 (restated)	46,578,272	964,631	1,953,375	404,860	5,588,713	55,489,851
Additions	1,597,433	99,036	437,255	-	11,417,927	13,551,651
Disposals	-	-	-	(12,100)	-	(12,100)
Write-offs	(8,528)	-	(650)	-	-	(9,178)
Reclassification	12,787,086	-	596,323	-	(13,383,409)	-
Balance at 31.12.2019	60,954,263	1,063,667	2,986,303	392,760	3,623,231	69,020,224
Accumulated depreciation						
Balance at 1.1.2019	5,461,842	493,870	839,758	240,888	-	7,036,358
Adoption of SFRS(I) 16	-	-	(70,828)	(1,292)	-	(72,120)
Balance at 1.1.2019 (restated)	5,461,842	493,870	768,930	239,596	-	6,964,238
Depreciation for the financial year	1,715,512	116,972	308,263	75,896	-	2,216,643
Disposals	-	-	-	(8,873)	-	(8,873)
Balance at 31.12.2019	7,177,354	610,842	1,077,193	306,619	-	9,172,008
Carrying amount						
Balance at 31.12.2019	53,776,909	452,825	1,909,110	86,141	3,623,231	59,848,216

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

4. Property, plant and equipment (Continued)

For the purpose of the consolidated statements of cash flows, the Group's additions to property, plant and equipment during the financial year were financed as follows:

	Group	
	2020	2019
	RM	RM
Cash payments to purchase plant and equipment	7,374,847	13,551,651

5. Right-of-use assets

<u>Group</u>	Leasehold land	Leasehold building	Kiosk	Motor vehicle	Total
	RM	RM,	RM	RM	RM
Balance as at 1 January 2019	9,685,901	-	113,942	37,465	9,837,308
Depreciation	(179,369)	-	(36,953)	(7,752)	(224,074)
Balance as at 31 December 2019	9,506,532	-	76,989	29,713	9,613,234
Balance as at 1 January 2020	9,506,532	-	76,989	29,713	9,613,234
Acquisition through business combination (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

The Group leases leasehold land under a non-cancellable agreement. The lease term is 26 years with 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 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 with renewal terms of 3 successive terms of 3 years each. (RRSB)

As at 31 December 2020, a motor vehicle with carrying amount of RM26,350 was acquired under leasing arrangement and the corresponding lease liability of RM29,139 is secured over the asset which will be seized and returned to the lessor in the event of default by the Group.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

6. Intangible assets

<u>Group</u>	License fees RM	Accounting software RM	Total RM
Cost			
Acquisition of a subsidiary (Note 7)	2,445,750	890,372	3,336,122
Accumulated amortisation			
Acquisition of a subsidiary (Note 7)	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
Carrying amount			
At 31 December 2020	1,366,978	3,510	1,370,488

The license fees is amortised over a period of 20 years from the commercial public opening of the Kidzania facility as stated in the License Agreement.

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

7. Investment in subsidiaries

	Company	
	31 December 2020 RM	31 December 2019 RM
Unquoted equity shares, at cost	46,459,249	46,441,008
Loans and receivables		
Amounts due from a subsidiary (Note i)	5,664,200	-
Carrying amount of investments in subsidiaries	52,123,449	46,441,008

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment 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 2020 %	31 December 2019 %	31 December 2020 %	31 December 2019 %
<u>Held by the Company</u>					
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. ⁽²⁾ (Note ii)	Dormant	60	-	40	-
<u>Held by SLESB</u>					
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	-	-

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

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

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 2020 %	31 December 2019 %	31 December 2020 %	31 December 2019 %
<u>Held by SLESB</u>					
Sim Leisure Rock Sdn. Bhd. ^{(1), (2)} (Malaysia) (Note iii)	Business in relation to sports, recreation and teambuilding	100	60	-	40
Sim Leisure Milan Sdn. Bhd. ^{(1), (2)} (Malaysia) (Note iv)	Business in design, project management and installation of adventure parks	51	100	49	-
Rakan Riang Sdn. Bhd. ^{(1), (2)} (Malaysia)	Owns and operates Kidzania educational and entertainment facility	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 agreed with a subsidiary to renegotiate the terms of the amount due from the subsidiary of RM 5,664,200 (2019: Nil) which is interest free, repayable subject to the performance and cash flow ability of the subsidiary. The amount due from a subsidiary is considered an extension of the Company's net investment in the subsidiary.
- ii) 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

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

- iii) 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 7 below.
- iv) 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 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 ownership interest in subsidiary, without loss of control

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 SLR's net assets in the Group's financial statements at the date of acquisition was RM437,654. The Group derecognised non-controlling interests of RM 437,654 and recorded an increase in equity attributable to owners of the Company of RM 37,654. 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	437,654
Consideration paid for acquisition of non-controlling interests	400,000
Excess of carrying amount recognised in equity attributable to owners of the Company	<u>37,654</u>

c. Acquisition of subsidiary

On 7 December 2020, the Group's subsidiary, SLESB acquired a 100% 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

c. Acquisition of subsidiary (Continued)

The fair value of the identifiable assets and liabilities of RRSB as at the acquisition date were provisionally 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	<u>43,885,304</u>
Trade and other payables	2,928,108
Deferred revenue	1,325,358
Lease liabilities	14,933,991
Provision for restoration costs	3,818,420
Deferred tax liability	398,989
Total liabilities	<u>23,404,866</u>
Total identifiable net assets	20,480,438
Less: Gain on bargain purchase	<u>(16,693,965)</u>
Total purchase consideration	3,786,473
Deferred purchase consideration	<u>(786,473)</u>
Cash paid	3,000,000
Less: Cash and cash equivalents acquired	<u>(957,170)</u>
Cash outflow on acquisition	<u><u>2,042,830</u></u>

The Group has 12 months from the date of the acquisition to finalise the purchase price allocation ("PPA"). The deferred purchase consideration of RM 786,473 is recorded as other payables (Note 19) and is to be settled within 12 months from the completion date of acquisition.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

c. Acquisition of subsidiary (Continued)

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
May	18,034	Order ("MCO") in
June	30,413	Malaysia
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

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

c. Acquisition of subsidiary (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 amortization	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	0.70	0.34

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

c. Acquisition of subsidiary (Continued)

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

c. Acquisition of 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 outdated.

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

c. Acquisition of subsidiary (Continued)

iii. Revenue (Continued)

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.

ii. 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.

iii. 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.

iv. Taxes

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

v. 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

7. Investment in subsidiaries (Continued)

d. Summarised financial information about subsidiary with material NCI

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

Summarised balance sheets

	Sim Leisure Milan Sdn Bhd		Sim Leisure Creative Pte Ltd	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM	RM	RM	RM
Current				
Assets	136,033	9,985	17,081	-
Liabilities	(206,309)	(13,775)	-	-
Net current assets	(70,276)	(3,790)	17,081	-
Non-current				
Assets	-	-	-	-
Liabilities	-	-	-	-
Net non-current assets	-	-	-	-
Net (liabilities)/assets	(70,276)	(3,790)	17,081	-

Summarised statement of comprehensive income

	Sim Leisure Milan Sdn Bhd		Sim Leisure Creative Pte Ltd	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM	RM	RM	RM
Revenue	157,500	-	-	-
Loss before income tax	(76,484)	(3,792)	(13,321)	-
Income tax expense	-	-	-	-
Profit after tax - continuing operations	(76,484)	(3,792)	(13,321)	-
Other comprehensive income	-	-	-	-
Total comprehensive loss	(76,484)	(3,792)	(13,321)	-

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

8. Deferred tax liabilities

	Group	
	31 December 2020 RM	31 December 2019 RM
Balance at beginning of financial year	2,949,800	1,499,734
Acquisition of subsidiary (Note 7)	398,989	-
Charged to profit or loss	(99,686)	1,450,066
Current year	(131,030)	-
Underprovision in prior year	(2,013)	-
Balance at end of financial year	<u>3,116,060</u>	<u>2,949,800</u>
Presented as:		
Deferred tax assets	-	-
Deferred tax liabilities	<u>3,116,060</u>	<u>2,949,800</u>
	<u>3,116,060</u>	<u>2,949,800</u>

The following are the major deferred tax liabilities recognised by the Group during the financial year.

	Group	
	31 December 2020 RM	31 December 2019 RM
<u>Deferred tax liabilities</u>		
Accelerated tax depreciation	11,137,372	2,949,800
Unabsorbed tax losses	(296,507)	-
Unabsorbed capital allowances	(2,822,818)	-
Provisions	(4,657,454)	-
Contract liability	(244,533)	-
	<u>3,116,060</u>	<u>2,949,800</u>

Subject to the agreement by relevant taxation authorities, as at 31 December 2020, the Group has unutilised tax losses of approximately RM296,507 (2019: RM537,070) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RM296,507 (2019: RM537,070) due to the unpredictability of profit streams.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

9. Inventories

	Group	
	31 December	31 December
	2020	2019
	RM	RM
Trading goods	558,348	53,020

The cost of inventories recognised as expense and included in "cost of sales" line item amounted to RM1,659,710 (2019: RM1,948,763).

10. Trade and other receivables

	Group		Company	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM	RM	RM	RM
				(Restated) (Note 31)
Trade receivables				
- third parties	1,048,588	339,182	-	-
- less: allowance for impairment	(100,610)	-	-	-
	947,978	339,182	-	-
Non-trade receivables				
- third parties	177,902	53,534	-	-
- a subsidiary of the Company	-	-	361,544	9,735,740
- related parties	74	60,141	-	-
- shareholders	12,161	-	-	-
Goods and services tax recoverable, net	-	87,878	-	-
Deposits	1,653,842	585,719	-	-
	2,791,957	1,126,454	361,544	9,735,740

Trade receivables are unsecured, non-interest bearing and generally on 30 days' credit terms. The non-trade amounts due from related parties 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 1,599,795 (2019: RM 509,685) pertaining to rental and utility deposits, which are refundable.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

10. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	31 December 2020 RM	31 December 2019 RM	31 December 2020 RM	31 December 2019 RM (Restated) (Note 31)
Malaysian Ringgit	2,791,957	1,104,002	361,544	9,735,740
United Arab Emirates Dirham	-	22,452	-	-
	<u>2,791,957</u>	<u>1,126,454</u>	<u>361,544</u>	<u>9,735,740</u>

Expected credit losses:

	Group	
	31 December 2020 RM	31 December 2019 RM
At beginning of the year	-	-
Charge for the year	100,610	-
At end of the year	<u>100,610</u>	-

11. Prepayments

	Group		Company	
	31 December 2020 RM	31 December 2019 RM	31 December 2020 RM	31 December 2019 RM
Prepaid other operating expenses	272,427	928,448	85,412	85,435
Prepaid insurance	97,708	69,694	-	-
	<u>370,135</u>	<u>998,142</u>	<u>85,412</u>	<u>85,435</u>

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

12. Cash and cash equivalents

	Group		Company	
	31 December 2020 RM	31 December 2019 RM	31 December 2020 RM	31 December 2019 RM
Cash at banks and on hand	7,032,951	3,008,622	3,274,158	29,312
Fixed deposits (pledged)	1,044,288	1,000,000	-	-
	<u>8,077,239</u>	<u>4,008,622</u>	<u>3,274,158</u>	<u>29,312</u>

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 2020 RM	31 December 2019 RM
Cash and cash equivalents (as above)	8,077,239	4,008,622
Less:		
Fixed deposit pledged for banking facilities	<u>(1,044,288)</u>	<u>(1,000,000)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>7,032,951</u>	<u>3,008,622</u>

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31 December 2020 RM	31 December 2019 RM	31 December 2020 RM	31 December 2019 RM
Malaysian Ringgit	3,269,195	2,507,534	-	-
Singapore Dollar	3,759,743	501,088	3,270,145	29,312
United States Dollar	4,013	-	4,013	-
	<u>7,032,951</u>	<u>3,008,622</u>	<u>3,274,158</u>	<u>29,312</u>

Fixed deposits

Fixed deposits are denominated in Malaysian Ringgit (RM) and bear interest of about 1.85% per annum (2019: 3.7% per annum) with tenure of more than 3 months.

Fixed deposits of the Group amounting to RM 1,044,288 (2019: RM1,000,000) were pledged to banks to secure credit facilities granted to the subsidiaries (Note 17).

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

13. Provision

	Group	
	2020	2019
	RM	RM
Balance at beginning	-	-
Acquisition of a subsidiary (Note 7)	3,818,420	-
Provision made	15,052	-
Balance at end	<u>3,833,472</u>	-

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. The Group is obligated to make good upon the expiration of the lease agreements.

14. Share capital

	Group and Company			
	31 December 2020		31 December 2019	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully-paid:				
Balance at beginning of financial year	134,225,000	46,292,679	21,457,000	30,115,569
Issuance of new shares pursuant to IPO	-	-	26,400,000	17,276,477
Share issue expenses	-	-	-	(1,455,767)
Share based payment expenses	-	-	540,000	356,400
Increase in shares due to sub-division of shares	-	-	85,828,000	-
Issuance of new ordinary shares	13,422,500	9,067,641	-	-
Balance at end of financial year	<u>147,647,500</u>	<u>55,360,320</u>	<u>134,225,000</u>	<u>46,292,679</u>

On 26 May 2020, the shareholders of the Company approved the issuance of 13,422,500 new ordinary shares in the issued capital of the Company for a total cash consideration of RM 9,067,641.

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.

15. Capital reserves

Capital reserves comprise an amount of RM 1,328,829 (2019: RM 1,328,829) being share based payments recognised for IPO expenses, and an amount of RM 37,656 (2010: Nil) being gain on acquisition of non-controlling interests during the financial year.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

16. Merger reserve

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

17. Borrowings

	Group	
	31 December 2020 RM	31 December 2019 RM
Bank overdrafts	1,986,026	347,086
Bank loans		
-Term loan 1	3,064,094	2,802,025
-Term loan 2	4,459,918	5,093,276
-Term loan 3	2,108,680	-
-Term loan 4	1,017,787	-
Total interest-bearing borrowings	12,636,505	8,242,387
Less:		
Amount due for settlement within 12 months	<u>(3,235,393)</u>	<u>(2,442,282)</u>
Amount due for settlement after 12 months	<u>9,401,112</u>	<u>5,800,105</u>

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% (2019: 7.60%) per annum. The bank overdrafts and term loan 1 are secured by a fixed deposit as disclosed in Note 12 to the financial statements, individual guarantees 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 2.5% to 3% (2019: 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 guarantee 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. 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 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 3.50% per annum. It is secured by 80% guarantee coverage by Syarikat Jaminan Pambiayaan Perniagaan Berhad, individual guarantee by a Director of the Company, and corporate guarantees by 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

17. Borrowings (Continued)

Bank borrowings are denominated in the following currencies:

	Group	
	31 December 2020 RM	31 December 2019 RM
Malaysian Ringgit	8,176,586	3,149,111
Singapore Dollar	4,459,919	5,093,276
	<u>12,636,505</u>	<u>8,242,387</u>

18. Lease liabilities

Group

	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 through business combination (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	<u>10,016,801</u>	<u>29,139</u>	<u>15,156,474</u>	<u>25,202,414</u>
	Leasehold land RM	Motor vehicle RM	Leasehold building RM	Total RM
2019				
Balance at 1 January 2019	9,505,901	79,730	-	9,585,631
Interest expense (Note 22)	258,104	5,423	-	263,527
Lease payments	(126,666)	(55,896)	-	(182,562)
Balance at 31 December 2019	<u>9,637,339</u>	<u>29,257</u>	<u>-</u>	<u>9,666,596</u>

Presented in consolidated statement of financial position

	31 December 2020 RM	31 December 2019 RM
- Current	1,241,601	296,935
- Non-current	<u>23,960,813</u>	<u>9,369,661</u>
	<u>25,202,414</u>	<u>9,666,596</u>

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

18. Lease liabilities (Continued)

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 obligation 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 2020, the average incremental borrowing rate applied was 4.87% (2019: 4.88%).

Lease liabilities are denominated in Malaysian Ringgit.

19. Trade and other payables

	Group		Company	
	31 December 2020 RM	31 December 2019 RM (Restated) (Note 30)	31 December 2020 RM	31 December 2019 RM (Restated) (Note 30)
Trade payables				
- third parties	1,067,134	666,715	324,608	-
Other payables				
- third parties	5,439,286	509,830	108,686	1,500
- related parties	1,513,291	72,849	3,228	3,228
- subsidiaries	-	-	741,222	4,295,634
- acquisition of a subsidiary	786,473	-	-	-
	7,739,050	582,679	853,136	4,300,362
Accrued operating expenses	1,721,868	1,097,310	229,140	222,960
	<u>10,528,052</u>	<u>2,346,704</u>	<u>1,406,884</u>	<u>4,523,322</u>

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 90 (2019: 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

19. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31 December 2020 RM	31 December 2019 RM	31 December 2020 RM	31 December 2019 RM
Malaysian Ringgit	9,514,365	2,054,854	744,449	4,300,362
United States Dollar	336,618	315	-	-
Singapore Dollar	677,069	222,960	662,435	222,960
United Arab Emirates Dirham	-	46,254	-	-
Chinese Renminbi	-	8,547	-	-
Euro	-	8,874	-	-
	<u>10,528,052</u>	<u>2,341,804</u>	<u>1,406,884</u>	<u>4,523,322</u>

20. Amount due to a director

	Group	
	2020 RM	2019 RM
Current		
-loan	1,750,000	-
-interest payable	<u>33,995</u>	-
	1,783,995	-
Non-current		
-loan	<u>3,550,000</u>	-
	<u>5,333,995</u>	-

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 5,300,000 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 and is repayable in 5 yearly instalments of RM 1,325,000 in year 1, RM 567,857 in years 2 to 4 and RM 2,271,429 in year 5, commencing from 30 November 2020 which was the date when the loan was first drawn down.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

21. Revenue

a. Disaggregation of revenue

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

	Group	
	2020 RM	2019 RM
<u>Type of goods or services</u>		
Admission fees to theme parks	7,528,269	18,446,532
Sale of food, beverages and merchandise	1,150,597	3,037,224
Services rendered	166,565	375,859
Sponsorship income	730,107	-
	<u>9,575,538</u>	<u>21,859,615</u>

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.

b. Contract liabilities

	Group	
	2020 RM	2019 RM
<u>Contract liabilities</u>		
Current	1,045,299	545,913
Non-current	493,987	-
	<u>1,539,286</u>	<u>545,913</u>

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 2020 is RM1,539,286 (2019: RM545,913) and is expected to be recognised over years as follows:

	Group	
	2020 RM	2019 RM
Within one year	1,045,299	545,913
More than 1 year and less than 2 years	493,987	-
More than 2 years and less than 5 years	-	-
	<u>1,539,286</u>	<u>545,913</u>

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

22. Finance costs

	Group	
	2020	2019
	RM	RM
Interest expense		
- lease liabilities	778,160	263,527
- term loans	485,250	66,912
- redeemable convertible preference shares	-	38,536
- bank overdraft	105,838	26,940
- director	33,995	-
	<u>1,403,243</u>	<u>395,915</u>

23. Profit before income 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	
	2020	2019
	RM	RM
<i>Other income</i>		
Gain on bargain purchase	<u>(16,693,965)</u>	-
Cost of sales		
Depreciation of property, plant and equipment	2,841,761	2,033,849
Depreciation of right-of-use assets (Note 5)	360,603	224,074
Cost of inventories recognised as expense	1,659,710	1,948,763
Utilities expenses	356,589	442,691
Repair and maintenance expenses	261,326	490,236
Insurance for visitors	66,553	252,630
Lease expense on:		
- low value assets	14,500	28,754
Employee benefit expenses		
- salaries, bonus and other benefits	2,286,738	2,548,098
- social security contributions	38,244	35,412
- defined contribution plans	197,973	288,123

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

23. Profit before income tax (Continued)

	Group	
	2020	2019
	RM	RM
Administrative and other expenses (Continued)		
Audit fees paid/payable to auditors:		
- Auditors of the Company		
- Current year	147,731	159,000
- Other auditors		
- Current year	95,000	73,500
- Prior year	25,000	-
Non-audit fees paid/payable to auditors:		
- Auditors of the Company	-	-
- Other auditors	-	25,700
Depreciation of property, plant and equipment	260,450	182,794
Lease expenses on:		
- short term leases	70,178	88,876
Travelling and vehicle expenses	264,850	353,489
Marketing and promotion expenses	556,254	218,314
Payment portal and credit card fees	86,555	290,437
Legal and professional fees	1,380,945	925,057
IPO expenses and disbursements	-	3,980,853
Directors' remuneration		
- directors' fee	496,446	499,869
- salaries, bonus and other benefits	960,129	454,832
- defined contribution plans	60,840	55,900
- salaries, bonus and other benefits	647,624	1,720,218
- social security contributions	8,248	10,488
- defined contribution plans	70,734	79,347
Employee benefits expenses are included in the following line items:		
Cost of sales	2,522,955	2,871,633
Administrative and other expenses	726,606	1,810,053
Total employee benefits expenses	3,249,561	4,681,686
Depreciation of property, plant and equipment is included in the following line items:		
Cost of sales	2,841,761	2,033,849
Administrative and other expenses	260,450	182,794
Total depreciation of property, plant and equipment (Note 4)	3,102,211	2,216,643

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

24. Dividend

	Group	
	2020	2019
	RM	RM
Tax exempt (one-tier) special dividend of RM0.03 per ordinary share paid in respect of the year ended 31 December 2019	4,026,749	-

25. Income tax expense

	Group	
	2020	2019
	RM	RM
Current income tax		
- current financial year	6,020	221,200
- under/(over) provision in prior financial years	16,906	204,823
	22,926	426,023
Deferred income tax		
- current financial year	(230,716)	1,520,027
- (over)/under provision in prior financial years	(2,013)	(69,961)
	(232,729)	1,450,066
Total income tax (credit)/expense recognised in profit or loss	(209,803)	1,876,089

Reconciliation of effective income tax rate

	Group	
	2020	2019
	RM	RM
Profit before income tax	8,253,802	2,106,665
Tax at the domestic tax rates applicable to profit in the countries where the Group operates	1,980,912	884,300
Tax effect in respect of:		
Non-allowable expenses	1,066,830	1,334,561
Income not subject to tax	(971,430)	(2,400)
Tax exemption under pioneer status	-	(461,800)
Deferred tax assets not recognised	71,167	3,800
Utilisation of deferred tax assets not recognised previously	(2,372,175)	-
Deferred tax on redeemable convertible preference shares	-	(17,234)
Under provision of current income tax in prior financial years	16,906	204,823
Over provision of deferred income tax in prior financial years	(2,013)	(69,961)
Total income tax (credit)/expense	(209,803)	1,876,089

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

25. Income tax expense (Continued)

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.

26. Earnings per share

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

	Group	
	2020	2019
	RM	RM
		(Restated)
Profit for the financial year attributable to owners of the parent	<u>8,464,442</u>	<u>234,891</u>
Weighted-average number of ordinary shares in issue during the financial year	<u>142,054,792</u>	<u>129,755,833</u>

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

27. Significant related party transactions (Continued)

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	
	2020	2019
	RM	RM
Interest payable to a director	33,995	-
Construction costs charged by a related party	753,248	6,299,240
Construction materials charged by a related party	1,873,388	-
	<u>1,873,388</u>	<u>-</u>

Related parties are companies in which the Directors of the Company have significant interest.

Compensation of key management personnel

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

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

	Group	
	2020	2019
	RM	RM
Short-term employee benefits	909,129	678,927
Post-employment benefits	86,974	90,462
Directors' fee	496,446	499,869
	<u>1,492,549</u>	<u>1,269,258</u>
Comprise amounts paid to:		
Directors of the Company	1,492,549	1,013,501
Other key management personnel	-	255,757
	<u>1,492,549</u>	<u>1,269,258</u>

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. 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

28. Segment information (Continued)

The Group has only one primary business segment, which is that of theme park operations and events. Revenue from theme park operations and events is derived from ticketing, food and beverages, merchandising sales and locker sales from operating theme parks in Malaysia. The Group also provides team building events in the theme parks.

Geographical information

The Group's revenue and assets are mainly derived from Malaysia, accordingly, no geographical segment information is presented for each reporting period.

Major customers

Revenue is mainly derived from customers, which are the general public and corporations. Due to the diverse base of customers visiting the theme parks, the Group is not reliant on any customer for its revenue and no one single customer accounted for more than 10% of the Group's total revenue for the financial years ended 31 December 2020 and 31 December 2019.

29. 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.

29.1 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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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

29.1 Credit risk (Continued)

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 2020 RM	31 December 2019 RM
Online payment portals and credit card issuers	299,108	114,836
Travel agencies	34,533	224,076
Others	614,338	270
	<u>947,979</u>	<u>339,182</u>

As at 31 December 2020 and 31 December 2019, approximately 81% and 82% of the Group's trade receivables from third parties were due from 4 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:

	Group	
	31 December 2020 RM	31 December 2019 RM
Neither past due nor impaired	313,423	156,175
Past due less than 1 month	12,768	27,916
Past due 1 to 2 months	56	94,004
Past due over 2 to 3 months	47,647	2,255
Past due over 3 months	574,085	58,832
	<u>947,979</u>	<u>339,182</u>

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

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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

29.1 Credit risk (Continued)

Cash and cash equivalents

The Group held cash and cash equivalents of RM8,077,239 as at 31 December 2020 (2019: RM4,008,622). 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.

29.2 Liquidity risk

Liquidity risk refers to the risks 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 operate as a going concern is dependent on the assumptions detailed in Note 2.1.

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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

29.2 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Effective interest rate %	Within one financial year RM	After one financial year but within five financial years RM	After five years RM	Total RM
Group					
31 December 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
		<u>18,570,179</u>	<u>23,743,357</u>	<u>50,151,252</u>	<u>92,464,788</u>
31 December 2019					
Trade and other payables (excluding deferred revenue)	-	2,341,804	-	-	2,341,804
Bank borrowings	2.5% to 7.60%	2,759,291	6,234,713	-	8,994,004
Lease liabilities/ finance lease liabilities	3.44% to 4.88%	298,434	1,206,794	37,370,870	38,876,098
		<u>5,399,529</u>	<u>7,441,507</u>	<u>37,370,870</u>	<u>50,211,906</u>
Company					
31 December 2020					
Trade and other payables	-	1,406,884	-	-	1,406,884
31 December 2019					
Trade and other payables	-	4,523,322	-	-	4,523,322
Financial guarantee contracts	-	1,074,467	2,572,926	-	3,647,393
		<u>5,597,789</u>	<u>2,572,926</u>	<u>-</u>	<u>8,170,715</u>

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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

29.3 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 (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 RM63,183 as at 31 December 2020 (RM41,212 as at 31 December 2019), 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.

29.4 Capital management policies and objectives

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

The 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 2020 and 31 December 2019.

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.

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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

29.4 Capital management policies and objectives (Continued)

	Group	
	31 December 2020 RM	31 December 2019 RM (Restated)
Trade and other payables	17,401,333	2,892,617
Bank borrowings	12,636,505	8,242,387
Lease liabilities	25,202,414	9,666,596
Less: Cash and cash equivalents	(8,077,239)	(4,008,622)
Net debt	47,163,013	16,792,978
Total equity	64,713,553	51,591,993
Total capital	111,876,566	68,384,971
Gearing ratio (%)	42.2%	24.6%

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

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

29.5 Fair value of financial assets and financial liabilities

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

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

	Group		Company	
	31 December 2020 RM	31 December 2019 RM	31 December 2020 RM	31 December 2019 RM (Restated)
Financial assets				
Financial assets at amortised costs				
- Trade and other receivables (excluding goods and services tax recoverable)	3,044,946	1,064,300	6,107,136	9,735,740
- Cash and cash equivalents	8,077,239	4,008,622	3,274,158	29,312
	<u>11,122,185</u>	<u>5,072,922</u>	<u>9,381,294</u>	<u>9,765,052</u>
Financial liabilities				
Other financial liabilities, at amortised cost				
- Trade and other payables (excluding deferred revenue)	12,312,047	2,346,704	1,045,340	4,523,322
Bank borrowings	12,636,505	8,242,387	-	-
- Lease liabilities	25,202,414	9,666,596	-	-
	<u>50,150,966</u>	<u>20,255,687</u>	<u>1,045,340</u>	<u>4,523,322</u>

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

30. Comparative information

During the financial year, the Group reclassified certain comparative figures to conform with the current year's presentation in order to better reflect the nature and economic substance of such transactions and balances. The reclassification as stated below does not have any impact on the Group's financial position:

		2019 As previously reported RM	Effect of Restatement RM	2019 As restated RM
Consolidated Statement of Financial Position				
Group cash and cash equivalents		3,008,622	1,000,000	4,008,622
Short-term deposits		1,000,000	(1,000,000)	-
Trade and other receivables		1,152,178	(25,724)	1,126,454
Income tax recoverable		-	25,724	25,724
Trade and other payables		2,892,617	(545,913)	2,346,709
Contract Liabilities		-	545,913	545,913
Company Statement of Financial Position				
Trade and other receivables	Note 31	71,540	9,664,200	9,735,740
(Accumulated losses)/Retained earnings	Note 31	(5,517,535)	9,664,200	4,146,665

31. Prior Year Adjustment

	Note	Company 31 December 2019 RM
Effect of prior year adjustments on trade & other receivables		
Balance at end of year, as previously reported		71,540
Prior year adjustments:		
- Dividend receivable	(a)	9,664,200
Balance at end of year, as restated		<u>9,735,740</u>
Effect of prior year adjustments on accumulated profits/(losses)		
Balance at end of year, as previously reported		(5,517,535)
Prior year adjustments:		
- Dividend income	(a)	9,664,200
Balance at end of year, as restated		<u>4,146,665</u>

Notes To The Financial Statements

For the Financial Year ended 31 December 2020

31. Prior Year Adjustment (Continued)

Note (a):

The adjustment arose from an omission of interim dividend income from a subsidiary in the financial year ended 31 December 2019. This adjustment has no impact on the consolidated financial statements. The interim dividend income was paid in year 2020 through the following:

- i) A sum of RM 4,000,000 was paid via offset against amount owing to a subsidiary; and
- ii) A sum of RM 5,664,200 was considered an extension of the Company's net investment in the subsidiary (Note 7i).

32. Subsequent events

The Group's operations in Malaysia remained affected due to the COVID-19 pandemic as the Government of Malaysia had imposed a Movement Control Order (MCO) which resulted in the Group's theme parks remaining closed from 13 January 2021 to 5 March 2021 and from 6 May 2021 to the date of this report.

Statistics Of Shareholdings

As at 10 May 2021

Authorised share capital	:	S\$ 55,360,320
Number of shares issued	:	147,647,500
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	7	14.58	3,500	0.00
1,001 – 10,000	12	25.00	80,800	0.06
10,001 – 1,000,000	20	41.67	3,380,895	2.29
1,000,001 and above	9	18.75	144,182,305	97.65
Total	48	100.00	147,647,500	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	61.93	-	-
Desamal Capital Sdn Bhd	25,845,000	17.65	-	-
Tan Boon Seng ⁽¹⁾	1,000,000	0.75	25,845,000	17.65

⁽¹⁾ The entire issued and paid-up share capital of Desamal Capital Sdn Bhd. ("DCSB") is held by RHB Trustees Berhad as bare trustee for the SWY Trust. The SWY Trust is a family trust and the named beneficiaries are Mr Tan Boon Seng, Mr Tan Boon Yao and Mr Tan Boon Wy ("Named Beneficiaries"). The Named Beneficiaries are also settlors of the SWY Trust. Mr Tan Boon Seng is 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 the 25,845,000 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 10 May 2021 and to the best knowledge of the Directors of the Company, approximately 18.78% 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

As at 10 May 2021

Top Twenty Shareholders as at 10 May 2021

No.	Name	No. of Shares	% of Shares
1	Sim Choo Kheng	91,434,730	61.93
2	Maybank Kim Eng Securities Pte. Ltd.	26,067,000	17.65
3	OCBC Securities Private Ltd	8,203,300	5.56
4	Phillip Securities Pte Ltd	5,193,000	3.52
5	UOB Kay Hian Pte Ltd	4,778,100	3.24
6	BPSS Nominees Singapore (Pte.) Ltd.	2,962,700	2.01
7	Nomura Singapore Limited	2,428,400	1.65
8	Yeoh Seng Hooi	2,013,375	1.36
9	DBS Nominees Pte Ltd	1,101,700	0.75
10	Silviya Georgieva Georgieva	665,395	0.45
11	ABN Amro Clearing Bank N.V.	650,100	0.44
12	Sim Goay Heoh	637,000	0.43
13	CGS-CIMB Securities (Singapore) Pte Ltd	446,600	0.30
14	Sim Goay Hoon	303,800	0.21
15	Lim Bee Pheng	115,000	0.08
16	Yeoh Bee Yee	80,000	0.05
17	Yeoh Chiew Lim	80,000	0.05
18	Tan Wey Ling	79,100	0.05
19	Ang Peng Hwa	79,000	0.05
20	Raffles Nominees (Pte) Limited	48,700	0.03
	Total	147,367,000	99.81

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 Monday, 31 May 2021 at 11:00 a.m. for the following purposes:-

As Ordinary Business

1. To receive and adopt the Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2020 ("FY2020"), together with the Auditor's Report thereon. (Resolution 1)
2. 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:

Mr Chung Yew Pong (Regulation 102) (Resolution 2)

Ms Yong Oi Ling (Regulation 102) (Resolution 3)

Mr Tan Boon Seng (Regulation 108) (Resolution 4)

[See Explanatory Note (i)]
3. To approve the payment of Directors' fees of S\$130,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears (FY2020: S\$130,000). (Resolution 5)
4. 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 6)
5. 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:

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

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the Constitution and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst (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

Notice of Annual General Meeting

- (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

Notice of Annual General Meeting

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

and provided also that adjustments under subparagraphs (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 (ii)]

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

"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."

Notice of Annual General Meeting

[See Explanatory Note (iii)]

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

"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 (iii)]

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

Chua Kern
Company Secretary
Singapore, 16 May 2021

Notice of Annual General Meeting

Explanatory Notes:

- (i) Mr Chung Yew Pong will, upon re-election as a Director, remain as the Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee of the Company. Mr Chung Yew Pong is considered independent by the Board of Directors of the Company for the purpose of Rule 704(7) of the Catalist Rules. Save for holding 32,000 shares in the Company amounting to 0.02% of the total issued shares in the Company, there are no relationships (including immediate family relationships) between Mr Chung Yew Pong and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

Ms Yong Oi Ling 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 Yong Oi Ling 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 Yong Oi Ling and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect her independence.

Mr Tan Boon Seng will, upon re-election as a Director, remain as the Non-Independent Non-Executive Director of the Company.

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 2020, in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement".

- (ii) The Ordinary Resolution 7 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.
- (iii) Ordinary Resolutions 8 and 9 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.

Notice of Annual General Meeting

Notes:

1. 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 Monday, 31 May 2021 at 11:00 a.m. (the "Meeting") are set out in the Company's announcement dated 16 May 2021 (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.

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 contemporaneously through a "live" audio-visual webcast ("LIVE WEBCAST") via his/her/its mobile phones, tablets or computers or listen to these proceedings contemporaneously through a "live" audio 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/DUxLEeivt5EFqSYt7> and provide their personal particulars, no later than 11:00 a.m. on 28 May 2021 (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 investorrelations@simleisuregroup.com 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 30 May 2021.

A member of the Company who pre-registers to observe the LIVE WEBCAST or listen via the AUDIO ONLY MEANS may also submit questions related to the resolutions to be tabled for approval at the Meeting. To do so, all questions must be submitted by 11:00 a.m. on 28 May 2021 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) by email to investorrelations@simleisuregroup.com.

2. Due to the current COVID-19 situation in Singapore, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

Notice of Annual General Meeting

- a) if sent by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
- b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

in either case, by 11:00 a.m. on 28 May 2021 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

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

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.

Notice of Annual General Meeting

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.

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

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

The contact person for the Sponsor is Ms Goh Mei Xian, Associate Director, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

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 despatched to members of the Company.

IMPORTANT

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM (as defined herein) are set out in the Company's announcement dated 16 May 2021 (the "Announcement"), which has been uploaded together with the Notice of AGM dated 16 May 2021 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 16 May 2021 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 16 May 2021.

*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 Monday, 31 May 2021 at 11:00 a.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 for the financial year ended 31 December 2020 ("FY2020"), together with the Auditor's Report thereon			
2.	Re-election of Mr Chung Yew Pong as a Director of the Company			
3.	Re-election of Ms Yong Oi Ling as a Director of the Company			
4.	Re-election of Mr Tan Boon Seng as a Director of the Company			
5.	Approval of the payment of Directors' fees of S\$130,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears			
6.	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				
7.	Authority to allot and issue shares in the capital of the Company			
8.	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			
9.	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			

Dated this _____ day of _____ 2021

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. Due to the current COVID-19 situation in Singapore, 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. 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 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
 - (b) if submitted by email, be received by the Company’s Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

in either case, by 11:00 a.m. on 28 May 2021 (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.

4. 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.
5. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. For investors who hold Shares under the Supplementary Retirement Scheme (“**SRS Investors**”), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors who wish to appoint the Chairman of the 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 16 May 2021.

SIM LEISURE GROUP LTD.

138 Robinson Road #26-03
Oxley Tower
Singapore 068906

Tel: (65) 6236 9353

www.simleisuregroup.com